

Financial Statements

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Notes:

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

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1 Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

Regarding the key business results of the Company for the fiscal year ended March 31, 2023, on the sales front, the pace of recovery remained moderate, as annualized premiums from new policies for individual insurance increased ¥19.7 billion (42.7% increase year on year) to ¥65.8 billion, and those for third-sector insurance increased ¥4.2 billion (196.3% increase year on year) to ¥6.4 billion.

Annualized premiums from policies in force also decreased in both categories: those for individual insurance decreased ¥321.2 billion (9.1% decrease year on year) to ¥3,217.6 billion (including reinsured Postal Life Insurance Policies (insurance)), while those for third-sector insurance decreased ¥34.0 billion (5.4% decrease year on year) to ¥593.0 billion (including reinsured Postal Life Insurance Policies).

In asset management, due to the rise in hedge costs related to foreign exchange, our positive spread decreased ¥39.3 billion year on year to ¥94.0 billion.

In response to the expanding impact of COVID-19, the Company has implemented initiatives to support our customers in order to ensure that we fulfill our social mission and functions as a life insurance company, such as doubling insurance benefits in the event of death due to COVID-19 and paying hospitalization benefits for treatment at home or lodging provided by the government after being diagnosed with COVID-19. As a result of these initiatives, the Company paid out a total of ¥106.9 billion of death and hospitalization benefits for approximately 1.5 million cases in the fiscal year ended March 31, 2023^(Note).

Ordinary income amounted to ¥6,379.5 billion (1.2% decrease year on year), comprising the sum of insurance premiums and others of ¥2,200.9 billion (9.0% decrease year on year), investment income of ¥1,159.0 billion (0.9% increase year on year), and other ordinary income of ¥3,019.5 billion (4.6% increase year on year).

Ordinary expenses amounted to ¥6,261.9 billion (2.7% increase year on year), comprising the sum of insurance claims and others of ¥5,487.9 billion (1.1% decrease year on year), investment expenses of ¥246.4 billion (253.2% increase year on year), operating expenses of ¥445.7 billion (15.5% increase year on year), and other ordinary expenses of ¥74.0 billion (20.5% decrease year on year).

As a result, ordinary profit amounted to ¥117.5 billion (67.0% decrease year on year), and net income attributable to Japan Post Insurance amounted to ¥97.6 billion (38.2% decrease year on year), which is calculated by adjusting extraordinary gains/losses with ordinary profit, and subtracting provision for reserve for policyholder dividends and total income taxes from ordinary profit.

Note: From April 2020, we have covered cases in which a customer is diagnosed with COVID-19 and requires hospitalization, but is unable to be hospitalized due to reasons such as a shortage of hospital beds, and receives treatment at home or lodging provided by the government under the supervision of a physician. Although such cases do not fall under the definition of hospitalization under the policy terms and conditions, from the viewpoint of customer protection, we have been paying hospitalization benefits as “deemed hospitalization” in such cases. In light of the announcement by the Japanese government that, after September 26, 2022, the scope of notification of outbreaks of COVID-19 was uniformly limited nationwide to people at high risk of serious illness, we have made people at high risk of serious illness eligible for payment of hospitalization benefits under “deemed hospitalization” if they are diagnosed with COVID-19 on or after the same date. In accordance with the change in the status of COVID-19 to Category 5 infectious diseases under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases effective May 8, 2023, the “deemed hospitalization” and “double payment of insurance benefits system” for COVID-19 have been discontinued as of May 7, 2023.

2 Consolidated Financial Statements

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

MARCH 31, 2023 AND 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
ASSETS:			
Cash and deposits (Note 3)	¥ 1,436,524	¥ 1,270,762	\$ 10,758
Call loans	40,000	40,000	300
Receivables under resale agreements	1,384,764	2,120,137	10,370
Monetary claims bought (Note 25)	47,345	39,543	355
Money held in trust (Notes 4 and 25)	4,772,321	4,521,912	35,740
Securities (Notes 4, 5 and 25)	49,841,494	53,417,580	373,261
Loans (Notes 6 and 25)	3,605,832	4,251,956	27,004
Tangible fixed assets (Note 7):			
Land	43,112	43,112	323
Buildings	35,703	37,152	267
Leased assets	4,229	2,606	32
Construction in progress	24	432	0
Other tangible fixed assets	9,647	11,193	72
Total tangible fixed assets	92,717	94,497	694
Intangible fixed assets:			
Software	92,314	93,594	691
Other intangible fixed assets	12	14	0
Total intangible fixed assets	92,326	93,609	691
Agency accounts receivable	41,307	47,287	309
Reinsurance receivables	4,049	3,914	30
Other assets (Note 5)	300,299	268,626	2,249
Deferred tax assets (Note 15)	1,028,784	1,005,346	7,705
Reserve for possible loan losses	(379)	(379)	(3)
Total assets	¥ 62,687,388	¥ 67,174,796	\$ 469,463
LIABILITIES:			
Policy reserves and others:			
Reserve for outstanding claims (Note 8)	¥ 410,387	¥ 402,608	\$ 3,073
Policy reserves (Notes 8 and 13)	53,518,219	56,533,454	400,795
Reserve for policyholder dividends (Note 10)	1,175,171	1,260,009	8,801
Total policy reserves and others	55,103,778	58,196,072	412,670
Reinsurance payables	6,297	6,256	47
Bonds payable (Notes 11 and 25)	300,000	300,000	2,247
Payables under repurchase agreements (Notes 5 and 11)	3,740,688	2,570,899	28,014
Payables under securities lending transactions (Notes 5 and 11)	–	2,236,696	–
Other liabilities (Notes 11 and 14)	201,639	402,658	1,510
Liability for retirement benefits (Note 12)	69,331	68,313	519
Reserve for management board benefit trust	315	230	2
Reserve for price fluctuations (Note 13)	889,960	972,606	6,665
Total liabilities	¥ 60,312,010	¥ 64,753,732	\$ 451,674
NET ASSETS (Note 16):			
Capital stock	¥ 500,000	¥ 500,000	\$ 3,744
Capital surplus	405,044	405,044	3,033
Retained earnings	701,540	639,822	5,254
Treasury stock	(36,082)	(355)	(270)
Total shareholders' equity	1,570,502	1,544,511	11,761
Net unrealized gains (losses) on available-for-sale securities	797,912	873,764	5,976
Net deferred gains (losses) on hedges	4,607	–	35
Accumulated adjustments for retirement benefits	2,354	2,786	18
Total accumulated other comprehensive income	804,875	876,551	6,028
Total net assets	2,375,377	2,421,063	17,789
Total liabilities and net assets	¥ 62,687,388	¥ 67,174,796	\$ 469,463

See accompanying notes to consolidated financial statements.

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

YEARS ENDED MARCH 31, 2023 AND 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
ORDINARY INCOME:			
Insurance premiums and others (Note 19)	¥ 2,200,945	¥ 2,418,979	\$ 16,483
Investment income:			
Interest and dividend income	950,717	985,879	7,120
Gains on money held in trust	150,378	114,553	1,126
Gains on sales of securities	50,567	26,942	379
Gains on redemption of securities	498	779	4
Gains on foreign exchanges	6,814	20,879	51
Reversal of reserve for possible loan losses	1	3	0
Other investment income	44	107	0
Total investment income	1,159,020	1,149,145	8,680
Other ordinary income:			
Reversal of reserve for outstanding claims (Note 18)	–	16,412	–
Reversal of policy reserves (Note 18)	3,015,234	2,864,265	22,581
Other ordinary income	4,360	5,405	33
Total other ordinary income	3,019,595	2,886,083	22,614
Total ordinary income	6,379,561	6,454,208	47,776
ORDINARY EXPENSES:			
Insurance claims and others:			
Insurance claims (Note 20)	4,451,916	4,477,034	33,340
Annuity payments	268,802	317,508	2,013
Benefits	211,958	137,982	1,587
Surrender benefits	457,654	483,773	3,427
Other refunds	76,141	110,798	570
Reinsurance premiums	21,523	22,217	161
Total insurance claims and others	5,487,997	5,549,315	41,099
Provision for policy reserves and others			
Provision for reserve for outstanding claims (Note 18)	7,778	–	58
Provision for interest on policyholder dividends	9	9	0
Total provision for policy reserves and others	7,788	9	58
Investment expenses:			
Interest expenses	4,639	2,352	35
Losses on sales of securities	177,296	51,108	1,328
Losses on valuation of securities	306	–	2
Losses on redemption of securities	1,554	6,046	12
Losses on derivative financial instruments	60,588	7,398	454
Other investment expenses	2,040	2,863	15
Total investment expenses	246,427	69,769	1,845
Operating expenses (Note 17)	445,761	385,928	3,338
Other ordinary expenses	74,016	93,073	554
Total ordinary expenses	6,261,990	6,098,095	46,896
Ordinary profit	117,570	356,113	880

See accompanying notes to consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
EXTRAORDINARY GAINS (Note 21)	¥ 82,645	¥ 5,696	\$ 619
EXTRAORDINARY LOSSES (Note 22)	319	68,116	2
Provision for reserve for policyholder dividends (Note 23)	62,067	73,113	465
Income before income taxes	137,829	220,579	1,032
Income taxes (Note 15):			
Current	33,576	101,702	251
Deferred	6,639	(39,184)	50
Total income taxes	40,215	62,517	301
Net income	¥ 97,614	¥ 158,062	\$ 731
Net income attributable to non-controlling interests	¥ —	¥ —	\$ —
Net income attributable to Japan Post Insurance	97,614	158,062	731

	Yen		U.S. Dollars
	2023	2022	2023
Per share of common stock (Note 30):			
Basic net income	¥ 249.48	¥ 375.14	\$ 1.87
Diluted net income	—	—	—

See accompanying notes to consolidated financial statements.

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

YEARS ENDED MARCH 31, 2023 AND 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
Net income	¥ 97,614	¥ 158,062	\$ 731
Other comprehensive income (Note 24):			
Net unrealized gains (losses) on available-for-sale securities	(75,851)	(157,619)	(568)
Net deferred gains (losses) on hedges	4,607	(573)	35
Adjustments for retirement benefits	(431)	(693)	(3)
Total other comprehensive income (loss)	(71,675)	(158,887)	(537)
Comprehensive income (loss)	¥ 25,938	¥ (824)	\$ 194
Total comprehensive income (loss) attributable to:			
Japan Post Insurance	¥ 25,938	¥ (824)	\$ 194
Non-controlling interests	—	—	—

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2023 AND 2022

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2021	¥ 500,000	¥ 405,044	¥ 901,390	¥ (397)	¥ 1,806,036
Changes in the fiscal year:					
Cash dividends			(60,742)		(60,742)
Net income attributable to Japan Post Insurance			158,062		158,062
Purchases of treasury stock				(358,882)	(358,882)
Disposals of treasury stock				37	37
Cancellation of treasury stock		(358,887)		358,887	-
Transfer from retained earnings to capital surplus		358,887	(358,887)		-
Net changes in items other than shareholders' equity in the fiscal year			(261,567)	42	(261,524)
Net changes in the fiscal year	-	-	(261,567)	42	(261,524)
BALANCE, MARCH 31, 2022	500,000	405,044	639,822	(355)	1,544,511
Changes in the fiscal year:					
Cash dividends			(35,896)		(35,896)
Net income attributable to Japan Post Insurance			97,614		97,614
Purchases of treasury stock				(35,739)	(35,739)
Disposals of treasury stock				12	12
Net changes in items other than shareholders' equity in the fiscal year			61,717	(35,727)	25,990
Net changes in the fiscal year	-	-	61,717	(35,727)	25,990
BALANCE, MARCH 31, 2023	¥ 500,000	¥ 405,044	¥ 701,540	¥ (36,082)	¥ 1,570,502

	Millions of Yen				
	Accumulated other comprehensive income				
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Total net assets
BALANCE, APRIL 1, 2021	¥ 1,031,384	¥ 573	¥ 3,480	¥ 1,035,438	¥ 2,841,475
Changes in the fiscal year:					
Cash dividends					(60,742)
Net income attributable to Japan Post Insurance					158,062
Purchases of treasury stock					(358,882)
Disposals of treasury stock					37
Cancellation of treasury stock					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity in the fiscal year	(157,619)	(573)	(693)	(158,887)	(158,887)
Net changes in the fiscal year	(157,619)	(573)	(693)	(158,887)	(420,411)
BALANCE, MARCH 31, 2022	873,764	-	2,786	876,551	2,421,063
Changes in the fiscal year:					
Cash dividends					(35,896)
Net income attributable to Japan Post Insurance					97,614
Purchases of treasury stock					(35,739)
Disposals of treasury stock					12
Net changes in items other than shareholders' equity in the fiscal year	(75,851)	4,607	(431)	(71,675)	(71,675)
Net changes in the fiscal year	(75,851)	4,607	(431)	(71,675)	(45,685)
BALANCE, MARCH 31, 2023	¥ 797,912	¥ 4,607	¥ 2,354	¥ 804,875	¥ 2,375,377

See accompanying notes to consolidated financial statements.

Millions of U.S. Dollars (Note 1)

Shareholders' equity

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, MARCH 31, 2022	\$ 3,744	\$ 3,033	\$ 4,792	\$ (3)	\$ 11,567
Changes in the fiscal year:					
Cash dividends			(269)		(269)
Net income attributable to Japan Post Insurance			731		731
Purchases of treasury stock				(268)	(268)
Disposals of treasury stock				0	0
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	–	–	462	(268)	195
BALANCE, MARCH 31, 2023	\$ 3,744	\$ 3,033	\$ 5,254	\$ (270)	\$ 11,761

Millions of U.S. Dollars (Note 1)

Accumulated other comprehensive income

	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Total net assets
BALANCE, MARCH 31, 2022	\$ 6,544	\$ –	\$ 21	\$ 6,564	\$ 18,131
Changes in the fiscal year:					
Cash dividends					(269)
Net income attributable to Japan Post Insurance					731
Purchases of treasury stock					(268)
Disposals of treasury stock					0
Net changes in items other than shareholders' equity in the fiscal year	(568)	35	(3)	(537)	(537)
Net changes in the fiscal year	(568)	35	(3)	(537)	(342)
BALANCE, MARCH 31, 2023	\$ 5,976	\$ 35	\$ 18	\$ 6,028	\$ 17,789

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2023 AND 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 137,829	¥ 220,579	\$ 1,032
Depreciation and amortization	39,490	54,562	296
Net change in reserve for outstanding claims	7,778	(16,412)	58
Net change in policy reserves	(3,015,234)	(2,864,265)	(22,581)
Provision for interest on policyholder dividends	9	9	0
Provision for reserve for policyholder dividends	62,067	73,113	465
Net change in reserve for possible loan losses	(0)	(4)	(0)
Net change in reserve for insurance claims and others	–	(2,851)	–
Net change in liability for retirement benefits	1,017	1,898	8
Net change in reserve for management board benefit trust	85	119	1
Net change in reserve for price fluctuations	(82,645)	67,789	(619)
Interest and dividend income (accrual basis)	(950,717)	(985,879)	(7,120)
Net (gains) losses on securities	128,092	29,432	959
Interest expenses (accrual basis)	4,639	2,352	35
Net (gains) losses on foreign exchanges	(6,814)	(20,879)	(51)
Net (gains) losses on tangible fixed assets	263	(5,440)	2
Net change in agency accounts receivable	5,980	5,962	45
Net change in reinsurance receivables	(134)	23	(1)
Net change in other assets (excluding those related to investing activities and financing activities)	1,251	(4,270)	9
Net change in reinsurance payables	40	(138)	0
Net change in other liabilities (excluding those related to investing activities and financing activities)	15,885	1,918	119
Other, net	(88,367)	(105,111)	(662)
Subtotal	(3,739,480)	(3,547,490)	(28,005)
Interest and dividends received (cash basis)	991,216	1,029,437	7,423
Interest paid (cash basis)	(4,524)	(2,457)	(34)
Policyholder dividends paid	(146,714)	(155,691)	(1,099)
Income taxes paid	(78,594)	(79,482)	(589)
Net cash used in operating activities	¥ (2,978,098)	¥ (2,755,684)	\$ (22,303)

See accompanying notes to consolidated financial statements.

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	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of call loans	¥ (7,380,000)	¥ (7,600,000)	\$ (55,268)
Proceeds from redemption of call loans	7,380,000	7,690,000	55,268
Net change in receivables under resale agreements	735,373	(2,120,137)	5,507
Net change in receivables under securities borrowing transactions	–	2,585,087	–
Purchases of monetary claims bought	(119,988)	(384,982)	(899)
Proceeds from sale and redemption of monetary claims bought	111,808	621,790	837
Purchases of money held in trust	(179,250)	(192,625)	(1,342)
Proceeds from decrease in money held in trust	277,340	109,700	2,077
Purchases of securities	(1,709,400)	(3,335,435)	(12,802)
Proceeds from sale and redemption of securities	4,985,845	5,087,083	37,339
Payments for loans	(421,335)	(433,954)	(3,155)
Proceeds from collection of loans	1,067,457	1,146,082	7,994
Net change in payables under repurchase agreements	1,169,788	2,570,899	8,760
Net change in payables under securities lending transactions	(2,236,696)	(2,350,772)	(16,751)
Other, net	(425,078)	(264,496)	(3,183)
Total of net cash provided by investment transactions	3,255,864	3,128,238	24,383
Total of net cash provided by operating activities and investment transactions	277,765	372,554	2,080
Purchases of tangible fixed assets	(3,990)	(3,772)	(30)
Proceeds from sales of tangible fixed assets	–	13,162	–
Purchases of intangible fixed assets	(28,251)	(25,884)	(212)
Purchases of shares of subsidiaries	(800)	–	(6)
Other, net	(6,022)	(43)	(45)
Net cash provided by investing activities	3,216,799	3,111,700	24,090
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease obligations	(1,310)	(712)	(10)
Purchases of treasury stock	(35,739)	(358,882)	(268)
Dividends paid	(35,888)	(60,673)	(269)
Net cash used in financing activities	(72,939)	(420,268)	(546)
Effect of exchange rate changes on cash and cash equivalents	–	–	–
Net change in cash and cash equivalents	165,762	(64,252)	1,241
Cash and cash equivalents at the beginning of the year	1,270,762	1,335,014	9,517
Cash and cash equivalents at the end of the year (Note 3)	¥ 1,436,524	¥ 1,270,762	\$ 10,758

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2023 AND 2022

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. (the "Company"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, the Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards. Intercompany balances and transactions have been eliminated.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account might not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.53 to US\$1, the approximate rate of exchange as of March 31, 2023. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation and Equity Method

1) Scope of consolidation

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements for all periods presented include the accounts of the Company and a subsidiary, JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (collectively, the "Group"). For the year ended March 31, 2023, the Company's major non-consolidated subsidiaries are Japan Post Insurance NEXT Partners Co., Ltd. and Spring Investment Limited Partnership. These non-consolidated subsidiaries are small in terms of total assets, ordinary income, net income or loss (an amount attributable to the Company), retained earnings (an amount attributable to the Company), cash flows and other items. They are excluded from the scope of consolidation as they are not significant enough to interfere with rational judgment regarding the corporate group's financial conditions, business performance and cash flows. For the year ended March 31, 2022, there were no non-consolidated subsidiaries.

2) Application of the equity method

A company is required to apply the equity method accounting to its non-consolidated subsidiaries and affiliates under Japanese GAAP. For the year ended March 31, 2023, 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 equity method, as they are insignificant as a whole, with minimal influence on the consolidated financial statements, in terms of net income or loss (an amount attributable to the Company), retained earnings (an amount attributable to the Company) and other items. For the year ended March 31, 2022, there were no non-consolidated subsidiaries that qualify for equity method accounting, while the Company had 5 affiliates including Japan Post Investment Corporation that were not accounted for under the equity method as they were insignificant as a whole, with minimal influence on the consolidated financial statements, in terms of net income or loss (an amount attributable to the Company), retained earnings (an amount attributable to the Company) and other items.

3) Fiscal year-end date of the consolidated subsidiary

The fiscal year-end date of the consolidated subsidiary is the same as the consolidated balance sheet date.

(2) Securities

Securities including cash and deposits, as well as monetary claims bought, which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity bonds

Held-to-maturity bonds are carried at amortized cost, and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching bonds

In accordance with the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Investments in non-consolidated subsidiaries and affiliates that are not accounted for under the equity method

Investments in non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost, and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale securities

A) Available-for-sale securities other than stocks, etc. with no market price
Available-for-sale securities other than stocks, etc. with no market price are carried at their market

price at the end of the fiscal year. Cost of securities sold is calculated using the moving-average method.

B) Stocks, etc. with no market price

Stocks, etc. with no market price are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(3) Derivative Transactions

All derivative transactions are valued at fair value.

(4) Hedge Accounting

1) Methods for hedge accounting

The Group applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10, July 4, 2019; hereinafter 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.

(5) Depreciation

1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is calculated using the straight-line method based on the following useful lives:

- Buildings: 2–60 years
- Other tangible fixed assets: 2–20 years

2) Intangible fixed assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.

3) Leased assets

The Group mainly leases vehicles under finance lease arrangements that do not transfer the ownership of leased property to the lessee.

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.

(6) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company's standards for self-assessment of asset quality, and a general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy, including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amounts written off for loans and other assets during the years ended March 31, 2023 and 2022, were ¥92 million (\$1 million) and ¥37 million, respectively.

(7) Policy Reserves

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

The amount of policy reserves might be affected if the actual results of the basis of the calculation of policy reserves such as assumed mortality rates, assumed interest rates and expected rate of expenses deviate significantly or deviations are expected in the future due to changes in the environment.

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

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

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

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

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

The Management Network was established in October 2007 to support the privatization of Japan Post by succeeding from Japan Post postal savings such as fixed amount or term postal savings deposited and Postal Life Insurance Contracts concluded by September 2007 to ensure that such postal savings and Postal Life Insurance are managed appropriately and to fulfill the relevant liabilities without fail.

The Company has entered into the reinsurance contracts comprising outsourcing agreements for the administrative operation of the Postal Life Insurance and the reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life Insurance Contracts concluded by September 2007 that have been assumed by the Management Network.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from Japan Post Corporation, the Company has lent loans to the Management Network under the same loan conditions as those of the contracts between Japan Post and its counterparties.

(8) Insurance Premiums

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

Portions of collected insurance premiums corresponding to the unexpired period as of the fiscal year-end are accumulated as policy reserves, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(9) Insurance Claims and Others

When an insured event occurs and payment is made in the amount calculated based on the insurance contract, insurance claims and others (excluding reinsurance premiums) are recorded in the amount of such payment.

Reserve for outstanding claims has been accumulated for insurance claims and others, for which payment is due but has not been paid at the fiscal year-end, and for which the occurrence of the insured event has not been reported but the Company deems that the insured event provided in the insurance contract has occurred but not yet been paid, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

(10) Retirement Benefits

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

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

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

(11) Reserve for Management Board Benefit Trust

To provide for the granting of shares and others of the Company to executive officers of the Company in accordance with the stock benefit rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(12) Reserve for Price Fluctuations

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

(13) Translation of Significant Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(14) Consolidated Statement of Cash Flows

Cash and cash equivalents consist of “Cash and deposits” in the consolidated balance sheets.

(15) Changes in Accounting Policies For the year ended March 31, 2023

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Implementation Guidance”) from the beginning of the year ended March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Implementation Guidance into the future. Accordingly, while cost method by moving-average method was previously adopted for mutual funds with no transaction price on the market, from the year ended March 31, 2023, the fair value method based on the market price and others as of the consolidated balance sheet date is adopted.

However, in accordance with the transitional treatment set forth in Paragraph 27-3 of the Fair Value Measurement Implementation Guidance, the notes on the fair value hierarchy of financial instruments and other items in Note “25. FINANCIAL INSTRUMENTS” do not include a statement on mutual funds for the year ended March 31, 2022.

For the year ended March 31, 2022

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

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

In addition, the Company decided to describe notes on the fair value hierarchy of financial instruments and other items in Note "25. FINANCIAL INSTRUMENTS."

(16) Additional Information

Transactions for granting shares and others of the Company to executive officers of the Company through a trust

The Company has introduced a trust-based performance-linked stock compensation system for executive officers of the Company from the year ended March 31, 2017.

The Company has adopted the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (Practical Issues Task Force No. 30, March 26, 2015) with respect to the accounting treatment of the aforementioned trust agreement.

A) Outline of the transaction

In accordance with predetermined stock benefit rules, the Company shall grant its executive officers a certain number of points depending on the performance for the fiscal year, and later shall have the Board Benefit Trust ("BBT") grant executive officers who meet the requirements for eligibility at the time of their retirement a given number of shares of the Company equivalent to the number of such points accumulated up to their retirement, as well as the amount of money equivalent to a certain portion of such number of shares, as calculated by the fair value at the time of their retirement.

Shares to be granted to executive officers, including the portion of shares to be granted in the future, are managed separately as trust assets through purchases by the trust bank from the stock market using the fund held in trust in advance by the Company.

B) Shares of the Company held in trust

Shares of the Company held in trust are recorded as treasury stock under the category of net assets at book value in the trust (excluding accompanying expenses). The book value of such treasury stock at the end of the years ended March 31, 2023 and 2022, was ¥1,057 million (\$8 million) and ¥330 million, respectively, while the number of such treasury stock was 475 thousand shares and 140 thousand shares, respectively.

3. RECONCILIATIONS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2023 and 2022, and cash and deposits in the consolidated balance sheets as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Cash and deposits	¥ 1,436,524	¥ 1,270,762	\$ 10,758
Cash and cash equivalents at the end of the year	¥ 1,436,524	¥ 1,270,762	\$ 10,758

4. SECURITIES

(1) Securities

Securities as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Japanese government bonds	¥ 37,114,603	¥ 37,408,974	\$ 277,950
Japanese local government bonds	3,400,150	4,472,466	25,464
Japanese corporate bonds	4,228,952	4,866,504	31,670
Stocks	409,104	424,569	3,064
Foreign securities	2,949,260	4,332,519	22,087
Other	1,739,423	1,912,544	13,026
Total	¥ 49,841,494	¥ 53,417,580	\$ 373,261

Investments in non-consolidated subsidiaries and affiliates included in "Stocks" and "Other" as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Stocks (included in "Stocks")	¥ 7,262	¥ 495	\$ 54
Investments in capital (included in "Other")	45,478	22,608	341
Total	¥ 52,740	¥ 23,104	\$ 395

Securities lent under lending agreements in the amount of ¥1,164,763 million (\$8,723 million) and ¥3,172,477 million were included in "Securities" in the consolidated balance sheets as of March 31, 2023 and 2022, respectively.

The Group has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥124,202 million (\$930 million) and ¥601,181 million as of March 31, 2023 and 2022, respectively.

(2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Consolidated balance sheet amount	¥ 8,075,012	¥ 8,604,735	\$ 60,473
Fair value	8,237,638	9,106,029	61,691

The outline of the risk management policy of policy-reserve-matching bonds was as follows:

The Company categorizes its insurance products into the following sub-groups based on the attributes of each product in order to manage risks arising from fluctuations in the interest rates of assets and liabilities, and adopts a management policy whereby the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups is reconciled within a certain range and periodically checked.

- 1) Postal Life Insurance Contracts (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)

For the year ended March 31, 2023

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

For the year ended March 31, 2022

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

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

(Millions of Yen)

		2023				
March 31		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds		¥ 32,935,527	¥ 35,502,364	¥ 2,566,836	¥ 3,130,570	¥ (563,734)
	Japanese government bonds	29,094,611	31,605,451	2,510,840	2,970,340	(459,500)
	Japanese local government bonds	2,516,810	2,589,269	72,458	111,002	(38,543)
	Japanese corporate bonds	1,324,104	1,307,642	(16,462)	49,228	(65,690)
Total		¥ 32,935,527	¥ 35,502,364	¥ 2,566,836	¥ 3,130,570	¥ (563,734)

(Millions of Yen)

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

(Millions of U.S. Dollars)

		2023				
March 31		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds		\$ 246,653	\$ 265,876	\$ 19,223	\$ 23,445	\$ (4,222)
	Japanese government bonds	217,888	236,692	18,804	22,245	(3,441)
	Japanese local government bonds	18,848	19,391	543	831	(289)
	Japanese corporate bonds	9,916	9,793	(123)	369	(492)
Total		\$ 246,653	\$ 265,876	\$ 19,223	\$ 23,445	\$ (4,222)

2) Policy-reserve-matching bonds

(Millions of Yen)

		2023				
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31	Bonds	¥ 8,075,012	¥ 8,237,638	¥ 162,626	¥ 447,691	¥ (285,064)
	Japanese government bonds	6,354,976	6,628,341	273,365	434,831	(161,465)
	Japanese local government bonds	492,432	487,993	(4,439)	9,174	(13,613)
	Japanese corporate bonds	1,227,603	1,121,303	(106,300)	3,685	(109,985)
	Total	¥ 8,075,012	¥ 8,237,638	¥ 162,626	¥ 447,691	¥ (285,064)

(Millions of Yen)

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

(Millions of U.S. Dollars)

		2023				
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31	Bonds	\$ 60,473	\$ 61,691	\$ 1,218	\$ 3,353	\$ (2,135)
	Japanese government bonds	47,592	49,639	2,047	3,256	(1,209)
	Japanese local government bonds	3,688	3,655	(33)	69	(102)
	Japanese corporate bonds	9,193	8,397	(796)	28	(824)
	Total	\$ 60,473	\$ 61,691	\$ 1,218	\$ 3,353	\$ (2,135)

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3) Available-for-sale securities

(Millions of Yen)

	2023				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31					
Bonds	¥ 3,733,166	¥ 3,878,732	¥ (145,565)	¥ 11,530	¥ (157,095)
Japanese government bonds	1,665,015	1,784,911	(119,896)	1,756	(121,653)
Japanese local government bonds	390,906	395,430	(4,524)	171	(4,695)
Japanese corporate bonds	1,677,244	1,698,389	(21,144)	9,601	(30,746)
Stocks	397,582	330,088	67,493	74,543	(7,049)
Foreign securities	2,949,260	2,964,306	(15,045)	156,712	(171,758)
Foreign bonds	2,787,121	2,801,828	(14,706)	155,222	(169,928)
Foreign other securities	162,139	162,478	(339)	1,490	(1,829)
Other ¹	2,266,290	2,371,817	(105,526)	31,428	(136,955)
Total	¥ 9,346,300	¥ 9,544,944	¥ (198,644)	¥ 274,214	¥ (472,859)

(Millions of Yen)

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

(Millions of U.S. Dollars)

	2023				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31					
Bonds	\$ 27,958	\$ 29,048	\$ (1,090)	\$ 86	\$ (1,176)
Japanese government bonds	12,469	13,367	(898)	13	(911)
Japanese local government bonds	2,927	2,961	(34)	1	(35)
Japanese corporate bonds	12,561	12,719	(158)	72	(230)
Stocks	2,977	2,472	505	558	(53)
Foreign securities	22,087	22,200	(113)	1,174	(1,286)
Foreign bonds	20,873	20,983	(110)	1,162	(1,273)
Foreign other securities	1,214	1,217	(3)	11	(14)
Other ¹	16,972	17,762	(790)	235	(1,026)
Total	\$ 69,994	\$ 71,482	\$ (1,488)	\$ 2,054	\$ (3,541)

Notes:

- "Other" includes negotiable certificates of deposit (cost: ¥525,000 million (\$3,932 million), consolidated balance sheet amount: ¥525,000 million (\$3,932 million)) presented as "Cash and deposits" in the consolidated balance sheet and monetary claims bought (cost: ¥46,588 million (\$349 million), consolidated balance sheet amount: ¥47,345 million (\$355 million)) as of March 31, 2023.
- "Other" includes negotiable certificates of deposit (cost: ¥405,000 million, consolidated balance sheet amount: ¥405,000 million) presented as "Cash and deposits" in the consolidated balance sheet and monetary claims bought (cost: ¥38,399 million, consolidated balance sheet amount: ¥39,543 million) as of March 31, 2022.

4) Policy-reserve-matching bonds sold for the years ended March 31, 2023 and 2022

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Total

2023		
Sales	Gains	Losses
¥ 295,753	¥ 4,003	¥ –
295,753	4,003	–
¥ 295,753	¥ 4,003	¥ –

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Total

2022		
Sales	Gains	Losses
¥ 428,238	¥ 6,800	¥ –
428,238	6,800	–
¥ 428,238	¥ 6,800	¥ –

(Millions of U.S. Dollars)

March 31

Bonds
Japanese government bonds
Total

2023		
Sales	Gains	Losses
\$ 2,215	\$ 30	\$ –
2,215	30	–
\$ 2,215	\$ 30	\$ –

5) Available-for-sale securities sold for the years ended March 31, 2023 and 2022

(Millions of Yen)

March 31

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

2023		
Sales	Gains	Losses
¥ 506,413	¥ 476	¥ (17,833)
69,001	–	(5,690)
277,139	58	(125)
160,272	417	(12,017)
117,038	18,830	(6,372)
1,764,440	27,256	(120,852)
1,764,440	27,256	(120,852)
–	–	–
167,250	–	(32,238)
¥ 2,555,143	¥ 46,564	¥ (177,296)

(Millions of Yen)

March 31

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

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

(Millions of U.S. Dollars)

March 31

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

2023		
Sales	Gains	Losses
\$ 3,793	\$ 4	\$ (134)
517	–	(43)
2,075	0	(1)
1,200	3	(90)
876	141	(48)
13,214	204	(905)
13,214	204	(905)
–	–	–
1,253	–	(241)
\$ 19,135	\$ 349	\$ (1,328)

6) Securities for which losses on valuation were recognized

The Group recognized losses on valuation of ¥306 million (\$2 million) for available-for-sale securities with market value for the year ended March 31, 2023. No losses on valuation of securities were recognized for the year ended March 31, 2022.

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

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

(Millions of Yen)

		2023				
		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31	Specified money held in trust	¥ 4,672,032	¥ 3,376,790	¥ 1,295,241	¥ 1,364,388	¥ (69,147)

(Millions of Yen)

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

(Millions of U.S. Dollars)

		2023				
		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31	Specified money held in trust	\$ 34,989	\$ 25,289	\$ 9,700	\$ 10,218	\$ (518)

Note:

The Group recognized losses on valuation of ¥6,360 million (\$48 million) and ¥8,168 million for the years ended March 31, 2023 and 2022, respectively.

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

5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2023 and 2022, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2023	2022	2023
March 31	Assets pledged as collateral:			
	Securities	¥ 3,499,456	¥ 4,253,107	\$ 26,207
	Liabilities corresponding to assets pledged as collateral:			
	Payables under repurchase agreements	3,740,688	2,570,899	28,014
	Payables under securities lending transactions	—	2,236,696	—

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

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

		Millions of Yen		Millions of U.S. Dollars
		2023	2022	2023
March 31	Securities	¥ 133,667	¥ 498,437	\$ 1,001
	Margin deposits for futures transactions	9	3,674	0
	Cash collateral paid for financial instruments	4,094	36,850	31

6. LOANS

There were no bankrupt loans or quasi-bankrupt loans, doubtful loans, past due loans for three months or more, or restructured loans as of March 31, 2023 and 2022.

Definitions for each of the respective loans are as follows:

Bankrupt or quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and loans similar to these.

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

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 or doubtful loans.

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

The amounts of unused commitments as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31 Amount of unused commitments	¥ 15,659	¥ 25,367	\$ 117

7. TANGIBLE FIXED ASSETS

Accumulated depreciation as of March 31, 2023 and 2022, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31 Accumulated depreciation	¥ 56,263	¥ 55,931	\$ 421

8. REINSURANCE

Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter the "reserve for outstanding claims—ceded"), as of March 31, 2023 and 2022, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31 Reserve for outstanding claims—ceded	¥ 690	¥ 525	\$ 5

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter "policy reserves—ceded") as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31 Policy reserves—ceded	¥ 880	¥ 907	\$ 7

9. OBLIGATIONS TO THE LIFE INSURANCE POLICYHOLDERS PROTECTION CORPORATION OF JAPAN

The Company estimated future contributions to Life Insurance Policyholders Protection Corporation in the amounts of nil and ¥33,449 million as of March 31, 2023 and 2022, respectively, pursuant to Article 259 of the Insurance Business Act. These obligations are recognized as operating expenses when they are incurred.

10. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Balance at the beginning of the year	¥ 1,260,009	¥ 1,342,855	\$ 9,436
Policyholder dividends paid	(146,714)	(155,691)	(1,099)
Interest accrual	9	9	0
Reduction due to the acquisition of additional annuity	(200)	(278)	(1)
Provision for reserve for policyholder dividends	62,067	73,113	465
Balance at the end of the year	¥ 1,175,171	¥ 1,260,009	\$ 8,801

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

Bonds payable as of March 31, 2023 and 2022, were as follows:

	Date of issuance	Millions of Yen		Millions of U.S. Dollars	Interest rate	Collateral	Maturity date
		2023	2022	2023			
March 31							
Issued by JAPAN POST INSURANCE Co., Ltd.:							
First series of subordinated unsecured bonds with interest deferral option and early redemption option	January 29, 2019	¥ 100,000	¥ 100,000	\$ 749	1.00% ¹	None	January 29, 2049
Second series of subordinated unsecured bonds with interest deferral option and early redemption option	January 28, 2021	200,000	200,000	1,498	1.050% ²	None	January 28, 2051
Total		¥ 300,000	¥ 300,000	\$ 2,247			

Notes:

- Interest rate from the day immediately following January 29, 2029, shall be 6-month Euroyen LIBOR plus 1.78%.
- Interest rate from the day immediately following January 28, 2031, shall be the interest rate of 5-year Japanese government bonds plus 2.010% (reset every five years).
- No scheduled redemption is due within 5 years after the end of the year ended March 31, 2023.
- Bonds payable are subordinated bonds stipulating that their priorities are ranked behind other obligations.

Lease obligations and other interest-bearing debt as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars	Average interest rate	Due
	2023	2022	2023	2023	
March 31					
Lease obligations	¥ 4,647	¥ 2,813	\$ 35	–	March 2030
Other interest-bearing debt:					
Payables under repurchase agreements	3,740,688	2,570,899	28,014	(0.16)%	–
Payables under securities lending transactions	–	2,236,696	–	–	–
Total	¥ 3,745,335	¥ 4,810,409	\$ 28,049	–	–

Notes:

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

The repayment schedule on lease obligations as of March 31, 2023, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Within 1 year	¥ 1,408		\$ 11
Due after 1 year through 2 years	799		6
Due after 2 years through 3 years	707		5
Due after 3 years through 4 years	645		5
Due after 4 years through 5 years	534		4
Due after 5 years	551		4
Total	¥ 4,647		\$ 35

12. RETIREMENT BENEFITS

(1) Outline of Retirement Benefits

The Group has adopted lump-sum severance indemnity plans as unfunded defined benefit plans.

In addition, starting from October 1, 2015, the Company has joined the retirement pension plan based on the Act for Partial Amendment of the Act on National Public Officers' Retirement Allowance, etc. for the Purpose of Review over the Levels of the Retirement Benefits for National Public Officers (Act No. 96 of 2012) and introduced a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension, and the pension contribution amount required for the Company for the years ended March 31, 2023 and 2022, was ¥952 million (\$7 million) and ¥363 million, respectively.

(2) Defined Benefit Plans

1) Changes in retirement benefit obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Balance at the beginning of the year	¥ 68,313	¥ 66,414	\$ 512
Service cost	4,088	4,111	31
Interest cost	472	459	4
Actuarial differences	(60)	264	(0)
Benefits paid	(3,583)	(2,992)	(27)
Other	100	55	1
Balance at the end of the year	¥ 69,331	¥ 68,313	\$ 519

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

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Unfunded retirement benefit obligations	¥ 69,331	¥ 68,313	\$ 519
Liability for retirement benefits recorded on the consolidated balance sheets	¥ 69,331	¥ 68,313	\$ 519

3) Retirement benefit costs

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Service cost	¥ 4,088	¥ 4,111	\$ 31
Interest cost	472	459	4
Amortization of actuarial differences	(195)	(231)	(1)
Amortization of prior service cost	(464)	(464)	(3)
Amount borne for seconded employees	6,380	97	48
Other	3	—	0
Retirement benefit expenses of defined benefit plans	¥ 10,284	¥ 3,971	\$ 77

Changes in presentation method

"Amount borne for seconded employees," which used to be included in "Other," is indicated separately from the year ended March 31, 2023, as its financial significance has increased. To reflect this change, the figures for the year ended March 31, 2022, have been reclassified.

4) Adjustments for retirement benefits (before tax effect)

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Prior service cost	¥ (464)	¥ (464)	\$ (3)
Actuarial differences	(135)	(496)	(1)
Total	¥ (600)	¥ (961)	\$ (4)

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Unrecognized prior service cost	¥ 3,256	¥ 3,721	\$ 24
Unrecognized actuarial differences	16	151	0
Total	¥ 3,273	¥ 3,873	\$ 25

6) Actuarial assumptions

The principal actuarial assumptions used for the years ended March 31, 2023 and 2022, were as follows:

Years ended March 31	2023	2022
Discount rate	0.3% – 0.7%	0.3% – 0.7%

13. RESERVES RELATED TO REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network are provided at amounts calculated based on the statement of calculation procedures for the Company's insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005).

In addition, contingency reserve and reserve for price fluctuations are provided for the category of reinsurance.

The policy reserves, excluding contingency reserve, contingency reserve and reserve for price fluctuations mentioned above as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Policy reserves (excluding contingency reserve)	¥ 27,370,400	¥ 29,331,229	\$ 204,976
Contingency reserve	1,260,220	1,203,243	9,438
Reserve for price fluctuations	711,298	695,157	5,327

14. DEPOSITS FROM THE MANAGEMENT NETWORK

"Other liabilities" in the consolidated balance sheets include deposits from the Management Network.

Deposits from the Management Network refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid at the end of the fiscal years ended March 31, 2023 and 2022.

Deposits from the Management Network as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Deposits from the Management Network	¥ 38,647	¥ 39,991	\$ 289

15. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2023 and 2022, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Deferred tax assets:			
Policy reserves	¥ 1,021,572	¥ 1,026,908	\$ 7,651
Reserve for price fluctuations	231,440	248,305	1,733
Reserve for outstanding claims	48,375	38,057	362
Liability for retirement benefits	19,459	19,172	146
Unrealized losses on available-for-sale securities	151,762	74,964	1,137
Other	37,119	31,185	278
Subtotal	1,509,730	1,438,593	11,306
Valuation allowance	(14,686)	(14,133)	(110)
Total deferred tax assets	1,495,043	1,424,459	11,196
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(453,303)	(408,207)	(3,395)
Other	(12,955)	(10,906)	(97)
Total deferred tax liabilities	(466,259)	(419,113)	(3,492)
Net deferred tax assets (liabilities)	¥ 1,028,784	¥ 1,005,346	\$ 7,705

Note: Deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets have an effect of reducing the amount of tax payable.

The Company and its domestic subsidiary are subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 28.00% for the years ended March 31, 2023 and 2022.

Reconciliation of the statutory tax rate and the effective income tax rate for the years ended March 31, 2023 and 2022, is omitted as the difference was less than 5% of the statutory tax rate.

16. NET ASSETS

(1) Type and Number of Shares Issued and Treasury Stock

Year ended March 31, 2023	Thousands of shares			March 31, 2023
	April 1, 2022	Increase	Decrease	
Shares issued:				
Common stock	399,693	–	–	399,693
Total	399,693	–	–	399,693
Treasury stock				
Common stock	151	16,842	5	16,988
Total	151	16,842	5	16,988

Notes:

- Numbers of treasury stock at the beginning and the end of the year ended March 31, 2023 include shares of the Company held in the BBT, and were 140 thousand shares and 475 thousand shares, respectively.
- The increase of 16,842 thousand shares in the number of treasury stock was attributable to an increase of 16,501 thousand shares due to the purchases of treasury stock based on the written resolution passed by the Board of Directors on August 10, 2022, an increase of 340 thousand shares due to the acquisition of the BBT, and an increase of 0 thousand shares due to the purchase of fractional shares.
- The decrease of 5 thousand shares in the number of treasury stock was attributable to the granting of shares via the BBT.

Year ended March 31, 2022	Thousands of shares			March 31, 2022
	April 1, 2021	Increase	Decrease	
Shares issued:				
Common stock	562,600	–	162,906	399,693
Total	562,600	–	162,906	399,693
Treasury stock				
Common stock	167	162,906	162,922	151
Total	167	162,906	162,922	151

Notes:

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

(2) Information on Dividends
1) Dividends paid
Dividends paid for the year ended March 31, 2023

Resolution	Class of shares	Total amount (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 13, 2022	Common stock	¥ 17,985	\$ 135	¥ 45.00	\$ 0.34	March 31, 2022	June 16, 2022
Board of Directors' meeting held on November 11, 2022	Common stock	¥ 17,910	\$ 134	¥ 46.00	\$ 0.34	September 30, 2022	December 5, 2022

Notes:

- Total amount of dividends based on the resolution at the Board of Directors' meeting held on May 13, 2022, included ¥6 million (\$0 million) of dividends paid for shares of the Company held in the BBT.
- Total amount of dividends based on the resolution at the Board of Directors' meeting held on November 11, 2022, included ¥21 million (\$0 million) of dividends paid for shares of the Company held in the BBT.

Dividends paid for the year ended March 31, 2022

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

Notes:

- Total amount of dividends based on the resolution at the Board of Directors' meeting held on May 14, 2021, included ¥11 million of dividends paid for shares of the Company held in the BBT.
- Total amount of dividends based on the resolution at the Board of Directors' meeting held on November 12, 2021, included ¥6 million of dividends paid for shares of the Company held in the BBT.

2) Dividends for which the effective date falls after the end of the fiscal year
Dividends for which the effective date falls after the end of the year ended March 31, 2023

Resolution	Class of shares	Total amount (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Source of dividends	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2023	Common stock	¥ 17,626	\$ 132	Retained earnings	¥ 46.00	\$ 0.34	March 31, 2023	June 20, 2023

Note: Total amount of dividends includes ¥21 million (\$0 million) of dividends paid for shares of the Company held in the BBT.

17. OPERATING EXPENSES

Operating expenses for the years ended March 31, 2023 and 2022, consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Sales activity expenses	¥ 59,980	¥ 39,131	\$ 449
Sales administration expenses	19,012	13,137	142
General administration expenses	366,768	333,659	2,747
Total	¥ 445,761	¥ 385,928	\$ 3,338

18. POLICY RESERVES FOR CEDED REINSURANCE

The amount of provision for reserve for outstanding claims—ceded that is deducted from the calculation of provision for reserve for outstanding claims for the year ended March 31, 2023, was ¥165 million (\$1 million). The amount of provision for reserve for outstanding claims—ceded that is added to the calculation of reversal of reserve for outstanding claims for the year ended March 31, 2022, was ¥106 million.

The amount of reversal of policy reserves—ceded that is deducted from the calculation of reversal of policy reserves for the years ended March 31, 2023 and 2022, was ¥27 million (\$0 million) and ¥27 million, respectively.

19. INSURANCE PREMIUMS AND OTHERS

Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Insurance premiums	¥ 222,610	¥ 286,840	\$ 1,667

20. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Insurance claims	¥ 2,535,300	¥ 2,717,586	\$ 18,987

21. EXTRAORDINARY GAINS

Extraordinary gains for the years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Gains on sales of fixed assets	¥ –	¥ 5,696	\$ –
Reversal of reserve for price fluctuations	82,645	–	619
Total	¥ 82,645	¥ 5,696	\$ 619

22. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Losses on sales and disposal of fixed assets	¥ 319	¥ 326	\$ 2
Provision for reserve for price fluctuations	–	67,789	–
Total	¥ 319	¥ 68,116	\$ 2

23. PROVISION FOR RESERVE FOR POLICYHOLDER DIVIDENDS

Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Network, for the years ended March 31, 2023 and 2022, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Provision for reserve for policyholder dividends	¥ 43,678	¥ 54,849	\$ 327

24. OTHER COMPREHENSIVE INCOME

The amount reclassified and the tax-effect amounts related to other comprehensive income for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ (195,537)	¥ (221,217)	\$ (1,464)
Reclassification adjustments	87,984	2,062	659
Before tax-effect adjustments	(107,552)	(219,154)	(805)
Tax effect	31,701	61,534	237
Net unrealized gains (losses) on available-for-sale securities	(75,851)	(157,619)	(568)
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	6,399	—	48
Reclassification adjustments	—	(796)	—
Before tax-effect adjustments	6,399	(796)	48
Tax effect	(1,792)	222	(13)
Net deferred gains (losses) on hedges	4,607	(573)	35
Adjustments for retirement benefits:			
Amount arising during the fiscal year	60	(264)	0
Reclassification adjustments	(660)	(696)	(5)
Before tax-effect adjustments	(600)	(961)	(4)
Tax effect	168	267	1
Adjustments for retirement benefits	(431)	(693)	(3)
Total other comprehensive income (loss)	¥ (71,675)	¥ (158,887)	\$ (537)

25. FINANCIAL INSTRUMENTS

(1) Policy for Handling Financial Instruments

The Company promotes matching between assets and liabilities using yen-denominated interest-bearing assets, taking into consideration the characteristics of liabilities to maintain sound management and ensure payments for insurance claims and others. The Company endeavors to invest in yen-denominated bonds such as Japanese local government bonds and Japanese corporate bonds, of which the yield is expected to be relatively higher than that of Japanese government bonds, as well as in return-seeking assets (previously referred to as risk assets) including foreign bonds and stocks from the perspective of improving profitability and strengthening the risk management system.

Derivative transactions are used mainly as a hedging method against foreign exchange fluctuation risk to our investment assets.

(2) Features and Risks of Financial Instruments

Financial assets owned by the Company consist mainly of securities and loans and are managed by using an asset liability management (ALM) framework. Such securities are exposed to credit risk of their issuing bodies as well as market price fluctuation risk and interest rate risk. In addition, foreign-currency-denominated bonds are exposed to foreign exchange risk.

Derivative transactions that the Company uses are mainly foreign exchange contracts. These are identified as a key hedging method against foreign exchange fluctuation risk. Other derivative transactions are also used mainly for the purpose of hedging, and the market-related risk of derivative transactions is therefore reduced and limited.

As a hedging method against interest rate fluctuation risk for a portion of insurance liabilities, interest rate swap transactions are used in accordance with the "Accounting

and Auditing Treatment on the Application of the Financial Instruments Accounting Standard to the Insurance Industry" (JICPA Industry Committee Practical Guidelines No. 26).

(3) Risk Management Framework for Financial Instruments

1) Management of market risk

Market risk is the risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange rates and stock prices. Market risk is categorized into interest rate risk and market price fluctuation risk for its management. Interest rate risk is the risk of losses resulting from fluctuation in the value of interest-bearing assets denominated in yen and insurance liabilities due to fluctuations in yen interest rates, and the risk arises as the Company has a certain limit in matching assets with liabilities as an insurance company with a mission to offer universal service products including endowment insurance and whole life insurance. Market price fluctuation risk is any market risk other than interest rate risk.

Among the company-wide risks including market risk, the Company identifies those that can be quantified and manages the company-wide risks by comparing the capital amount and the company-wide integrated risk amount calculated based on the amount of the quantified risks.

2) Management of credit risk

Credit risk is the risk of losses resulting from a decline or elimination in the value of assets including off-balance-sheet assets due to deterioration in the financial conditions of borrowers and other reasons.

To control investment and lending to borrowers with high credit risk, the Company manages its investment and lending by prescribing credit eligibility rules based on internal rating. Moreover, to prevent concentration of credit risk on a particular borrower, group or industry, the Company establishes credit limits corresponding to internal rating and standards of credit shares by industry.

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

(4) Additional Notes Concerning the Fair Value of Financial Instruments

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

assumptions could lead to changes in pricing.

The contract amounts of derivative transactions in Note 26 "DERIVATIVE TRANSACTIONS" do not indicate the market risk related to derivative transactions.

(5) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the differences between them as of March 31, 2023 and 2022, were as follows.

Stocks, etc. with no market price and investments in partnership are not included in the following table and are described in "Note 1" to the table. In addition, cash, as well as deposits, call loans, receivables under resale agreements, payables under repurchase agreements and payables under securities lending transactions, whose fair value approximates book value because they are settled within a short term, have been omitted from the Notes.

(Millions of Yen)

March 31

Monetary claims bought	
Available-for-sale securities	
Money held in trust ^{1,2}	
Securities	
Held-to-maturity bonds	
Policy-reserve-matching bonds	
Available-for-sale securities ²	
Loans	
Policy loans	
Industrial and commercial loans ³	
Loans to the Management Network ³	
Reserve for possible loan losses ⁴	
Total assets	
Bonds payable	
Total liabilities	
Derivative transactions ⁵	
Hedge accounting not applied	
Hedge accounting applied	
Total derivative transactions	

2023		
Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
¥ 47,345	¥ 47,345	¥ -
47,345	47,345	-
4,672,032	4,672,032	-
49,784,494	52,513,957	2,729,463
32,935,527	35,502,364	2,566,836
8,075,012	8,237,638	162,626
8,773,954	8,773,954	-
3,605,801	3,733,374	127,573
140,355	140,355	-
916,374	912,110	(4,232)
2,549,102	2,680,908	131,805
(31)	-	-
¥ 58,109,674	¥ 60,966,710	¥ 2,857,036
¥ 300,000	¥ 283,490	¥ (16,510)
¥ 300,000	¥ 283,490	¥ (16,510)
¥ [182]	¥ [182]	¥ -
11,568	11,568	-
¥ 11,385	¥ 11,385	¥ -

(Millions of Yen)

	2022		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
Monetary claims bought	¥ 39,543	¥ 39,543	¥ –
Available-for-sale securities	39,543	39,543	–
Money held in trust ¹	3,820,432	3,820,432	–
Securities	53,390,216	57,908,456	4,518,240
Held-to-maturity bonds	34,126,248	38,143,194	4,016,945
Policy-reserve-matching bonds	8,604,735	9,106,029	501,294
Available-for-sale securities	10,659,233	10,659,233	–
Loans	4,251,924	4,478,732	226,808
Policy loans	140,980	140,980	–
Industrial and commercial loans ³	965,872	993,771	27,931
Loans to the Management Network ³	3,145,103	3,343,980	198,876
Reserve for possible loan losses ⁴	(32)	–	–
Total assets	¥ 61,502,117	¥ 66,247,166	¥ 4,745,048
Bonds payable	¥ 300,000	¥ 299,760	¥ (240)
Total liabilities	¥ 300,000	¥ 299,760	¥ (240)
Derivative transactions ⁵			
Hedge accounting not applied	¥ [256]	¥ [256]	¥ –
Hedge accounting applied	[239,193]	[239,193]	–
Total derivative transactions	¥ [239,449]	¥ [239,449]	¥ –

(Millions of U.S. Dollars)

	2023		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
Monetary claims bought	\$ 355	\$ 355	\$ –
Available-for-sale securities	355	355	–
Money held in trust ^{1,2}	34,989	34,989	–
Securities	372,834	393,275	20,441
Held-to-maturity bonds	246,653	265,876	19,223
Policy-reserve-matching bonds	60,473	61,691	1,218
Available-for-sale securities ²	65,708	65,708	–
Loans	27,004	27,959	955
Policy loans	1,051	1,051	–
Industrial and commercial loans ³	6,863	6,831	(32)
Loans to the Management Network ³	19,090	20,077	987
Reserve for possible loan losses ⁴	(0)	–	–
Total assets	\$ 435,181	\$ 456,577	\$ 21,396
Bonds payable	\$ 2,247	\$ 2,123	\$ (124)
Total liabilities	\$ 2,247	\$ 2,123	\$ (124)
Derivative transactions ⁵			
Hedge accounting not applied	\$ [1]	\$ [1]	\$ –
Hedge accounting applied	87	87	–
Total derivative transactions	\$ 85	\$ 85	\$ –

Notes:

1. Money held in trust classified as other than trading, held-to-maturity and policy-reserve-matching.
2. In accordance with Paragraphs 24-3 and 24-9 of the Fair Value Measurement Implementation Guidance, mutual funds that apply treatments that consider net asset value to be the fair value are included.
3. In the column of "Net unrealized gains (losses)," the difference between the consolidated balance sheet amount after deduction of reserve for possible loan losses and the fair value is provided.
4. Reserve for possible loan losses corresponding to loans has been deducted.
5. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in [] brackets.

(Note 1) The amounts carried on the consolidated balance sheets for stocks, etc. with no market price and investments in partnership as of March 31, 2023 and 2022, are as follows. These amounts are not included in “Money held in trust” and “Securities” disclosed in the table for Fair Values of Financial Instruments.

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Money held in trust ¹	¥ 100,288	¥ 701,479	\$ 751
Securities	57,000	27,364	427
Unlisted stocks ²	11,522	4,755	86
Investments in partnership ³	45,478	22,608	341
Total	¥ 157,288	¥ 728,844	\$ 1,178

Notes:

1. As of March 31, 2023

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.

As of March 31, 2022

Trust asset components that are mutual funds are not subject to fair value disclosure in accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, and trust asset components that are investments in partnership are not subject to fair value disclosure in accordance with Paragraph 27 of the said implementation guidance.

2. Unlisted stocks are not subject to fair value disclosure in accordance with Paragraph 5 of the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

3. As of March 31, 2023

Investments in partnership are not subject to fair value disclosure in accordance with Paragraph 24-16 of the Fair Value Measurement Implementation Guidance.

As of March 31, 2022

Investments in partnership are not subject to fair value disclosure in accordance with Paragraph 27 of the Fair Value Measurement Implementation Guidance.

Financial Statements

(Note 2) Redemption schedules of major monetary claims and securities with maturities were as follows:

(Millions of Yen)

	2023			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31				
Monetary claims bought	¥ 30,000	¥ -	¥ -	¥ 16,591
Securities	1,897,969	8,335,771	14,077,207	23,145,754
Held-to-maturity bonds	955,098	5,634,636	9,290,630	16,684,564
Bonds	955,098	5,634,636	9,290,630	16,684,564
Japanese government bonds	209,600	5,094,000	8,474,500	14,953,400
Japanese local government bonds	671,742	452,822	575,080	810,854
Japanese corporate bonds	73,756	87,814	241,050	920,310
Policy-reserve-matching bonds	478,065	1,176,816	2,835,800	3,423,393
Bonds	478,065	1,176,816	2,835,800	3,423,393
Japanese government bonds	351,900	1,005,600	2,599,700	2,240,400
Japanese local government bonds	105,865	78,599	65,000	242,693
Japanese corporate bonds	20,300	92,617	171,100	940,300
Available-for-sale securities with maturities	464,804	1,524,318	1,950,777	3,037,796
Bonds	150,419	688,283	524,512	2,556,144
Japanese government bonds	-	-	-	1,827,100
Japanese local government bonds	19,647	225,984	12,075	136,019
Japanese corporate bonds	130,772	462,299	512,437	593,024
Foreign securities	314,384	836,035	1,426,265	470,235
Other securities	-	-	-	11,415
Loans	580,282	1,725,846	821,912	478,194
Total	¥ 2,508,251	¥ 10,061,617	¥ 14,899,120	¥ 23,640,540

(Millions of Yen)

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

(Millions of U.S. Dollars)

March 31	2023			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Monetary claims bought	\$ 225	\$ –	\$ –	\$ 124
Securities	14,214	62,426	105,424	173,337
Held-to-maturity bonds	7,153	42,198	69,577	124,950
Bonds	7,153	42,198	69,577	124,950
Japanese government bonds	1,570	38,149	63,465	111,985
Japanese local government bonds	5,031	3,391	4,307	6,072
Japanese corporate bonds	552	658	1,805	6,892
Policy-reserve-matching bonds	3,580	8,813	21,237	25,638
Bonds	3,580	8,813	21,237	25,638
Japanese government bonds	2,635	7,531	19,469	16,778
Japanese local government bonds	793	589	487	1,818
Japanese corporate bonds	152	694	1,281	7,042
Available-for-sale securities with maturities	3,481	11,416	14,609	22,750
Bonds	1,126	5,155	3,928	19,143
Japanese government bonds	–	–	–	13,683
Japanese local government bonds	147	1,692	90	1,019
Japanese corporate bonds	979	3,462	3,838	4,441
Foreign securities	2,354	6,261	10,681	3,522
Other securities	–	–	–	85
Loans	4,346	12,925	6,155	3,581
Total	\$ 18,784	\$ 75,351	\$ 111,579	\$ 177,043

(Note 3) The redemption schedule of bonds payable was as follows:

(Millions of Yen)

March 31	2023					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000
Total	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000

(Millions of Yen)

March 31	2022					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000
Total	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000

(Millions of U.S. Dollars)

March 31	2023					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 2,247
Total	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 2,247

(6) Fair Value Hierarchy of Financial Instruments

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

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

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

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

(Millions of Yen)

	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Monetary claims bought	¥ –	¥ 29,996	¥ 17,348	¥ 47,345
Money held in trust ¹	2,808,008	736,851	–	3,544,860
Securities				
Available-for-sale securities				
Japanese government bonds	1,665,015	–	–	1,665,015
Japanese local government bonds	–	358,225	32,681	390,906
Japanese corporate bonds	–	1,677,244	–	1,677,244
Stocks	397,582	–	–	397,582
Foreign securities ¹	79,832	2,676,817	30,472	2,787,121
Other securities	–	1,682,783	11,161	1,693,945
Total assets	¥ 4,950,438	¥ 7,161,918	¥ 91,664	¥ 12,204,021
Derivative transactions ³				
Currency-related derivatives	¥ –	¥ 4,986	¥ –	¥ 4,986
Interest rate-related derivatives	–	6,399	–	6,399
Total derivative transactions	¥ –	¥ 11,385	¥ –	¥ 11,385

(Millions of Yen)

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

(Millions of U.S. Dollars)

	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Monetary claims bought	\$ –	\$ 225	\$ 130	\$ 355
Money held in trust ¹	21,029	5,518	–	26,547
Securities				
Available-for-sale securities				
Japanese government bonds	12,469	–	–	12,469
Japanese local government bonds	–	2,683	245	2,927
Japanese corporate bonds	–	12,561	–	12,561
Stocks	2,977	–	–	2,977
Foreign securities ¹	598	20,047	228	20,873
Other securities	–	12,602	84	12,686
Total assets	\$ 37,074	\$ 53,635	\$ 686	\$ 91,935
Derivative transactions ³				
Currency-related derivatives	\$ –	\$ 37	\$ –	\$ 37
Interest rate-related derivatives	–	48	–	48
Total derivative transactions	\$ –	\$ 85	\$ –	\$ 85

Notes:

1. In accordance with Paragraphs 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 amounts for mutual funds to which the treatments in Paragraphs 24-3 and 24-9 are applied are ¥976,210 million (\$7,311) million and ¥168,115 million (\$1,259 million), respectively.

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

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

(Millions of Yen)

	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Money held in trust	¥ -	¥ 144,985	¥ -	¥ 144,985
Securities				
Held-to-maturity bonds				
Japanese government bonds	31,605,451	-	-	31,605,451
Japanese local government bonds	-	2,585,517	3,752	2,589,269
Japanese corporate bonds	-	1,307,642	-	1,307,642
Policy-reserve-matching bonds				
Japanese government bonds	6,628,341	-	-	6,628,341
Japanese local government bonds	-	464,269	23,723	487,993
Japanese corporate bonds	-	1,121,303	-	1,121,303
Loans	-	-	3,733,374	3,733,374
Total assets	¥ 38,233,793	¥ 5,623,718	¥ 3,760,850	¥ 47,618,362
Bonds payable	¥ -	¥ 283,490	¥ -	¥ 283,490
Total liabilities	¥ -	¥ 283,490	¥ -	¥ 283,490

(Millions of Yen)

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

(Millions of U.S. Dollars)

	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Money held in trust	\$ -	\$ 1,086	\$ -	\$ 1,086
Securities				
Held-to-maturity bonds				
Japanese government bonds	236,692	-	-	236,692
Japanese local government bonds	-	19,363	28	19,391
Japanese corporate bonds	-	9,793	-	9,793
Policy-reserve-matching bonds				
Japanese government bonds	49,639	-	-	49,639
Japanese local government bonds	-	3,477	178	3,655
Japanese corporate bonds	-	8,397	-	8,397
Loans	-	-	27,959	27,959
Total assets	\$ 286,331	\$ 42,116	\$ 28,165	\$ 356,612
Bonds payable	\$ -	\$ 2,123	\$ -	\$ 2,123
Total liabilities	\$ -	\$ 2,123	\$ -	\$ 2,123

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

Assets

Monetary claims bought

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

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

Money held in trust

Among trust asset components that are securities, the fair value of stocks 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 the activeness of the market. 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 Note 4 "SECURITIES" in accordance with the purpose of the holdings.

Securities

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

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

If it is calculated with appraised values obtained from brokers and other third parties, and material, unobservable inputs are used, fair value is classified into Level 3. 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 Note 4 "SECURITIES" in accordance with the purpose of the holdings.

Loans

For policy loans and those included in loans to the Management Network of Postal Life Insurance Contracts, book values are used as fair values because amounts are limited to the values of corresponding cash surrender value and their fair value approximates book value considering their short maturities and interest conditions.

For industrial and commercial loans with floating interest rates, whose future cash flows follow market interest rates, book value is used as fair value as their fair value approximates book value.

For industrial and commercial loans with fixed interest rates or loans to the Management Network (excluding policy loans), fair value is based on a net discounted present value of future cash flows at an interest rate that is the market interest rate as of the valuation date to which certain adjustments have been made.

The fair value of loans is classified into Level 3.

Liabilities

Bonds payable

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

Derivative transactions

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 classified into Level 3 is as follows:

- A) Quantitative information regarding material, unobservable inputs
Not provided, as the Company itself does not estimate unobservable inputs.

B) Changes in net valuation gain/loss recognized in gain/loss for the years ended March 31, 2023 and 2022

(Millions of Yen)

	2023						Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of financial instruments held on consolidated balance sheet date ¹	
	Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale, issuance and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value		Balance at the end of the year
		Recorded in gain/loss ¹	Recorded in Other comprehensive income (loss) ²					
Monetary claims bought	¥ 19,544	¥ -	¥ (387)	¥ (1,808)	¥ -	¥ -	¥ 17,348	¥ -
Securities								
Available-for-sale securities								
Japanese local government bonds	34,642	106	(1,185)	(882)	-	-	32,681	106
Foreign securities	32,350	745	(2,623)	-	-	-	30,472	745
Other securities	12,551	-	(179)	(1,209)	-	-	11,161	-
Total assets	¥ 99,089	¥ 852	¥ (4,375)	¥ (3,901)	¥ -	¥ -	¥ 91,664	¥ 852

(Millions of Yen)

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

(Millions of U.S. Dollars)

	2023						Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of financial instruments held on consolidated balance sheet date ¹	
	Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale, issuance and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value		Balance at the end of the year
		Recorded in gain/loss ¹	Recorded in Other comprehensive income (loss) ²					
Monetary claims bought	\$ 146	\$ -	\$ (3)	\$ (14)	\$ -	\$ -	\$ 130	\$ -
Securities								
Available-for-sale securities								
Japanese local government bonds	259	1	(9)	(7)	-	-	245	1
Foreign securities	242	6	(20)	-	-	-	228	6
Other securities	94	-	(1)	(9)	-	-	84	-
Total assets	\$ 742	\$ 6	\$ (33)	\$ (29)	\$ -	\$ -	\$ 686	\$ 6

Notes:

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

C) Explanation of the fair value valuation process

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

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- D) 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 Paragraphs 24-3 and 24-9 of the Fair Value Measurement Implementation Guidance

- A) 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 year ended March 31, 2023

(Millions of Yen)

2023							
Balance at the beginning of the 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 the year	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
¥ 632,360	¥ -	¥ 201,336	¥ 142,513	¥ -	¥ -	¥ 976,210	¥ -

(Millions of U.S. dollars)

2023							
Balance at the beginning of the 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 the year	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
\$ 4,736	\$ -	\$ 1,508	\$ 1,067	\$ -	\$ -	\$ 7,311	\$ -

Note: Included in "Net unrealized gains (losses) on available-for-sale securities" of "Other comprehensive income (loss)" in the consolidated statements of comprehensive income.

- B) 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 year ended March 31, 2023

(Millions of Yen)

2023							
Balance at the beginning of the 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 the year	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
¥ 127,643	¥ -	¥ 24,198	¥ 16,273	¥ -	¥ -	¥ 168,115	¥ -

(Millions of U.S. dollars)

2023							
Balance at the beginning of the 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 the year	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
\$ 956	\$ -	\$ 181	\$ 122	\$ -	\$ -	\$ 1,259	\$ -

Note: Included in "Net unrealized gains (losses) on available-for-sale securities" of "Other comprehensive income (loss)" in the consolidated statements of comprehensive income.

- C) Breakdown of restrictions on cancellation or repurchase requests at the end of the fiscal year

March 31	Millions of Yen	Millions of U.S. Dollars
	2023	2023
Items that require a certain amount of time for cancellation, etc.	¥ 976,210	\$ 7,311

26. DERIVATIVE TRANSACTIONS

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

(Millions of Yen)

March 31		2023			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	¥ 17,678	¥ –	¥ (182)	¥ (182)
	U.S. dollars	17,678	–	(182)	(182)
Total					¥ (182)

(Millions of Yen)

March 31		2022			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	¥ 4,064	¥ –	¥ (226)	¥ (226)
	U.S. dollars	4,064	–	(226)	(226)
	Bought	25,737	–	(30)	(30)
	U.S. dollars	5,676	–	(49)	(49)
	Euros	20,061	–	19	19
Total					¥ (256)

(Millions of U.S. Dollars)

March 31		2023			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	\$ 132	\$ –	\$ (1)	\$ (1)
	U.S. dollars	132	–	(1)	(1)
Total					\$ (1)

(2) Derivative Transactions to Which the Hedge Accounting Is Applied 1) Currency-related derivatives

(Millions of Yen)

March 31			2023		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange				
	Sold	Foreign-currency-denominated bonds	¥ 1,882,083	¥ –	¥ 5,168
	U.S. dollars		1,074,323	–	9,972
	Euros		180,142	–	(5,537)
	Australian dollars		391,275	–	4,005
Other	236,341		–	(3,271)	
Total					¥ 5,168

(Millions of Yen)

March 31			2022		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange				
	Sold	Foreign-currency-denominated bonds	¥ 3,294,104	¥ –	¥ (239,193)
	U.S. dollars		1,807,472	–	(127,621)
	Euros		598,999	–	(23,378)
	Australian dollars		428,242	–	(51,987)
Other	459,390		–	(36,205)	
Total					¥ (239,193)

(Millions of U.S. Dollars)

March 31			2023		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange	Foreign-currency-denominated bonds			
	Sold		\$ 14,095	\$ –	\$ 39
	U.S. dollars		8,046	–	75
	Euros		1,349	–	(41)
	Australian dollars		2,930	–	30
	Other		1,770	–	(24)
		Total			\$ 39

2) Interest rate–related derivatives

(Millions of Yen)

March 31			2023		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge accounting	Interest rate swaps	Insurance liabilities			
	Receivable fixed rate/Payable floating rate		¥ 100,000	¥ 100,000	¥ 6,399
		Total			¥ 6,399

There were no interest rate–related derivatives as of March 31, 2022.

(Millions of U.S. Dollars)

March 31			2023		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge accounting	Interest rate swaps	Insurance liabilities			
	Receivable fixed rate/Payable floating rate		\$ 749	\$ 749	\$ 48
		Total			\$ 48

27. LEASE TRANSACTIONS

Operating Leases

As lessee

Future lease payments under non-cancelable operating leases as of March 31, 2023 and 2022, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Due within 1 year	¥ 6,452	¥ 6,576	\$ 48
Due after 1 year	21,695	28,388	162
Total	¥ 28,147	¥ 34,964	\$ 211

28. SEGMENT INFORMATION

(1) Segment Information

The Group has only one segment, namely, the life insurance business in Japan.

(2) Information on Losses on Impairment of Fixed Assets by Reportable Segment

No losses on impairment of fixed assets were recognized for the years ended March 31, 2023 and 2022.

(3) Supplemental Information

1) Information by product and service

The Group's products and services are placed under one category for the years ended March 31, 2023 and 2022.

2) Information by geographic region

Ordinary income in Japan exceeded 90% of ordinary income in the consolidated statements of income, and the balance of tangible fixed assets in Japan exceeded 90% of the total balance on the consolidated balance sheets for the years ended March 31, 2023 and 2022.

3) Information by major customer

No customer accounted for 10% or more of ordinary income in the consolidated statements of income for the years ended March 31, 2023 and 2022.

29. RELATED PARTY TRANSACTIONS

(1) Related Party Transactions

Transactions of the Company with related parties for the years ended March 31, 2023 and 2022, were as follows:

2023										
Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million (\$26,211 million)	Formulation of group management strategy	Directly owned 49.84%	Group management Interlocking officers	Payments of brand royalty fees ¹	¥2,288 million (\$17 million)	Accounts payable—other	¥209 million (\$2 million)
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000 million (\$2,996 million)	Postal and logistics business Post office business	—	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥134,846 million (\$1,010 million)	Agency accounts payable	¥9,841 million (\$74 million)
2022										
Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Formulation of group management strategy	Directly owned 49.90%	Group management Interlocking officers	Payments of brand royalty fees ¹	¥2,504 million	Accounts payable—other	¥229 million
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000 million	Postal and logistics business Post office business	—	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥178,630 million	Agency accounts payable	¥4,295 million

Notes:

- Based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group are reflected on the Company's performance, brand royalty fees are calculated by multiplying the amount of insurance policies in force as of the end of the previous fiscal year, which is a financial indicator whereupon such benefits have been reflected, by a fixed rate.
- The Company makes payments including commission of insurance solicitation calculated by multiplying the insurance amounts and the insurance premiums of each contract by the commission rates set for each class of insurance, and the commission of maintenance and collection calculated by multiplying the unit prices set for each type of outsourcing services, such as the collection of insurance premiums and payments for insurance money, by the volume of work.
- In addition to the above, from the year ended March 31, 2020, out of the expenses required for the maintenance of the post office network, the expenses necessary to ensure universal service will be covered by the funds provided to JAPAN POST Co., Ltd., from the Management Network using the contributions from the Company and JAPAN POST BANK Co., Ltd., as funds, with the exception of the amount to be borne by JAPAN POST Co., Ltd., in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network. In the years ended March 31, 2023 and 2022, the contributions paid by the Company to the Management Network amounted to ¥50,174 million (\$376 million) and ¥54,005 million, respectively.

(2) Parent Company

JAPAN POST HOLDINGS Co., Ltd. (Listed on the Tokyo Stock Exchange)

30. PER SHARE DATA

March 31	Yen		U.S. Dollars
	2023	2022	2023
Net assets per share	¥ 6,206.80	¥ 6,059.59	\$ 46.48
Years ended March 31	Yen		U.S. Dollars
	2023	2022	2023
Net income per share	¥ 249.48	¥ 375.14	\$ 1.87

Notes:

- Diluted net income per share is not presented for the years ended March 31, 2023 and 2022, as potential common stock did not exist.
- Net income per share is calculated based on the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Net income	¥ 97,614	¥ 158,062	\$ 731
Amount not attributable to common stockholders	–	–	–
Net income attributable to common stock	¥ 97,614	¥ 158,062	\$ 731

Years ended March 31	Thousands of shares	
	2023	2022
Average number of common stock during the fiscal year	391,270	421,348

3. Net assets per share is calculated based on the following:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Net assets	¥ 2,375,377	¥ 2,421,063	\$ 17,789
Amount deducted from net assets	–	–	–
Net assets attributable to common stock at the fiscal year-end	¥ 2,375,377	¥ 2,421,063	\$ 17,789

March 31	Thousands of shares	
	2023	2022
Number of common stock at the fiscal year-end used for the calculation of net assets per share	382,705	399,542

4. The Company establishes the Board Benefit Trust (BBT). Shares of the Company held in trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the fiscal year for the purpose of calculating net income per share. In addition, they were included in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

The average number of treasury stock during the fiscal year that was deducted from the calculation of net income per share for the years ended March 31, 2023 and 2022, was 423 thousand shares and 143 thousand shares, respectively. The number of treasury stock at the end of the fiscal year that was deducted from the calculation of net assets per share as of March 31, 2023 and 2022, was 475 thousand shares and 140 thousand shares, respectively.

31. SUBSEQUENT EVENTS

Cancellation of Treasury Stock

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

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

(Reference)

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

Issuance of Subordinated Unsecured Bonds for Domestic Public Offering

The Company adopted a resolution, at the Board of Directors' meeting held on August 10, 2023, on the issuance of subordinated unsecured bonds for domestic public offering, and completed payments on September 7, 2023. Summary of the issuance of subordinated unsecured bonds for domestic public offering is as follows:

1. Name of bond	Third series of subordinated unsecured bonds with interest deferral option and early redemption option
2. Principal amount	¥100 billion
3. Denomination	¥100 million
4. Maturity date	September 7, 2053 The Company may, at its discretion, redeem the bonds (i) on September 7, 2033 and every date which falls five, or a multiple of five, years thereafter or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after the payment date, subject to the prior approval of the regulatory authority.
5. Interest rate	(1) From the day immediately following September 7, 2023 until September 7, 2033: 1.910% (2) From the day immediately following September 7, 2033: 5-year JGB plus 2.277% (reset every 5 years)
6. Interest payment dates	March 7 and September 7 of each year
7. Issue price	¥100 per principal amount of ¥100 of each bond
8. Redemption price	¥100 per principal amount of ¥100 of each bond
9. Payment date	September 7, 2023
10. Collateral and guarantees	No collateral or guarantee will be provided.
11. Subordination	As to the payment of debt in the liquidation proceedings of the issuer, the bonds shall be subordinated to general indebtedness, be treated substantially pari passu with the pari passu subordinated debt and the most preferred stock of the issuer (if the issuer issues any in the future), and be senior to its common stock.
12. Use of funds	For general working capital



Independent auditor's report

To the Board of Directors of JAPAN POST INSURANCE Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. ("the Company") and its consolidated subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2023 and 2022, the consolidated statements of income comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Accuracy of the calculation and sufficiency of policy reserves

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of Japan Post Insurance Co., Ltd. (the "Company") and its consolidated subsidiary, Policy reserves of ¥53,518,219 million were recognized as of March 31, 2023, accounting for a significant portion (88.7%) of total liabilities therein.	In order to assess whether the calculation of policy reserves was accurate and the amount of policy reserves was sufficient, we performed the following procedures, among others, by involving actuarial specialists and IT system specialists within our firm: (1) Internal control testing We tested the design and operating effectiveness of

<p>As described in Note 2, “SIGNIFICANT ACCOUNTING POLICIES, (7) Policy Reserves”, policy reserves are set aside for the fulfilment of future obligations under the insurance contracts pursuant to the Insurance Business Act and other applicable laws and regulations (hereinafter collectively referred to as the “Act”).</p> <p>Pursuant to the Act, policy reserves, which represent a large portion of total liabilities of an insurance company, are required to be accumulated each accounting period in accordance with the statements of calculation procedures approved by the Financial Services Agency in Japan (FSA). In addition, the Act requires an insurance company to validate the sufficiency of policy reserves, and an additional policy reserve may be required to be provided for, as necessary.</p> <p>Policy reserves are calculated based on certain calculation assumptions affecting long-term future cash flows, such as assumed mortality rates, assumed interest rates, and expected operating expense ratios. The calculation formula for policy reserves stipulated in the statements of calculation procedures approved by the FSA is complex, and therefore involves a high level of expertise in actuarial valuation. In addition, pursuant to the Act, in order to validate the sufficiency of policy reserves, an analysis on future income and expenses must be performed by the chief actuary. This analysis requires significant management judgment on assumptions underlying the estimate of future cash flows, such as a level of insurance product sales, the amount of insurance claims and other benefit payments, investment income and operating expenses, which involves a high level of expertise in actuarial valuation.</p> <p>We, therefore, determined that our assessment of the accuracy of the calculation and sufficiency of policy reserves was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>certain of the Company’s internal controls over the processes to ensure the accuracy of the calculation and sufficiency of policy reserves. In the assessment, special attention was given to the following controls:</p> <ul style="list-style-type: none"> • IT controls over the policy reserve calculation system to ensure the accuracy of the calculation of policy reserves; • controls that the actuarial-related departments ensure that policy reserves are recognized completely for all of the Company’s insurance contracts; • controls that the actuarial-related departments ensure the accuracy of the calculation of policy reserves by reperforming the calculation of policy reserves on a sample basis, and assessing the consistency with the amount of policy reserves calculated by a system other than the policy reserve calculation system used for financial reporting purpose; and • controls that the Company’s management receives the opinion report of the chief actuary to evaluate the sufficiency of policy reserves. <p>(2) Assessment of the accuracy of the calculation of policy reserves</p> <ul style="list-style-type: none"> • We confirmed that the policy reserves for insurance products which were newly sold and revised during the current fiscal year were accurately calculated in accordance with the statements of calculation procedures approved by the FSA through recalculation; and • We confirmed that the changes in policy reserves from the previous fiscal year were consistent with insurance premium, insurance claims and operating expenses for the current fiscal year. <p>(3) Assessment of the sufficiency of the amount of policy reserves</p> <ul style="list-style-type: none"> • We assessed whether the amount of policy reserves was sufficient by confirming that an analysis on future income and expenses was appropriately performed pursuant to the Act in accordance with the “Standard of Practice for Appointed Actuaries of Life Insurance Companies” issued by the Institute of Actuaries of Japan, and comparing the amount of policy reserves with the calculation results of the previous fiscal year; and • We assessed the contents of the opinion and supplementary reports of the chief actuary considering the chief actuary’s opinion, and
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inquired of the chief actuary about the reports.

2. Reasonableness of management's judgment on the recoverability of deferred tax assets

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of Japan Post Insurance Co., Ltd. (the "Company") and its consolidated subsidiary, Deferred tax assets of ¥1,028,784 million were recognized as of March 31, 2023. As described in Note 15, "DEFERRED TAX ASSETS AND LIABILITIES" to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to ¥1,495,043 million. Of this amount, the deferred tax assets related to policy reserves and reserve for price fluctuations were ¥1,021,572 million and ¥231,440 million, respectively, accounting for a significant portion.</p> <p>Deferred tax assets are recognized to the extent that deductible temporary differences are expected to reduce future taxable income. The amount recognized as deferred tax assets depends on the appropriateness of the company category determined in accordance with the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Guidance No. 26 of the Accounting Standards Board of Japan) and the estimated future taxable income.</p> <p>As described in Note 15, "DEFERRED TAX ASSETS AND LIABILITIES", the Company determined that deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets would have the effect of reducing the amount of tax payable. Management's estimate of future taxable income that would be generated over the long term involved significant management judgment on key assumptions, such as forecasts of the level of new contracts for insurance products, the amount of insurance claims and other benefit payments, investment income and operating expenses. The level of new contracts for</p>	<p>In order to assess whether management's judgment on the recoverability of deferred tax assets was appropriate, we performed the following audit procedures, among others:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the estimate of future taxable income, including those over the development of the business plan.</p> <p>(2) Assessment of the company category</p> <p>We evaluated the appropriateness of the company category determined in accordance with the "Implementation Guidance on Recoverability of Deferred Tax Assets," with a particular focus on the assessment of whether significant changes in the business environment were expected in the near future.</p> <p>(3) Assessment of the appropriateness and feasibility of estimated future taxable income</p> <ul style="list-style-type: none"> • We inquired of management of the Company and the relevant department and obtained an understanding of assumptions underlying the business plan, which formed the basis for the estimate of future taxable income; • We obtained an understanding of the main causes of any differences between the future taxable income estimated in the previous fiscal years and the actual results by inquiring of the relevant department and assessed their impact to the estimated future taxable income; and • We confirmed the consistency between the estimated future taxable income and the business plan. • We inquired of the relevant department regarding alternative assumptions used by management for stress test scenarios in estimating future taxable income, understood the results of the stress test, and assessed the appropriateness of the evaluation of uncertainty in management's estimate.

insurance products, in particular, was estimated based on the business plan prepared in the current fiscal year and on the assumption that new contracts for insurance products would reach a certain level under the measures in the business plan. However, the actual results of new contracts for the current fiscal year only showed a moderate recovery and accordingly, the estimate of the level of new contracts for insurance products involved a high degree of uncertainty.

We, therefore, determined that our assessment of the reasonableness of management's judgment on the recoverability of deferred tax assets was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in

accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ KANNO Masako

Designated Engagement Partner

Certified Public Accountant

/S/ SATO Eihiro

Designated Engagement Partner

Certified Public Accountant

/S/ SUDA Shunsuke

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

September 15, 2023

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

3 Non-Consolidated Financial Statements

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

MARCH 31, 2023 AND 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
ASSETS:			
Cash and deposits:			
Cash	¥ 201	¥ 766	\$ 2
Deposits	1,428,281	1,264,304	10,696
Total cash and deposits	1,428,483	1,265,070	10,698
Call loans	40,000	40,000	300
Receivables under resale agreements	1,384,764	2,120,137	10,370
Monetary claims bought	47,345	39,543	355
Money held in trust	4,772,321	4,521,912	35,740
Securities (Notes 3 and 4):			
Japanese government bonds	37,114,603	37,408,974	277,950
Japanese local government bonds	3,400,150	4,472,466	25,464
Japanese corporate bonds	4,228,952	4,866,504	31,670
Stocks	410,088	425,553	3,071
Foreign securities	2,949,260	4,332,519	22,087
Other securities	1,739,423	1,912,544	13,026
Total securities	49,842,478	53,418,564	373,268
Loans (Note 5):			
Policy loans	140,355	140,980	1,051
Industrial and commercial loans	916,374	965,872	6,863
Loans to the Management Network	2,549,102	3,145,103	19,090
Total loans	3,605,832	4,251,956	27,004
Tangible fixed assets (Note 26):			
Land	43,112	43,112	323
Buildings	35,590	37,027	267
Leased assets	4,189	2,518	31
Construction in progress	24	432	0
Other tangible fixed assets	9,512	11,074	71
Total tangible fixed assets	92,429	94,165	692
Intangible fixed assets (Note 26):			
Software	97,335	98,276	729
Other intangible fixed assets	12	14	0
Total intangible fixed assets	97,347	98,291	729
Agency accounts receivable	41,307	47,287	309
Reinsurance receivables	4,049	3,914	30
Other assets:			
Accounts receivable	116,048	70,950	869
Prepaid expenses (Note 26)	4,744	3,011	36
Accrued income	129,974	141,542	973
Money on deposit	7,883	7,901	59
Margin deposits for futures transactions (Note 4)	9	3,674	0
Derivative financial instruments	35,271	68	264
Cash collateral paid for financial instruments (Note 4)	4,094	36,850	31
Suspense payments	1,041	2,473	8
Other assets	1,520	2,552	11
Total other assets	300,588	269,025	2,251
Deferred tax assets (Note 12)	1,028,662	1,005,357	7,704
Reserve for possible loan losses (Note 26)	(379)	(379)	(3)
Total assets	¥ 62,685,230	¥ 67,174,848	\$ 469,447

See accompanying notes to non-consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
LIABILITIES:			
Policy reserves and others:			
Reserve for outstanding claims (Note 6)	¥ 410,387	¥ 402,608	\$ 3,073
Policy reserves (Notes 6 and 9)	53,518,219	56,533,454	400,795
Reserve for policyholder dividends (Note 8)	1,175,171	1,260,009	8,801
Total policy reserves and others	55,103,778	58,196,072	412,670
Reinsurance payables	6,297	6,256	47
Bonds payable (Note 10)	300,000	300,000	2,247
Other liabilities:			
Payables under repurchase agreements (Note 4)	3,740,688	2,570,899	28,014
Payables under securities lending transactions (Note 4)	–	2,236,696	–
Income taxes payable	–	39,068	–
Accounts payable	19,319	38,447	145
Accrued expenses	42,136	32,026	316
Deposits received	2,324	2,295	17
Deposits from the Management Network (Note 11)	38,647	39,991	289
Guarantee deposits received	73	73	1
Derivative financial instruments	23,691	239,517	177
Cash collateral received for financial instruments	20,011	–	150
Lease obligations	4,609	2,734	35
Suspense receipts	2,713	2,732	20
Other liabilities	46,189	5,987	346
Total other liabilities	3,940,404	5,210,469	29,510
Reserve for employees' retirement benefits	70,806	70,470	530
Reserve for management board benefit trust (Note 26)	315	230	2
Reserve for price fluctuations (Notes 9 and 26)	889,960	972,606	6,665
Total liabilities	¥ 60,311,562	¥ 64,756,105	\$ 451,671
NET ASSETS:			
Capital stock	¥ 500,000	¥ 500,000	\$ 3,744
Capital surplus:			
Legal capital surplus	405,044	405,044	3,033
Total capital surplus	405,044	405,044	3,033
Retained earnings:			
Legal retained earnings	84,089	76,909	630
Other retained earnings:			
Reserve for reduction entry of real estate	4,767	5,026	36
Retained earnings brought forward	613,328	558,353	4,593
Total other retained earnings	618,096	563,379	4,629
Total retained earnings	702,185	640,289	5,259
Treasury stock	(36,082)	(355)	(270)
Total shareholders' equity	1,571,147	1,544,978	11,766
Net unrealized gains (losses) on available-for-sale securities	797,912	873,764	5,976
Net deferred gains (losses) on hedges	4,607	–	35
Total valuation and translation adjustments	802,520	873,764	6,010
Total net assets	2,373,667	2,418,743	17,776
Total liabilities and net assets	¥ 62,685,230	¥ 67,174,848	\$ 469,447

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2023 AND 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
ORDINARY INCOME:			
Insurance premiums and others:			
Insurance premiums (Note 14)	¥ 2,183,985	¥ 2,403,387	\$ 16,356
Reinsurance income	16,959	15,591	127
Total insurance premiums and others	2,200,945	2,418,979	16,483
Investment income:			
Interest and dividend income:			
Interest on deposits	34	30	0
Interest and dividends on securities	869,716	894,502	6,513
Interest on loans	13,385	14,312	100
Interest on loans to the Management Network	60,171	72,874	451
Other interest and dividend income	7,409	4,160	55
Total interest and dividend income	950,717	985,879	7,120
Gains on money held in trust (Note 16)	150,378	114,553	1,126
Gains on sales of securities (Note 17)	50,567	26,942	379
Gains on redemption of securities	498	779	4
Gains on foreign exchanges	6,814	20,879	51
Reversal of reserve for possible loan losses	1	3	0
Other investment income	44	107	0
Total investment income	1,159,020	1,149,145	8,680
Other ordinary income:			
Reversal of reserve for outstanding claims (Note 13)	–	16,412	–
Reversal of policy reserves (Note 13)	3,015,234	2,864,265	22,581
Reversal of reserve for insurance claims and others	–	2,851	–
Other ordinary income	4,355	2,538	33
Total other ordinary income	3,019,589	2,886,068	22,614
Total ordinary income	6,379,556	6,454,192	47,776
ORDINARY EXPENSES:			
Insurance claims and others:			
Insurance claims (Note 15)	4,451,916	4,477,034	33,340
Annuity payments	268,802	317,508	2,013
Benefits	211,958	137,982	1,587
Surrender benefits	457,654	483,773	3,427
Other refunds	76,141	110,798	570
Reinsurance premiums	21,523	22,217	161
Total insurance claims and others	5,487,997	5,549,315	41,099
Provision for policy reserves and others			
Provision for reserve for outstanding claims (Note 13)	7,778	–	58
Provision for interest on policyholder dividends	9	9	0
Total provision for policy reserves and others	7,788	9	58
Investment expenses:			
Interest expenses	4,639	2,351	35
Losses on sales of securities (Note 18)	177,296	51,108	1,328
Losses on valuation of securities (Note 19)	306	–	2
Losses on redemption of securities	1,554	6,046	12
Losses on derivative financial instruments (Note 20)	60,588	7,398	454
Other investment expenses	2,040	2,863	15
Total investment expenses	246,426	69,768	1,845
Operating expenses (Note 26)	444,209	384,598	3,327
Other ordinary expenses:			
Taxes	33,571	36,603	251
Depreciation and amortization	41,125	56,421	308
Provision for reserve for employees' retirement benefits	169	690	1
Other ordinary expenses	615	1,023	5
Total other ordinary expenses	75,481	94,738	565
Total ordinary expenses	6,261,903	6,098,430	46,895
Ordinary profit	117,652	355,762	881
EXTRAORDINARY GAINS (Note 21)	82,645	5,696	619
EXTRAORDINARY LOSSES (Note 22)	318	68,108	2
Provision for reserve for policyholder dividends (Note 23)	62,067	73,113	465
Income before income taxes	137,912	220,236	1,033
Income taxes (Note 12):			
Current	33,516	101,617	251
Deferred	6,604	(39,266)	49
Total income taxes	40,120	62,351	300
Net income	¥ 97,791	¥ 157,885	\$ 732

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2023 AND 2022

	Millions of Yen										
	Shareholders' equity					Retained earnings					
	Capital surplus				Legal retained earnings	Other retained earnings				Treasury stock	Total shareholders' equity
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus		Reserve for reduction entry of real estate	Retained earnings brought forward	Total retained earnings			
BALANCE, APRIL 1, 2021	¥ 500,000	¥ 405,044	¥ -	¥ 405,044	¥ 64,761	¥ 5,286	¥ 831,986	¥ 902,034	¥ (397)	¥1,806,680	
Changes in the fiscal year:											
Cash dividends					12,148		(72,890)	(60,742)		(60,742)	
Net income							157,885	157,885		157,885	
Purchases of treasury stock									(358,882)	(358,882)	
Disposals of treasury stock									37	37	
Cancellation of treasury stock			(358,887)	(358,887)					358,887	-	
Reversal of reserve for reduction entry of real estate						(259)	259	-		-	
Transfer from retained earnings to capital surplus			358,887	358,887			(358,887)	(358,887)		-	
Net changes in items other than shareholders' equity in the fiscal year											
Net changes in the fiscal year	-	-	-	-	12,148	(259)	(273,633)	(261,744)	42	(261,701)	
BALANCE, MARCH 31, 2022	500,000	405,044	-	405,044	76,909	5,026	558,353	640,289	(355)	1,544,978	
Changes in the fiscal year:											
Cash dividends					7,179		(43,075)	(35,896)		(35,896)	
Net income							97,791	97,791		97,791	
Purchases of treasury stock									(35,739)	(35,739)	
Disposals of treasury stock									12	12	
Reversal of reserve for reduction entry of real estate						(259)	259	-		-	
Net changes in items other than shareholders' equity in the fiscal year											
Net changes in the fiscal year	-	-	-	-	7,179	(259)	54,975	61,895	(35,727)	26,168	
BALANCE, MARCH 31, 2023	¥ 500,000	¥ 405,044	¥ -	¥ 405,044	¥ 84,089	¥ 4,767	¥ 613,328	¥ 702,185	¥ (36,082)	¥1,571,147	

	Valuation and translation adjustments				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments		
BALANCE, APRIL 1, 2021	¥ 1,031,384	¥ 573	¥ 1,031,957	¥ 2,838,638	
Changes in the fiscal year:					
Cash dividends				(60,742)	
Net income				157,885	
Purchases of treasury stock				(358,882)	
Disposals of treasury stock				37	
Cancellation of treasury stock				-	
Reversal of reserve for reduction entry of real estate				-	
Transfer from retained earnings to capital surplus				-	
Net changes in items other than shareholders' equity in the fiscal year	(157,619)	(573)	(158,193)	(158,193)	
Net changes in the fiscal year	(157,619)	(573)	(158,193)	(419,894)	
BALANCE, MARCH 31, 2022	873,764	-	873,764	2,418,743	
Changes in the fiscal year:					
Cash dividends				(35,896)	
Net income				97,791	
Purchases of treasury stock				(35,739)	
Disposals of treasury stock				12	
Reversal of reserve for reduction entry of real estate				-	
Net changes in items other than shareholders' equity in the fiscal year	(75,851)	4,607	(71,243)	(71,243)	
Net changes in the fiscal year	(75,851)	4,607	(71,243)	(45,075)	
BALANCE, MARCH 31, 2023	¥ 797,912	¥ 4,607	¥ 802,520	¥ 2,373,667	

See accompanying notes to non-consolidated financial statements.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements

	Millions of U.S. Dollars (Note 1)									
	Shareholders' equity									
	Capital surplus				Retained earnings					
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings	Treasury stock	Total shareholders' equity
Reserve for reduction entry of real estate						Retained earnings brought forward				
BALANCE, MARCH 31, 2022	\$ 3,744	\$ 3,033	\$ –	\$ 3,033	\$ 576	\$ 38	\$ 4,181	\$ 4,795	\$ (3)	\$ 11,570
Changes in the fiscal year:										
Cash dividends					54		(323)	(269)		(269)
Net income							732	732		732
Purchases of treasury stock									(268)	(268)
Disposals of treasury stock									0	0
Reversal of reserve for reduction entry of real estate						(2)	2	–		–
Net changes in items other than shareholders' equity in the fiscal year										
Net changes in the fiscal year	–	–	–	–	54	(2)	412	464	(268)	196
BALANCE, MARCH 31, 2023	\$ 3,744	\$ 3,033	\$ –	\$ 3,033	\$ 630	\$ 36	\$ 4,593	\$ 5,259	\$ (270)	\$ 11,766

	Millions of U.S. Dollars (Note 1)			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
BALANCE, MARCH 31, 2022	\$ 6,544	\$ –	\$ 6,544	\$ 18,114
Changes in the fiscal year:				
Cash dividends				(269)
Net income				732
Purchases of treasury stock				(268)
Disposals of treasury stock				0
Reversal of reserve for reduction entry of real estate				–
Net changes in items other than shareholders' equity in the fiscal year	(568)	35	(534)	(534)
Net changes in the fiscal year	(568)	35	(534)	(338)
BALANCE, MARCH 31, 2023	\$ 5,976	\$ 35	\$ 6,010	\$ 17,776

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2023 AND 2022

1. BASIS OF PRESENTATION

The accompanying financial statements of JAPAN POST INSURANCE Co., Ltd. (the "Company"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of financial statements, the Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to the non-consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

All Japanese yen figures in the non-consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account might not be equal to the combined total of individual items.

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.53 to US\$1, the approximate rate of exchange as of March 31, 2023. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Securities

Securities including cash and deposits, as well as monetary claims bought, which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity bonds

Held-to-maturity bonds are carried at amortized cost, and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching bonds

In accordance with the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Equities of subsidiaries and affiliates

Equities of subsidiaries and affiliates are carried at cost, and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale securities

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

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

B) Stocks, etc. with no market price

Stocks, etc. with no market price are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(2) Derivative Transactions

All derivative transactions are valued at fair value.

(3) Hedge Accounting

1) Methods for hedge accounting

The Company applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10, July 4, 2019; hereinafter 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.

(4) Depreciation

1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is calculated using the straight-line method based on the following useful lives:

- Buildings : 2–60 years
- Other tangible fixed assets: 2–20 years

2) Intangible fixed assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.

3) Leased assets

The Company mainly leases vehicles under finance lease arrangements that do not transfer the ownership of leased property to the lessee.

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.

(5) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company's standards for self-assessment of asset quality, and a general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy, including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amounts written off for loans and other assets during the years ended March 31, 2023 and 2022, were ¥92 million (\$1 million) and ¥37 million, respectively.

(6) Policy Reserves

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

The amount of policy reserves might be affected if the actual results of the basis of the calculation of policy reserves such as assumed mortality rates, assumed interest rates, and expected rate of expenses deviate significantly or deviations are expected in the future due to changes in the environment.

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

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

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

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

The Management Network was established in October 2007 to support the privatization of Japan Post by succeeding from Japan Post postal savings such as fixed amount or term postal savings deposited and Postal Life Insurance Contracts concluded by September 2007 to ensure that such postal savings and Postal Life Insurance are managed appropriately and to fulfill the relevant liabilities without fail.

The Company has entered into the reinsurance contracts comprising outsourcing agreements for the administrative operation of the Postal Life Insurance and the reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life

Insurance Contracts concluded by September 2007 that have been assumed by the Management Network.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from Japan Post Corporation, the Company has lent loans to the Management Network under the same loan conditions as those of the contracts between Japan Post and its counterparties.

(7) Insurance Premiums

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

Portions of collected insurance premiums corresponding to the unexpired period as of the fiscal year-end are accumulated as policy reserves, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(8) Insurance Claims and Others

When an insured event occurs and payment is made in the amount calculated based on the insurance contract, insurance claims and others (excluding reinsurance premiums) are recorded in the amount of such payment.

Reserve for outstanding claims has been accumulated for insurance claims and others, for which payment is due but has not been paid at the fiscal year-end, and for which the occurrence of the insured event has not been reported but the Company deems that the insured event provided in the insurance contract has occurred but not yet been paid, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

(9) Reserve for Employees' Retirement Benefits

To provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided based on the projected amount of retirement benefit obligations at the end of the fiscal year.

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

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

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

Accounting methods for unrecognized actuarial difference and unrecognized prior service cost are different from those of the consolidated financial statements.

(10) Reserve for Management Board Benefit Trust

To provide for the granting of shares and others of the Company to executive officers of the Company in accordance with the stock benefit rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(11) Reserve for Price Fluctuations

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

(12) Translation of Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(13) Changes in Accounting Policies For the year ended March 31, 2023

The Company has applied the "Fair Value Measurement

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

For the year ended March 31, 2022

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”), etc. from the beginning of the year ended March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2

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

(14) Additional Information Transactions for granting shares and others of the Company to executive officers of the Company through a trust

Notes to the transactions for granting shares and others of the Company to executive officers of the Company through a trust are omitted as they are presented in Note 2 “SIGNIFICANT ACCOUNTING POLICIES” of the consolidated financial statements.

3. SECURITIES

(1) Securities

Equities of subsidiaries and affiliates were included in “Stocks,” and investments in capital of subsidiaries and affiliates were included in “Other securities.” All of which are carried at cost because they are instruments with no market price. Such securities as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Equities of subsidiaries	¥ 1,784	¥ 984	\$ 13
Investments in capital of subsidiaries	19,386	–	145
Equities of affiliates	6,462	495	48
Investments in capital of affiliates	26,091	22,608	195

Securities lent under lending agreements in the amount of ¥1,164,763 million (\$8,723 million) and ¥3,172,477 million were included in “Securities” in the balance sheets as of March 31, 2023 and 2022, respectively.

The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥124,202 million (\$930 million) and ¥601,181 million as of March 31, 2023 and 2022, respectively.

(2) Policy-Reserve-Matching Bonds

The balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Balance sheet amount	¥ 8,075,012	¥ 8,604,735	\$ 60,473
Fair value	8,237,638	9,106,029	61,691

The outline of the risk management policy of policy-reserve-matching bonds was as follows:

The Company categorizes its insurance products into the following sub-groups based on the attributes of each product in order to manage risks arising from fluctuations in the interest rates of assets and liabilities, and adopts a management policy whereby the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups is reconciled within a certain range and periodically checked.

- 1) Postal Life Insurance Contracts (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)

For the year ended March 31, 2023

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

For the year ended March 31, 2022

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

4. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Assets pledged as collateral:			
Securities	¥ 3,499,456	¥ 4,253,107	\$ 26,207
Liabilities corresponding to assets pledged as collateral:			
Payables under repurchase agreements	3,740,688	2,570,899	28,014
Payables under securities lending transactions	—	2,236,696	—

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

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Securities	¥ 133,667	¥ 498,437	\$ 1,001
Margin deposits for futures transactions	9	3,674	0
Cash collateral paid for financial instruments	4,094	36,850	31

5. LOANS

There were no bankrupt loans or quasi-bankrupt loans, doubtful loans, past due loans for three months or more, or restructured loans as of March 31, 2023 and 2022.

Definitions for each of the respective loans are as follows:

Bankrupt or quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and loans similar to these.

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

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 or doubtful loans.

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

The amounts of unused commitments as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Amount of unused commitments	¥ 15,659	¥ 25,367	\$ 117

6. REINSURANCE

Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter the “reserve for outstanding claims—ceded”), as of March 31, 2023 and 2022, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Reserve for outstanding claims—ceded	¥ 690	¥ 525	\$ 5

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter “policy reserves—ceded”) as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Policy reserves—ceded	¥ 880	¥ 907	\$ 7

7. OBLIGATIONS TO THE LIFE INSURANCE POLICYHOLDERS PROTECTION CORPORATION OF JAPAN

The Company estimated future contributions to Life Insurance Policyholders Protection Corporation in the amounts of nil and ¥33,449 million as of March 31, 2023 and 2022, respectively, pursuant to Article 259 of the Insurance Business Act. These obligations are recognized as operating expenses when they are incurred.

8. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Balance at the beginning of the year	¥ 1,260,009	¥ 1,342,855	\$ 9,436
Policyholder dividends paid	(146,714)	(155,691)	(1,099)
Interest accrual	9	9	0
Reduction due to the acquisition of additional annuity	(200)	(278)	(1)
Provision for reserve for policyholder dividends	62,067	73,113	465
Balance at the end of the year	¥ 1,175,171	¥ 1,260,009	\$ 8,801

9. RESERVES RELATED TO REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network are provided at amounts calculated based on the statement of calculation procedures for the Company’s insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005).

In addition, contingency reserve and reserve for price fluctuations are provided for the category of the reinsurance.

The policy reserves, excluding contingency reserve, contingency reserve and reserve for price fluctuations mentioned above as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Policy reserves (excluding contingency reserve)	¥ 27,370,400	¥ 29,331,229	\$ 204,976
Contingency reserve	1,260,220	1,203,243	9,438
Reserve for price fluctuations	711,298	695,157	5,327

10. BONDS PAYABLE

Bonds payable, which are subordinated bonds stipulating that their priorities are ranked behind other obligations, as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Subordinated bonds	¥ 300,000	¥ 300,000	\$ 2,247

11. DEPOSITS FROM THE MANAGEMENT NETWORK

Deposits from the Management Network refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid at the end of the fiscal years ended March 31, 2023 and 2022.

12. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
March 31			
Deferred tax assets:			
Policy reserves	¥ 1,021,572	¥ 1,026,908	\$ 7,651
Reserve for price fluctuations	231,440	248,305	1,733
Reserve for outstanding claims	48,375	38,057	362
Reserve for employees' retirement benefits	19,827	19,733	148
Unrealized losses on available-for-sale securities	151,762	74,964	1,137
Other	36,611	30,616	274
Subtotal	1,509,589	1,438,585	11,305
Valuation allowance	(14,674)	(14,120)	(110)
Total deferred tax assets	1,494,915	1,424,464	11,195
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(453,303)	(408,207)	(3,395)
Other	(12,949)	(10,899)	(97)
Total deferred tax liabilities	(466,253)	(419,106)	(3,492)
Net deferred tax assets (liabilities)	¥ 1,028,662	¥ 1,005,357	\$ 7,704

Note: Deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets have an effect of reducing the amount of tax payable.

The Company is subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 28.00% for the years ended March 31, 2023 and 2022.

Reconciliation of the statutory tax rate and the effective income tax rate for the years ended March 31, 2023 and 2022, is omitted as the difference was less than 5% of the statutory tax rate.

13. POLICY RESERVES FOR CEDED REINSURANCE

The amount of provision for reserve for outstanding claims—ceded that is deducted from the calculation of provision for reserve for outstanding claims for the year ended March 31, 2023, was ¥165 million (\$1 million). The amount of provision for reserve for outstanding claims—ceded that is added to the calculation of reversal of reserve for outstanding claims for the year ended March 31, 2022, was ¥106 million.

The amount of reversal of policy reserves—ceded that is deducted from the calculation of reversal of policy reserves for the years ended March 31, 2023 and 2022, was ¥27 million (\$0 million) and ¥27 million, respectively.

14. INSURANCE PREMIUMS

Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Insurance premiums	¥ 222,610	¥ 286,840	\$ 1,667

15. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Insurance claims	¥ 2,535,300	¥ 2,717,586	\$ 18,987

16. GAINS ON MONEY HELD IN TRUST

Gains on money held in trust included losses on valuation of ¥6,360 million (\$48 million) and ¥8,168 million for the years ended March 31, 2023 and 2022, respectively.

17. GAINS ON SALES OF SECURITIES

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Japanese government bonds, etc.	¥ 4,480	¥ 7,857	\$ 34
Stocks	18,830	8,005	141
Foreign securities	27,256	11,079	204

18. LOSSES ON SALES OF SECURITIES

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Japanese government bonds, etc.	¥ 17,833	¥ 13,317	\$ 134
Stocks	6,372	3,071	48
Foreign securities	120,852	24,243	905
Other securities	32,238	10,475	241

19. LOSSES ON VALUATION OF SECURITIES

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

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Other securities	¥ 306	¥ -	\$ 2

20. LOSSES ON DERIVATIVE FINANCIAL INSTRUMENTS

Losses on derivative financial instruments included gains of valuation of ¥4,986 million (\$37 million) for the year ended March 31, 2023, and losses on valuation of ¥239,449 million for the year ended March 31, 2022.

21. EXTRAORDINARY GAINS

Extraordinary gains for the years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Gains on sales of fixed assets	¥ -	¥ 5,696	\$ -
Reversal of reserve for price fluctuations	82,645	-	619
Total	¥ 82,645	¥ 5,696	\$ 619

22. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Years ended March 31			
Losses on sales and disposal of fixed assets	¥ 318	¥ 318	\$ 2
Provision for reserve for price fluctuations	-	67,789	-
Total	¥ 318	¥ 68,108	\$ 2

23. PROVISION FOR RESERVE FOR POLICYHOLDER DIVIDENDS

Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Network, for the years ended March 31, 2023 and 2022, was as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Provision for reserve for policyholder dividends	¥ 43,678	¥ 54,849	\$ 327

24. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

Transactions with the subsidiaries and affiliates for the years ended March 31, 2023 and 2022, and outstanding balances arising from such transactions as of March 31, 2023 and 2022, were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Income	¥ -	¥ 0	\$ -
Expenses	17,473	17,480	131

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Monetary claims	¥ 259	¥ 263	\$ 2
Monetary obligations	16,091	14,882	121

25. SUBSEQUENT EVENTS

Cancellation of Treasury Stock

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

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

(Reference)

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

Issuance of Subordinated Unsecured Bonds for Domestic Public Offering

The Company adopted a resolution, at the Board of Directors' meeting held on August 10, 2023, on the issuance of subordinated unsecured bonds for domestic public offering, and completed payments on September 7, 2023. Summary of the issuance of subordinated unsecured bonds for domestic public offering is as follows:

1. Name of bond	Third series of subordinated unsecured bonds with interest deferral option and early redemption option
2. Principal amount	¥100 billion
3. Denomination	¥100 million
4. Maturity date	September 7, 2053 The Company may, at its discretion, redeem the bonds (i) on September 7, 2033 and every date which falls five, or a multiple of five, years thereafter or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after the payment date, subject to the prior approval of the regulatory authority.
5. Interest rate	(1) From the day immediately following September 7, 2023 until September 7, 2033: 1.910% (2) From the day immediately following September 7, 2033: 5-year JGB plus 2.277% (reset every 5 years)
6. Interest payment dates	March 7 and September 7 of each year
7. Issue price	¥100 per principal amount of ¥100 of each bond
8. Redemption price	¥100 per principal amount of ¥100 of each bond
9. Payment date	September 7, 2023
10. Collateral and guarantees	No collateral or guarantee will be provided.
11. Subordination	As to the payment of debt in the liquidation proceedings of the issuer, the bonds shall be subordinated to general indebtedness, be treated substantially pari passu with the pari passu subordinated debt and the most preferred stock of the issuer (if the issuer issues any in the future), and be senior to its common stock.
12. Use of funds	For general working capital

26. SUPPLEMENTARY SCHEDULES

Schedule of Operating Expenses

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Sales activity expenses:	¥ 59,980	¥ 39,131	\$ 449
Field sales staff–related expenses	25,451	8,365	191
Sales agencies–related expenses	34,529	30,765	259
Selection expenses of policyholders	0	0	0
Sales administration expenses:	19,012	13,137	142
Management of sales agencies	12,883	8,912	96
Training and education of sales staff	143	45	1
Advertising	5,986	4,179	45
General administration expenses:	365,216	332,329	2,735
Personnel expenses	109,303	46,902	819
Property expenses	255,911	283,229	1,917
Donation, contribution and miscellaneous dues	96	394	1
Obligations	1	2,197	0
Total	¥ 444,209	¥ 384,598	\$ 3,327

Notes:

1. "Property expenses" include consignment costs related to the maintenance and control of insurance policies, IT-system-related costs and contributions based on Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.

2. "Obligations" are obligations paid to Life Insurance Policyholders Protection Corporation based on the provision of Article 259 of the Insurance Business Act.

Schedule of Tangible and Intangible Fixed Assets

Type of assets	Millions of Yen						
	Year ended March 31, 2023						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	¥ –	¥ –	¥ –	¥ 43,112	¥ –	¥ –	¥ 43,112
Buildings	–	–	–	63,965	28,374	2,741	35,590
Leased assets	–	–	–	6,689	2,499	1,209	4,189
Construction in progress	–	–	–	24	–	–	24
Other	–	–	–	34,429	24,916	3,424	9,512
Total tangible fixed assets	–	–	–	148,220	55,790	7,376	92,429
Intangible fixed assets:							
Software	–	–	–	579,295	481,960	33,716	97,335
Other	–	–	–	33	21	2	12
Total intangible fixed assets	–	–	–	579,329	481,981	33,718	97,347
Long-term prepaid expenses	709	–	–	709	496	30	213
Deferred assets	–	–	–	–	–	–	–

Type of assets	Millions of Yen						
	Year ended March 31, 2022						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	¥ –	¥ –	¥ –	¥ 43,112	¥ –	¥ –	¥ 43,112
Buildings	–	–	–	62,974	25,946	3,108	37,027
Leased assets	–	–	–	4,637	2,118	606	2,518
Construction in progress	–	–	–	432	–	–	432
Other	–	–	–	38,542	27,468	4,384	11,074
Total tangible fixed assets	–	–	–	149,698	55,533	8,099	94,165
Intangible fixed assets:							
Software	–	–	–	546,913	448,637	48,287	98,276
Other	–	–	–	33	19	2	14
Total intangible fixed assets	–	–	–	546,947	448,656	48,290	98,291
Long-term prepaid expenses	709	–	–	709	466	31	243
Deferred assets	–	–	–	–	–	–	–

Millions of U.S. Dollars

Year ended March 31, 2023

Type of assets	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	\$ -	\$ -	\$ -	\$ 323	\$ -	\$ -	\$ 323
Buildings	-	-	-	479	212	21	267
Leased assets	-	-	-	50	19	9	31
Construction in progress	-	-	-	0	-	-	0
Other	-	-	-	258	187	26	71
Total tangible fixed assets	-	-	-	1,110	418	55	692
Intangible fixed assets:							
Software	-	-	-	4,338	3,609	252	729
Other	-	-	-	0	0	0	0
Total intangible fixed assets	-	-	-	4,339	3,610	253	729
Long-term prepaid expenses	5	-	-	5	4	0	2
Deferred assets	-	-	-	-	-	-	-

Notes:

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

Schedule of Reserves

Millions of Yen

Year ended March 31, 2023

	Beginning balance	Increase	Decrease (used for original purposes)	Decrease (for other reasons)	Ending balance
Reserve for possible loan losses	¥ 379	¥ 379	¥ 20	¥ 359	¥ 379
General reserve	32	31	-	32	31
Specific reserve	347	347	20	327	347
Reserve for management board benefit trust	230	123	38	-	315
Reserve for price fluctuations	972,606	17,769	100,415	-	889,960

Millions of Yen

Year ended March 31, 2022

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

Millions of U.S. Dollars

Year ended March 31, 2023

	Beginning balance	Increase	Decrease (used for original purposes)	Decrease (for other reasons)	Ending balance
Reserve for possible loan losses	\$ 3	\$ 3	\$ 0	\$ 3	\$ 3
General reserve	0	0	-	0	0
Specific reserve	3	3	0	2	3
Reserve for management board benefit trust	2	1	0	-	2
Reserve for price fluctuations	7,284	133	752	-	6,665

Note: Decrease (for other reasons) of reserve for possible loan losses represents the reversed amount of the unused balance of the previous year's reserve.

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of JAPAN POST INSURANCE Co., Ltd.:

Opinion

We have audited the accompanying non-consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2023 and 2022, the non-consolidated statements of income, changes in net assets for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the calculation and sufficiency of policy reserves

The descriptions of the above key audit matter to be provided in our auditor's report on the non-consolidated financial statements are substantially the same as those described for the key audit matter, "Accuracy of the calculation and sufficiency of policy reserves" in our auditor's report on the consolidated financial statements. Therefore, information concerning this key audit matter is omitted in the auditor's report on the non-consolidated financial statements.

Reasonableness of management's judgment on the recoverability of deferred tax assets

The descriptions of the above key audit matter to be provided in our auditor's report on the non-consolidated financial statements are substantially the same as those described for the key audit matter, "Reasonableness of management's judgment on the recoverability of deferred tax assets" in our auditor's report on the consolidated financial statements. Therefore, information concerning this key audit matter is omitted in the auditor's report on the non-consolidated financial statements.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial

statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ KANNO Masako

Designated Engagement Partner

Certified Public Accountant

/S/ SATO Eihiro

Designated Engagement Partner

Certified Public Accountant

/S/ SUDA Shunsuke

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

September 15, 2023

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

4 Status of Financial Assets (Consolidated)

4-1 Status of Loans under the Insurance Business Act (Consolidated)

(Millions of yen, %)

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

Notes:

1. Bankrupt or quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and loans similar to these.
2. Doubtful loans are loans for which principal and interest are unlikely to be collected or received as stipulated in an agreement due to the borrower's deteriorating financial conditions and results even though the borrower has not fallen into bankruptcy (excluding the loans noted in 1).
3. Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date (excluding the loans noted in 1 and 2).
4. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business (excluding the loans noted in 1 to 3).
5. Normal loans are loans which do not fall under the loans noted in 1 to 4 above as there are no particular problems found with the borrower's financial conditions and results.

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4-2 Status of Insurance Claims Paying Ability of the Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)

(Millions of yen)

As of March 31		2022	2023
Total amount of solvency margin	(A)	¥ 5,858,523	¥ 5,636,995
Capital stock, etc.		1,526,526	1,552,875
Reserve for price fluctuations		972,606	889,960
Contingency reserve		1,690,994	1,701,877
Catastrophe loss reserve		—	—
General reserve for possible loan losses		32	31
(Net unrealized gains (losses) on available-for-sale securities (before taxes)-Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		1,086,306	989,508
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		1,809	2,534
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)		3,873	3,273
Excess of continued Zillmerized reserve		299,478	249,674
Capital raised through debt financing		300,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		—	—
Deductions		(23,104)	(52,740)
Other		—	—
Total amount of risk	(B)	1,120,660	1,117,128
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$			
Insurance risk R ₁		125,154	119,580
General insurance risk R ₅		—	—
Catastrophe risk R ₆		—	—
Underwriting risk of third-sector insurance R ₈		44,708	40,824
Small amount and short-term insurance risk R ₉		—	—
Anticipated yield risk R ₂		125,089	118,481
Minimum guarantee risk R ₇		—	—
Investment risk R ₃		957,278	961,987
Business management risk R ₄		25,044	24,817
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,045.5%	1,009.1%

Note: These figures are calculated based on the provisions set forth in the public notification No. 23 issued by the Financial Services Agency in 2011 and Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act.

4-3 Status of Insurance Claims Paying Ability of the Company's Subsidiaries (Solvency Margin Ratio)

There are no subsidiaries classified as an insurance company.

5 Status of Financial Assets (Non-Consolidated)

5-1 Status of Loans under the Insurance Business Act

(Millions of yen, %)

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

Notes:

1. Bankrupt or quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and loans similar to these.
2. Doubtful loans are loans for which principal and interest are unlikely to be collected or received as stipulated in an agreement due to the borrower's deteriorating financial conditions and results even though the borrower has not fallen into bankruptcy (excluding the loans noted in 1).
3. Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date (excluding the loans noted in 1 and 2).
4. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business (excluding the loans noted in 1 to 3).
5. Normal loans are loans which do not fall under the loans noted in 1 to 4 above as there are no particular problems found with the borrower's financial conditions and results.

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

There were no such outstanding balances as of March 31, 2022 and 2023.

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

(Millions of yen)

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

Note: These figures are calculated based on the provisions set forth in the public notification No. 50 issued by the Ministry of Finance in 1996 and Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act.

5-4 Real Net Assets

(Millions of yen, %)

As of March 31		2022	2023
Real net assets	¥	10,235,434	¥ 8,250,958
[Ratio to general account assets]		[15.2]	[13.2]

Note: These figures are calculated based on the provisions set forth in Article 3, Paragraph 2 of the “Order Providing for Categories Prescribed in Article 132, Paragraph 2 of the Insurance Business Act.”

5-5 Fair Value Information of Securities (Company Total)

(1) Fair Value Information of Securities

1) Net Valuation Gain/Loss of Trading Securities

The Company did not hold securities for trading as of March 31, 2022 and 2023.

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

(Millions of yen)

As of March 31	2022					2023				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	¥ 34,126,248	¥ 38,143,194	¥ 4,016,945	¥ 4,218,557	¥ 201,611	¥ 32,935,527	¥ 35,502,364	¥ 2,566,836	¥ 3,130,570	¥ 563,734
Policy-reserve-matching bonds	8,604,735	9,106,029	501,294	593,102	91,808	8,075,012	8,237,638	162,626	447,691	285,064
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	13,658,423	14,812,678	1,154,254	1,424,231	269,976	12,776,750	13,873,347	1,096,597	1,638,603	542,006
Corporate and government bonds	4,043,706	4,016,962	(26,743)	19,433	46,177	3,878,732	3,733,166	(145,565)	11,530	157,095
Domestic stocks	1,853,533	2,614,566	761,032	819,898	58,866	1,800,873	2,596,724	795,850	832,041	36,190
Foreign securities	4,809,476	5,208,678	399,202	487,194	87,991	4,101,245	4,654,311	553,065	725,222	172,156
Foreign corporate and government bonds	4,096,267	4,181,527	85,259	170,702	85,442	2,801,828	2,787,121	(14,706)	155,222	169,928
Foreign stocks and other securities	713,208	1,027,151	313,942	316,492	2,549	1,299,417	1,867,189	567,772	569,999	2,227
Other securities	2,508,306	2,527,926	19,619	96,560	76,940	2,424,310	2,316,799	(107,510)	69,053	176,564
Monetary claims bought	38,399	39,543	1,144	1,144	-	46,588	47,345	757	757	-
Negotiable certificates of deposit	405,000	405,000	-	-	-	525,000	525,000	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	56,389,406	62,061,901	5,672,495	6,235,891	563,395	53,787,289	57,613,350	3,826,060	5,216,865	1,390,805
Corporate and government bonds	46,774,690	51,266,186	4,491,496	4,831,093	339,597	44,889,271	47,473,169	2,583,897	3,589,792	1,005,894
Domestic stocks	1,853,533	2,614,566	761,032	819,898	58,866	1,800,873	2,596,724	795,850	832,041	36,190
Foreign securities	4,809,476	5,208,678	399,202	487,194	87,991	4,101,245	4,654,311	553,065	725,222	172,156
Foreign corporate and government bonds	4,096,267	4,181,527	85,259	170,702	85,442	2,801,828	2,787,121	(14,706)	155,222	169,928
Foreign stocks and other securities	713,208	1,027,151	313,942	316,492	2,549	1,299,417	1,867,189	567,772	569,999	2,227
Other securities	2,508,306	2,527,926	19,619	96,560	76,940	2,424,310	2,316,799	(107,510)	69,053	176,564
Monetary claims bought	38,399	39,543	1,144	1,144	-	46,588	47,345	757	757	-
Negotiable certificates of deposit	405,000	405,000	-	-	-	525,000	525,000	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes:

- This table includes the handling of securities under the Financial Instruments and Exchange Act.
- This table includes money held in trust other than trading securities and its book value was ¥3,231,805 million with net unrealized gains of ¥1,295,241 million as of March 31, 2023 and ¥2,682,208 million with net unrealized gains of ¥1,026,692 million as of March 31, 2022.
- This table excludes stocks, etc. with no market price and investments in partnerships, etc.

○ Held-to-maturity bonds

(Millions of yen)

As of March 31	2022			2023		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Those for which fair value exceeds the balance sheet amount	¥ 30,524,382	¥ 34,742,939	¥ 4,218,557	¥ 27,456,876	¥ 30,587,447	¥ 3,130,570
Corporate and government bonds	30,524,382	34,742,939	4,218,557	27,456,876	30,587,447	3,130,570
Foreign securities	–	–	–	–	–	–
Other	–	–	–	–	–	–
Those for which fair value does not exceed the balance sheet amount	3,601,865	3,400,254	(201,611)	5,478,650	4,914,916	(563,734)
Corporate and government bonds	3,601,865	3,400,254	(201,611)	5,478,650	4,914,916	(563,734)
Foreign securities	–	–	–	–	–	–
Other	–	–	–	–	–	–

○ Policy-reserve-matching bonds

(Millions of yen)

As of March 31	2022			2023		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Those for which fair value exceeds the balance sheet amount	¥ 6,423,179	¥ 7,016,281	¥ 593,102	¥ 4,846,042	¥ 5,293,734	¥ 447,691
Corporate and government bonds	6,423,179	7,016,281	593,102	4,846,042	5,293,734	447,691
Foreign securities	–	–	–	–	–	–
Other	–	–	–	–	–	–
Those for which fair value does not exceed the balance sheet amount	2,181,555	2,089,747	(91,808)	3,228,969	2,943,904	(285,064)
Corporate and government bonds	2,181,555	2,089,747	(91,808)	3,228,969	2,943,904	(285,064)
Foreign securities	–	–	–	–	–	–
Other	–	–	–	–	–	–

○ Available-for-sale securities

(Millions of yen)

As of March 31	2022			2023		
	Book value	Balance sheet amount	Difference	Book value	Balance sheet amount	Difference
Those for which the balance sheet amount exceeds book value	¥ 5,085,299	¥ 5,408,613	¥ 323,313	¥ 2,150,509	¥ 2,424,724	¥ 274,214
Corporate and government bonds	1,794,094	1,813,528	19,433	765,459	776,990	11,530
Domestic stocks	206,775	281,744	74,969	225,660	300,204	74,543
Foreign securities	2,267,780	2,441,213	173,433	858,190	1,014,903	156,712
Other securities	798,248	852,581	54,333	284,606	315,278	30,671
Monetary claims bought	18,400	19,544	1,144	16,591	17,348	757
Negotiable certificates of deposit	–	–	–	–	–	–
Other	–	–	–	–	–	–
Those for which the balance sheet amount does not exceed book value	5,890,914	5,695,163	(195,751)	7,394,434	6,921,575	(472,859)
Corporate and government bonds	2,249,611	2,203,434	(46,177)	3,113,272	2,956,176	(157,095)
Domestic stocks	151,019	138,069	(12,950)	104,428	97,378	(7,049)
Foreign securities	1,979,298	1,891,306	(87,991)	2,106,115	1,934,357	(171,758)
Other securities	1,085,986	1,037,354	(48,631)	1,515,622	1,378,667	(136,955)
Monetary claims bought	19,999	19,999	–	29,996	29,996	–
Negotiable certificates of deposit	405,000	405,000	–	525,000	525,000	–
Other	–	–	–	–	–	–

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

(Millions of yen)

As of March 31	2022	2023
Equities of subsidiaries and affiliates	¥ 24,088	¥ 53,724
Available-for-sale securities	635,211	102,639
Domestic stocks	4,259	4,239
Foreign stocks	–	–
Other	630,951	98,399
Total	659,300	156,363

Notes:

- This table includes money held in trust other than trading securities (¥630,951 million as of March 31, 2022 and ¥98,399 million as of March 31, 2023).
- Net unrealized gains (losses) on foreign exchanges for assets denominated in foreign currencies of the stocks, etc. with no market price and investments in partnerships, etc. are as follows: (¥51,808 million as of March 31, 2022 and no relevant net unrealized gains (losses) as of March 31, 2023).

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

(Millions of yen)

As of March 31	2022					2023				
	Balance sheet amount	Fair value	Net unrealized gains (losses)			Balance sheet amount	Fair value	Net unrealized gains (losses)		
			Gains	Losses	Gains			Losses		
Money held in trust	¥ 3,820,432	¥ 3,820,432	¥ –	¥ –	¥ –	¥ 4,672,032	¥ 4,672,032	¥ –	¥ –	¥ –

Note: Excluding money held in trust not subject to fair value disclosure (¥701,479 million as of March 31, 2022 and ¥100,288 million as of March 31, 2023).

1) Money Held in Trust for Trading Purposes

The Company did not have money held in trust for trading purposes as of March 31, 2022 and 2023.

2) Assets Held-to-Maturity in Trust/Assets Held for Reserves in Trust/Other Money Held in Trust

(Millions of yen)

As of March 31	2022					2023				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses	Gains			Losses		
Assets held-to-maturity in trust	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –
Assets held for reserves in trust	–	–	–	–	–	–	–	–	–	–
Other money held in trust	2,793,740	3,820,432	1,026,692	1,100,917	74,224	3,376,790	4,672,032	1,295,241	1,364,388	69,147
Domestic stocks	1,495,738	2,194,752	699,013	744,929	45,915	1,470,785	2,199,142	728,356	757,497	29,140
Foreign stocks	311,928	586,149	274,221	274,221	–	275,471	534,515	259,043	259,043	–
Foreign bonds	700,016	742,058	42,041	69,059	27,018	643,194	673,286	30,092	64,204	34,111
Other	286,055	297,472	11,416	12,707	1,290	987,339	1,265,088	277,748	283,643	5,895

Notes:

- Excluding other money held in trust not subject to fair value disclosure (¥701,479 million as of March 31, 2022 and ¥100,288 million as of March 31, 2023).
- “Domestic stocks,” “Foreign stocks” and “Foreign bonds” include individual stocks and bonds as well as mutual funds which exclusively invest in these assets.
- “Other” includes cash and deposits, bank loans, and alternative investment.
Due to the application of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” from the fiscal year ended March 31, 2023, mutual funds with no transaction price on the market are measured by assuming net asset value as the fair value.

(3) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting)

1) Qualitative Information

(i) Detail of the transactions

The derivative transactions used by the Company are as follows:

- Interest rate-related: Interest rate swap transactions
- Currency-related: Foreign exchange contracts and currency option transactions
- Bond-related: Over-the-counter bond options and bond futures

(ii) Policy for using derivative transactions

The Company uses derivative transactions primarily for the purpose of hedging foreign exchange fluctuation risk of our investment assets.

(iii) Purposes of the use of derivative transactions

The Company mainly conducts derivative transactions relating to currencies to control foreign exchange risks associated with foreign currency-denominated assets.

An overview of the hedge accounting using derivative transactions conducted by the Company is as follows:

(1) Methods for hedge accounting

The Group applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds in accordance with the “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 10), 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.

(iv) Description of the risks

Derivative transactions used by the Company are exposed to market risk (risks due to fluctuations in interest rates, foreign exchange rates, etc.) and credit risk (risks of transaction partners’ default, including bankruptcy).

The Company uses derivative transactions primarily for the purpose of hedging the risks of our investment assets, and therefore it believes that the market-related risk of derivative transactions is reduced and limited.

Meanwhile, as we engage in derivative transactions through exchanges or select transaction partners with superior creditworthiness based on their ratings and other factors, the credit risk of derivative transactions is believed to be limited.

(v) Risk management framework

The Company has formulated the Basic Risk Management Policy, which sets out the investment policies of derivative transactions, and uses derivative transactions primarily for hedging purposes.

In addition, we prevent risks by setting credit limits for each transaction partner selected on the basis of superior creditworthiness verified by their ratings and other factors.

The Risk Management Department is in place as an organizational unit responsible for comprehensively managing all types of risks, as part of an effort to reinforce our internal management system.

(vi) Additional notes about quantitative information

- Additional notes about credit risk
We calculate the credit risk amount associated with derivative transactions by using the current exposure method.
- Additional notes about the calculation of fair value
We calculate fair value on the following basis:
[Interest rate swap transactions]
Appraised values obtained from information vendors
[Foreign exchange contracts]
Fair value is calculated using the forward foreign exchange rate as of the fiscal year-end date.
[Currency options]
Appraised values obtained from information vendors
[Over-the-counter bond options]
Appraised values obtained from information vendors
[Bond futures]
Closing price as of the fiscal year-end date.
- Additional notes about net unrealized gains (losses)
We use derivative transactions primarily as a means to hedge the market risk of our investment assets, and there are no so-called transactions for trading purposes.
Profit or loss from derivative transactions and the hedged assets and liabilities is recognized on a combined basis, whereby the effect of a reduction in interest rate risk and foreign exchange fluctuation risk has been verified.

2) Quantitative Information

(i) Breakdown of net unrealized gains (losses) (breakdown of portions with hedge accounting applied and not applied)

(Millions of yen)

	(ii) Interest rate related	(iii) Currency related	(iv) Stock related	(v) Bond related	(vi) Others	Total
As of March 31, 2022	¥ –	¥ (239,449)	¥ –	¥ –	¥ –	¥ (239,449)
Portion with hedge accounting applied	–	(239,193)	–	–	–	(239,193)
Portion with hedge accounting not applied	–	(256)	–	–	–	(256)
As of March 31, 2023	6,399	4,986	–	–	–	11,385
Portion with hedge accounting applied	6,399	5,168	–	–	–	11,568
Portion with hedge accounting not applied	–	(182)	–	–	–	(182)

Notes:

- Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥(239,193) million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2022 are accrued in the statement of income.
- Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥5,168 million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2023, are accrued in the statement of income.

Derivative transactions to which hedge accounting is not applied

(ii) Interest rate-related derivatives

There were no such outstanding balances as of March 31, 2022 and 2023.

(iii) Currency-related derivatives

(Millions of yen)

Category	Type	As of March 31, 2022				As of March 31, 2023			
		Contract amount, etc.		Fair value	Net unrealized gains (losses)	Contract amount, etc.		Fair value	Net unrealized gains (losses)
			Due after 1 year				Due after 1 year		
Over-the-counter	Foreign currency exchange contracts								
	Sold	¥ 4,064	¥ –	¥ (226)	¥ (226)	¥17,678	¥ –	¥ (182)	¥ (182)
	U.S. dollars	4,064	–	(226)	(226)	17,678	–	(182)	(182)
	Purchased	25,737	–	(30)	(30)	–	–	–	–
	U.S. dollars	5,676	–	(49)	(49)	–	–	–	–
	Euros	20,061	–	19	19	–	–	–	–
	Total				(256)				(182)

Notes:

- Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
- Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock-related derivatives

There were no such outstanding balances as of March 31, 2022 and 2023.

(v) Bond-related derivatives

There were no such outstanding balances as of March 31, 2022 and 2023.

(vi) Others

There were no such outstanding balances as of March 31, 2022 and 2023.

Derivative transactions to which hedge accounting is applied

(ii) Interest rate-related derivatives

(Millions of yen)

Hedge accounting method	Type	Major hedged item	As of March 31, 2022			As of March 31, 2023		
			Contract amount, etc.		Fair value	Contract amount, etc.		Fair value
				Due after 1 year			Due after 1 year	
Principle treatment method	Interest rate swaps Receivable fixed rate / Payable floating rate	Insurance liability	-	-	-	100,000	100,000	6,399
Total					-			6,399

Note: Fair value (present value) of interest rate swaps is represented by net unrealized gains (losses).

(Reference) Interest Rate Swaps by Maturity Date

(Millions of yen, %)

Category		Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	Total
As of March 31, 2022	Notional principal of swaps for receivable fixed rate	-	-	-	-	-	-	-
	Average receivable fixed rate	-	-	-	-	-	-	-
	Average payable floating rate	-	-	-	-	-	-	-
	Notional principal of swaps for payable fixed rate	-	-	-	-	-	-	-
	Average payable fixed rate	-	-	-	-	-	-	-
	Average receivable floating rate	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-
As of March 31, 2023	Notional principal of swaps for receivable fixed rate	-	-	-	-	-	100,000	100,000
	Average receivable fixed rate	-	-	-	-	-	1.27	1.27
	Average payable floating rate	-	-	-	-	-	(0.02)	(0.02)
	Notional principal of swaps for payable fixed rate	-	-	-	-	-	-	-
	Average payable fixed rate	-	-	-	-	-	-	-
	Average receivable floating rate	-	-	-	-	-	-	-
Total		-	-	-	-	-	100,000	100,000

(iii) Currency-related derivatives

(Millions of yen)

Hedge accounting method	Type	Major hedged item	As of March 31, 2022			As of March 31, 2023		
			Contract amount, etc.		Fair value	Contract amount, etc.		Fair value
				Due after 1 year			Due after 1 year	
Fair value hedge accounting	Foreign exchange contracts							
	Sold		¥ 3,294,104	¥ -	¥(239,193)	¥ 1,882,083	¥ -	¥ 5,168
	U.S. dollars	Available-for-sale securities	1,807,472	-	(127,621)	1,074,323	-	9,972
	Euros		598,999	-	(23,378)	180,142	-	(5,537)
	Australian dollars		428,242	-	(51,987)	391,275	-	4,005
	Other		459,390	-	(36,205)	236,341	-	(3,271)
	Purchased		-	-	-	-	-	-
Total					(239,193)			5,168

Notes:

1. Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
2. Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock-related derivatives

There were no such outstanding balances as of March 31, 2022 and 2023.

(v) Bond-related derivatives

There were no such outstanding balances as of March 31, 2022 and 2023.

(vi) Others

There were no such outstanding balances as of March 31, 2022 and 2023.

5-6 Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

For the years ended March 31	2022		2023
	Before amendments	After amendments	
Core income	¥ 6,477,047	¥ 6,477,047	¥ 6,295,497
Insurance premiums and others	2,418,979	2,418,979	2,200,945
Investment income	986,770	986,770	951,260
Other ordinary income	2,965,719	2,965,719	3,030,473
Reversal of policy reserves	2,943,916	2,943,916	3,026,117
Other core income	105,578	105,578	112,817
Core expenses	6,039,923	6,047,248	6,103,150
Insurance claims and others	5,549,315	5,549,315	5,487,997
Provision for policy reserves and others	9	9	7,788
Investment expenses	11,261	11,261	8,234
Operating expenses	384,598	384,598	444,209
Other ordinary expenses	94,738	94,738	75,481
Other core expenses	–	7,324	79,438
Core profit A	437,123	429,798	192,346
Capital gains	162,375	169,699	287,199
Gains on money held in trust	114,553	114,553	150,378
Gains on trading securities	–	–	–
Gains on sales of securities	26,942	26,942	50,567
Gains on derivative financial instruments	–	–	–
Gains on foreign exchanges	20,879	20,879	6,814
Other capital gains	–	7,324	79,438
Capital losses	164,085	164,085	351,009
Losses on money held in trust	–	–	–
Losses on trading securities	–	–	–
Losses on sales of securities	51,108	51,108	177,296
Losses on valuation of securities	–	–	306
Losses on derivative financial instruments	7,398	7,398	60,588
Losses on foreign exchanges	–	–	–
Other capital losses	105,578	105,578	112,817
Net capital gains (losses) B	(1,710)	5,614	(63,810)
Core profit including net capital gains (losses) A+B	435,413	435,413	128,535
Other one-time gains	–	–	–
Reinsurance income	–	–	–
Reversal of contingency reserve	–	–	–
Reversal of specific reserve for possible loan losses	–	–	–
Other	–	–	–
Other one-time losses	79,651	79,651	10,883
Reinsurance premiums	–	–	–
Provision for contingency reserve	79,651	79,651	10,883
Provision for specific reserve for possible loan losses	–	–	–
Provision for reserve for specific foreign loans	–	–	–
Write-off of loans	–	–	–
Other	–	–	–
Other one-time profits (losses) C	(79,651)	(79,651)	(10,883)
Ordinary profit A+B+C	355,762	355,762	117,652

Notes:

- From the perspective of reflecting the economic situation and encouraging consistency in the handling among companies, partial amendments (including costs for hedging currency fluctuations in the calculation of core profit and excluding gains on cancellation of mutual funds from the calculation) have been made to the calculation procedures for core profit in the fiscal year ended March 31, 2023. With regard to the figures for the fiscal year ended March 31, 2022, the figures in the "(Before amendments)" column are calculated by applying the calculation procedures for the fiscal year ended March 31, 2022 and the figures in the "(After amendments)" column are calculated by applying the calculation procedures for the fiscal year ended March 31, 2023 to the fiscal year ended March 31, 2022.
- "Investment income" and "investment expenses" exclude the amount regarding net capital gains (losses).
- "Reversal of policy reserves" excludes the amount regarding other one-time profits (reversal of contingency reserve) and includes the amount regarding other one-time losses (provision for contingency reserve).

(Reference) Breakdown of Other Items

(Millions of yen)

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

(Reference) Breakdown of Core Profit

(Millions of yen)

For the years ended March 31	2022		2023
	(Before amendments)	(After amendments)	
Core profit	¥ 437,123	¥ 429,798	¥ 192,346
Spread (positive/negative spread)	140,712	133,387	94,063
Core profit attributable to life insurance activities	296,411	296,411	98,282

Spread (Positive/Negative Spread)

A spread is the differential between the assumed return on insurance premium investments and the actual investment return. When the actual investment return is higher than the assumed return on insurance premium investments, there is a “positive spread.” Conversely, a “negative spread” exists when the actual investment return is lower than the assumed return on insurance premium investments. For the year ended March 31, 2023, there was a positive spread of ¥94.0 billion.

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

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

[¥94.0 billion]
[1.85%]
[1.67%]
[¥52,888.2 billion]

- Investment return on core profit is the return on general account policy reserves after deducting the provision for interest on policyholder dividends from the general account investment revenue included in core profit.
- Average assumed rate of return is the return of assumed interest on general account policy reserves.
- General account policy reserves are calculated as follows for policy reserves in the general account, excluding contingency reserve:
 (Policy reserves at beginning of period + policy reserves at end of period – assumed interest) × 1/2
- Policy reserves and assumed interest are calculated based on the actual cumulative amount.
- In the calculation of positive spread, amended calculation procedures for core profit are reflected.

6 Main Business Indicators

6-1 Key Business Indicators (Non-Consolidated)

(Billions of yen unless specifically indicated)

As of/For the years ended March 31	2019	2020	2021	2022	2023
Ordinary income	¥ 7,916.6	¥ 7,211.4	¥ 6,786.2	¥ 6,454.1	¥ 6,379.5
Ordinary profit	265.1	286.8	345.0	355.7	117.6
Core profit	377.1	400.6	421.9	429.7	192.3
Net income	120.9	151.1	165.5	157.8	97.7
Capital stock	500.0	500.0	500.0	500.0	500.0
(Number of shares issued: thousands of shares)	(600,000)	(562,600)	(562,600)	(399,693)	(399,693)
Total assets	73,904.5	71,667.3	70,173.8	67,174.8	62,685.2
Separate account	—	—	—	—	—
Policy reserves	65,060.5	62,293.1	59,397.7	56,533.4	53,518.2
Loans	6,786.0	5,662.7	4,964.0	4,251.9	3,605.8
Securities	58,452.5	55,871.5	55,274.5	53,418.5	49,842.4
Solvency margin ratio (%)	1,188.0%	1,068.9%	1,118.1%	1,042.4%	1,003.7%
Number of employees (persons)	7,617	7,638	7,645	7,545	19,148
Policy amount in force	55,331.3	51,846.2	47,476.0	43,526.5	39,923.8
Individual insurance	53,001.8	49,915.5	45,912.2	42,283.8	38,950.9
Individual annuities	2,329.4	1,930.6	1,563.8	1,242.7	972.9
Group insurance	—	—	—	—	—
Policy amount in force for group annuities	—	—	—	—	—

Notes:

- In the calculation of core profit, partial amendments (including costs for hedging currency fluctuations and excluding gains on cancellation of mutual funds from the calculation) have been made from the fiscal year ended March 31, 2023, from the perspective of reflecting the economic situation and encouraging consistency in the handling among companies. The figure for core profit for the fiscal year ended March 31, 2022 is calculated by applying such calculation procedures. Therefore, core profit is calculated based on different standards for the fiscal years ended March 31, 2019 through 2021 and the fiscal year ended March 31, 2022 onwards.
- The Company cancelled its treasury stock on May 31, 2019, reducing the total number of shares issued by 37,400 thousand shares.
- The Company cancelled its treasury stock on August 20, 2021, reducing the total number of shares issued by 162,906 thousand shares.
- The Company cancelled its treasury stock on May 8, 2023, reducing the total number of shares issued by 16,501 thousand shares.
- "Policy amount in force" is the total of individual insurance, individual annuities and group insurance.

Figures for "individual annuities" are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) the amount of policy reserves for the annuity after payments have commenced.

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6-2 Selected Financial Data and Other Information

(1) Policies in Force and New Policies

1) Policies in Force

(Number of policies, millions of yen, %)

As of March 31	2022				2023			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Year-on-year comparison		Year-on-year comparison		Year-on-year comparison		Year-on-year comparison
Individual insurance	14,740,345	92.7%	¥ 42,283,881	92.1%	13,722,373	93.1%	¥ 38,950,900	92.1%
Individual annuities	850,297	84.2	1,242,707	79.5	686,620	80.8	972,944	78.3
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

Note: Policy amounts for "individual annuities" are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) the amount of policy reserves for the annuity after payments have commenced.

2) New Policies

(Number of policies, millions of yen, %)

For the years ended March 31	2022						2023					
	Number of policies		Policy amount				Number of policies		Policy amount			
		Year-on-year comparison		Year-on-year comparison	New policies	Net increase by conversion		Year-on-year comparison		Year-on-year comparison	New policies	Net increase by conversion
Individual insurance	173,370	138.8%	¥ 577,452	147.9%	¥ 577,413	39	314,291	181.3%	¥ 836,677	144.9%	¥ 836,665	12
Individual annuities	42	140.0	202	114.8	202	-	122	290.5	557	274.6	557	-
Group insurance	-	-	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- Number of policies includes policies after conversion.
- Policy amounts for "individual annuities" are the total of the accumulated contribution payment as of the date of annuity payment commencement.

(2) Annualized Premiums

1) Policies in Force

(Millions of yen, %)

As of March 31	2022		2023	
		Year-on-year comparison		Year-on-year comparison
Individual insurance	¥ 2,584,325	91.0%	¥ 2,353,983	91.1%
Individual annuities	301,878	84.5	244,689	81.1
Total	¥ 2,886,204	90.3	¥ 2,598,672	90.0
Medical coverage, living benefits and other	339,817	93.2	322,178	94.8

Notes:

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

2) New Policies

(Millions of yen, %)

For the years ended March 31	2022		2023	
		Year-on-year comparison		Year-on-year comparison
Individual insurance	¥ 46,175	150.7%	¥ 65,888	142.7%
Individual annuities	16	105.8	47	281.8
Total	¥ 46,192	150.7	¥ 65,936	142.7
Medical coverage, living benefits and other	2,173	149.0	6,439	296.3

Notes:

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

(3) New Policies by Product

(Number of policies, millions of yen)

For the years ended March 31	2022		2023	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	173,280	¥ 577,413	314,231	¥ 836,665
	[173,370]	[577,452]	[314,291]	[836,677]
Ordinary whole life insurance	13,552	41,657	41,215	84,204
Fixed amount type	4,105	8,417	15,371	25,363
Increased amount type	9,447	33,240	25,844	58,841
(Inclusive) Ordinary whole life insurance (low cash value)	3,544	10,287	11,188	22,133
Fixed amount type	1,407	3,041	5,081	8,710
Increased amount type	2,137	7,246	6,107	13,423
Ordinary whole life insurance with relaxed underwriting criteria	1,160	906	3,730	2,542
(Inclusive) Ordinary whole life insurance with relaxed underwriting criteria (low cash value)	347	293	1,243	865
Special whole life insurance	3,443	10,133	8,984	23,954
(Inclusive) Special whole life insurance (low cash value)	979	2,905	2,755	7,598
Ordinary term insurance	1,446	3,549	13,665	19,614
Ordinary endowment insurance	96,944	343,689	151,744	455,112
Ordinary endowment insurance with relaxed underwriting criteria	2,840	3,650	5,896	5,867
Special endowment insurance	33,604	130,330	63,967	195,055
Educational endowment insurance (H24)	20,291	43,496	25,030	50,314
Individual annuities	42	¥ 202	122	¥ 557
Deferred term annuity	–	(1)	–	–
Longevity support insurance (low cash value)	42	204	122	557
Asset-formation insurance	1	¥ 0	3	¥ 0
Asset-formation savings insurance	1	0	3	0
Asset-formation housing funding insurance	–	–	–	–
Asset-formation annuities	–	¥ –	–	¥ –
Asset-formation whole life annuity	–	–	–	–

Notes:

- Figures within brackets "[]" in the sub-total row of individual insurance are the number of new policies plus the number of converted policies, and the policy amount of new policies plus net increase by conversion.
- Figures for number of policies for "asset-formation insurance" and "asset-formation annuities" are the number of insured persons.
- Policy amounts for "individual annuities" and "asset-formation annuities" are the total of the accumulated contribution payment as of the date of annuity payment commencement.
- Policy amount for "asset-formation insurance" is the amount of the first premium payment.
- The negative amount is due to the fact that withdrawal of new policies, etc. exceeded conclusion.

(4) Policies in Force by Product

(Number of policies, millions of yen)

As of March 31	2022		2023	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	14,740,345	¥ 42,283,881	13,722,373	¥ 38,950,900
Ordinary whole life insurance	3,176,910	9,403,276	3,090,707	8,951,973
Fixed amount type	1,151,867	2,571,050	1,121,717	2,494,691
Increased amount type	2,025,043	6,832,225	1,968,990	6,457,282
(Inclusive) Ordinary whole life insurance (low cash value)	200,727	534,482	202,838	530,972
Fixed amount type	91,089	175,410	92,036	176,144
Increased amount type	109,638	359,072	110,802	354,828
Ordinary whole life insurance with relaxed underwriting criteria	51,292	89,088	52,087	86,393
(Inclusive) Ordinary whole life insurance with relaxed underwriting criteria (low cash value)	10,810	17,000	11,474	17,177
Special whole life insurance	1,795,919	5,864,523	1,765,815	5,690,253
(Inclusive) Special whole life insurance (low cash value)	38,941	130,106	40,339	132,408
Whole life insurance with nursing care benefit	105	206	104	169
Ordinary term insurance	5,716	21,963	18,702	41,531
Ordinary endowment insurance	4,631,165	12,002,243	4,057,560	10,576,835
Ordinary endowment insurance with relaxed underwriting criteria	31,825	61,900	36,049	66,634
Special endowment insurance	2,379,996	9,545,615	2,100,924	8,384,625
Designated endowment insurance	11,266	22,607	4,209	9,614
Educational endowment insurance	952,673	1,701,196	906,723	1,611,180
Educational endowment insurance with scholarship annuity	77,396	146,433	74,181	138,337
Educational endowment insurance (H24)	1,625,723	3,423,536	1,614,973	3,392,157
Husband-and-wife insurance	33	99	18	55
Whole life insurance with whole life annuity	325	1,189	320	1,136
Husband-and-wife insurance with husband-and-wife annuity	1	3	1	3
Individual annuities	850,297	¥ 1,242,707	686,620	¥ 972,944
Longevity support insurance (low cash value)	1,240	6,444	1,307	6,672
Immediate whole life annuity	788	2,737	745	2,483
Deferred whole life annuity	9,367	72,212	9,237	70,920
Whole life annuity with additional nursing annuity	5	50	5	49
Immediate term annuity	127,054	72,977	79,461	35,626
Deferred term annuity	711,833	1,088,229	595,855	857,136
Immediate husband-and-wife annuity	1	2	1	2
Deferred husband-and-wife annuity	9	53	9	52
Asset-formation insurance	35	¥ 34	28	¥ 27
Asset-formation savings insurance	31	27	25	21
Asset-formation housing funding insurance	4	6	3	6
Asset-formation annuities	11	¥ 46	11	¥ 46
Asset-formation whole life annuity	11	46	11	46

Notes:

- Figures for number of policies for "asset-formation insurance" and "asset-formation annuities" are the number of insured persons.
- Policy amounts for "individual annuities" and "asset-formation annuities" are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) the amount of policy reserves for the annuity after payments have commenced.
- Policy amount for "asset-formation insurance" is the amount of policy reserves.
- "Educational endowment insurance (H24)" includes educational endowment insurance (H24) (without premium protection agreement).

(5) Policies in Force by Benefit Type

(Millions of yen)

As of March 31			Policy amount in force	
			2022	2023
Death benefit	General death	Individual insurance	¥ 38,860,345	¥ 35,558,743
		Individual annuities	–	–
		Group insurance	–	–
		Group annuities	–	–
		Net, including others	54,620,686	49,232,943
	Accidental death	Individual insurance	[50,679,603]	[46,227,768]
		Individual annuities	[9,049]	[7,806]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[83,322,134]	[75,410,805]
	Other conditional death	Individual insurance	[–]	[–]
		Individual annuities	[–]	[–]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[–]	[–]
Survival benefit	Maturity/living benefits	Individual insurance	3,423,536	3,392,157
		Individual annuities	228,829	150,827
		Group insurance	–	–
		Group annuities	–	–
		Net, including others	4,843,264	4,531,520
	Annuities	Individual insurance	[18,441]	[17,744]
		Individual annuities	[311,783]	[253,678]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[788,709]	[689,306]
	Others	Individual insurance	–	–
		Individual annuities	1,013,878	822,117
		Group insurance	–	–
		Group annuities	–	–
		Net, including others	9,764,775	9,472,332
Hospitalization benefit	Hospitalization due to accident	Individual insurance	[42,077]	[38,795]
		Individual annuities	[21]	[17]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[69,708]	[63,666]
	Hospitalization due to illness	Individual insurance	[41,741]	[38,532]
		Individual annuities	[6]	[5]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[69,302]	[63,343]
	Other conditional hospitalization	Individual insurance	[5,237]	[4,657]
		Individual annuities	[3]	[2]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[8,421]	[7,647]

Notes:

- Figures within brackets “[]” are supplementary benefits of the basic policy and rider benefits.
- Policy amounts for “individual annuities” in the “maturity/living benefits” column in “survival benefit” are the accumulated contribution payments as of the date of annuity payment commencement for the annuity before payments commence.
- Policy amounts of “annuities” in survival benefit are the amounts of annuities to be paid annually.
- Policy amounts of “others” in survival benefit are the amounts of policy reserves for individual annuities (the annuity after payments have commenced).
- Policy amounts for “hospitalization benefits” are the amounts of daily hospitalization benefits.

(Number of policies)

As of March 31		Number of policies in force	
		2022	2023
Disability benefit	Individual insurance	[8,710,277]	[8,029,332]
	Individual annuities	[2,499]	[2,178]
	Group insurance	[-]	[-]
	Group annuities	[-]	[-]
	Net, including others	[15,851,511]	[14,469,231]
Surgery benefit	Individual insurance	[11,031,242]	[10,294,953]
	Individual annuities	[3,978]	[3,312]
	Group insurance	[-]	[-]
	Group annuities	[-]	[-]
	Net, including others	[19,356,771]	[18,014,648]

Note: Figures within brackets “[]” are supplementary benefits of the basic policy and rider benefits.

(6) Policies in Force by Type of Policy of Individual Insurance and Individual Annuity

(Millions of yen)

As of March 31		Policy amount in force	
		2022	2023
Death protection insurance	Whole life insurance	¥ 15,357,094	¥ 14,728,790
	Whole life insurance with term rider	-	-
	Term insurance	21,963	41,531
	Net, including others	15,380,249	14,771,460
Mixed insurance	Endowment insurance	21,632,367	19,037,709
	Endowment insurance with term rider	-	-
	Term insurance with living benefits	-	-
	Net, including others	23,480,095	20,787,282
Pure endowment insurance		3,423,536	3,392,157
Annuities	Individual annuities	1,242,707	972,944
Accident/illness riders	Accident rider	19,409,210	17,265,608
	Nursing care rider	179	179
	Accident hospitalization rider	1	1
	Illness hospitalization rider	0	0
	Illness and accident hospitalization rider	491	418
	Non-participating accident hospitalization rider	243	162
	Non-participating illness and accident hospitalization rider	30,872	27,519
	Non-participating accidental rider	4,609,938	4,753,928
	Non-participating injury medical care rider	105	111
	Non-participating general medical care rider	10,152	10,364
	Non-participating general medical care rider with relaxed underwriting criteria	232	235
	Non-participating advanced medical care rider	(Number of policies) 175,771	(Number of policies) 224,965

Notes:

- 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.
- Policy amounts for “hospitalization/medical riders” are the amounts of daily hospitalization benefits.
- The figure for “non-participating advanced medical care rider” represents the number of policies.

(7) Annualized Premiums from Policies in Force by Type of Policy of Individual Insurance and Individual Annuity

(Millions of yen)

As of March 31		Annualized premiums from policies in force	
		2022	2023
Death protection insurance	Whole life insurance	¥ 712,755	¥ 691,172
	Whole life insurance with term rider	–	–
	Term insurance	219	643
	Net, including others	713,073	691,913
Mixed insurance	Endowment insurance	1,520,295	1,319,422
	Endowment insurance with term rider	–	–
	Term insurance with living benefits	–	–
	Net, including others	1,641,578	1,434,721
Pure endowment insurance		229,673	227,348
Annuities	Individual annuities	301,878	244,689

Note: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.

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(8) Embedded Value (“EV”)

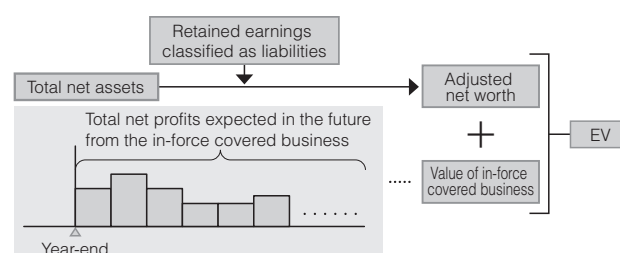
Embedded value (“EV”) is one of the corporate value indicators for life insurance companies.

The profit-loss structure in the life insurance business involves a loss at the time of sale and profit over a policy’s duration. A loss occurs temporarily at the time of sale, caused by a considerable amount of expenses generally incurred with the sale of a policy. Future profit is generated as the policy’s long duration serves to provide revenues over a long period of time, covering these initial expenses.

Under the current statutory accounting practices in Japan, gains and losses are recognized as they occur in each fiscal year. EV, on the other hand, is used to represent the present value of gains and losses that cover the entire duration. EV is the sum of the adjusted net worth (ANW), which reflects gains/losses from business activities in the past, and the value of in-force covered business (VIF), which is the present value of the expected future profits from the in-force covered business.

Since the end of the year ended March 31, 2013, we have been disclosing EV calculated on the basis of the European Embedded Value Principles (“EEV Principles”) as additional information supplementary to the financial data provided under the current statutory accounting practices.

Outline of EV



Note:

The EEV Principles and Guidance were published in May 2004 by the CFO Forum, a group representing the Chief Financial Officers of major European insurance companies, in order to improve consistency and transparency in EV calculation and reporting.

1) EV Results

(Billions of yen)

As of March 31	2022	2023	
			Increase (Decrease)
EV	¥ 3,618.9	¥ 3,463.8	¥ (155.0)
Adjusted net worth	2,092.7	2,010.8	(81.8)
Total net assets on the balance sheet (Note 1)	1,544.8	1,571.5	26.7
Reserve for price fluctuations (Note 2)	277.4	178.6	(98.7)
Contingency reserve (Note 2)	487.7	441.6	(46.0)
Others (Note 3)	(4.1)	(10.1)	(5.9)
Tax effect on the above	(213.1)	(170.8)	42.2
Value of in-force covered business	1,526.1	1,452.9	(73.1)
Certainty equivalent present value of future profits	1,910.9	1,763.6	(147.2)
Time value of financial options and guarantees	(217.4)	(159.4)	57.9
Cost of holding required capital	(0.0)	(0.0)	(0.0)
Allowance for non-hedgeable risk	(167.4)	(151.3)	16.0

For the years ended March 31	2022	2023	
			Increase (Decrease)
Value of new business (Note 4)	¥ (11.5)	¥ (7.4)	¥ 4.1
Certainty equivalent present value of future profits	(7.3)	(3.6)	3.7
Time value of financial options and guarantees	(3.3)	(1.6)	1.7
Cost of holding required capital	(0.0)	(0.0)	(0.0)
Allowance for non-hedgeable risk	(0.7)	(2.1)	(1.3)

Notes:

- The total net assets are the total net assets as on the consolidated balance sheet, excluding the total amount of accumulated other comprehensive income.
In addition, the board benefit trust reported as treasury stock has been added at book value.
- Excluding amounts in respect of the Postal Life Insurance policies that are included in the VIF.
- Unrealized gains/losses on securities, loans and real estate; general reserve for possible loan losses (excluding those related to insurance policies); unfunded retirement benefit obligations (unrecognized prior service costs and unrecognized actuarial differences); and unrealized gains/losses on subordinated bonds.
- The value of new business includes the net increase in value from policies issued using the conditional cancellation system and policies converted using the policy conversion system.

2) Movement Analysis

(Billions of yen)

	Adjusted net worth	Value of in-force covered business	EV
Values as of March 31, 2022	¥ 2,092.7	¥ 1,526.1	¥ 3,618.9
(1) Opening adjustments	(70.8)	–	(70.8)
Values as of March 31, 2022 after adjustment	¥ 2,021.8	¥ 1,526.1	¥ 3,548.0
(2) Value of new business	–	(7.4)	(7.4)
(3) Expected existing business contribution (risk-free rate)	(1.2)	34.2	33.0
(4) Expected existing business contribution (in excess of risk-free rate)	7.2	159.6	166.8
(5) Expected transfer from value of in-force covered business to adjusted net worth	82.7	(82.7)	–
On in-force at the beginning of the fiscal year	127.0	(127.0)	–
On new business	(44.2)	44.2	–
(6) Non-economic experience variances	(45.6)	(9.1)	(54.8)
(7) Non-economic assumption changes	–	(28.0)	(28.0)
(8) Economic variances	(54.1)	(139.6)	(193.7)
Values as of March 31, 2023	¥ 2,010.8	¥ 1,452.9	¥ 3,463.8

3) Sensitivities

(Billions of yen)

Assumptions	EV	
		Change in EV
Base Scenario March 31, 2023	¥ 3,463.8	¥ –
Sensitivity 1 50bp increase in risk-free rate (Note 1)	3,412.1	(51.6)
Sensitivity 2 50bp decrease in risk-free rate (Notes 1 and 2)	3,485.9	22.1
Sensitivity 3 10% decrease in equity and real estate value	3,324.7	(139.1)
Sensitivity 4 10% decrease in maintenance expenses	3,655.2	191.3
Sensitivity 5 10% decrease in surrender and lapse rates	3,492.0	28.2
Sensitivity 6 5% decrease in claim incidence rates for life business	3,554.1	90.3
Sensitivity 7 5% decrease in claim incidence rates for annuity business	3,411.5	(52.2)
Sensitivity 8 Change the required capital to statutory minimum	3,463.8	0.0
Sensitivity 9 25% increase in implied volatilities of equity and real estate values	3,430.1	(33.6)
Sensitivity 10 25% increase in implied volatilities of swaptions	3,401.7	(62.1)

Notes:

- For the long-duration risk-free rates at terms longer than the extrapolation entry term, extrapolation to the ultimate forward rate is applied without changing the ultimate forward rate itself.
- The 50bp decrease is applied to both positive and negative risk-free rates, without a floor.

In the fiscal year ended March 31, 2023, the volume of new policies was so small that the sensitivity of the value of new business is deemed immaterial and is accordingly not calculated.

4) Main EV Assumptions

(i) Economic Assumptions

Based on the assets held by Japan Post Insurance, the risk-free rates for use in the certainty equivalent calculation have been determined based on Japanese government bonds as of the valuation date.

The table on the right shows, for selected terms, the risk-free rates (converted to spot rates) used for the calculation. For interest rates at longer durations, for which reference rates are not available, we take an extrapolation approach utilizing an ultimate forward rate assumed to converge over a period of time to a fixed ultimate level, commonly set based on macroeconomic or other methods.

We have assumed an ultimate forward rate of 3.8%, and as the market of Japanese government bonds beyond 30 years is not considered deep and liquid, we have determined the extrapolation entry term as 30 years. For the forward rate for year 31 and later years, we have applied the Smith-Wilson approach with convergence to the ultimate forward rate over 30 years.

Term (Years)	For calculation of the value of in-force covered business		For calculation of the value of new business	
	March 31, 2022	March 31, 2023	Fiscal year ended March 31, 2022 (Rate at December 31, 2021)	Fiscal year ended March 31, 2023 (Rate at September 30, 2022)
1	(0.075)%	(0.115)%	(0.089)%	(0.115)%
2	(0.030)%	(0.061)%	(0.095)%	(0.050)%
3	(0.031)%	(0.052)%	(0.095)%	(0.037)%
4	(0.002)%	0.024%	(0.088)%	0.009%
5	0.036%	0.101%	(0.075)%	0.085%
10	0.219%	0.396%	0.089%	0.286%
15	0.473%	0.800%	0.312%	0.745%
20	0.715%	1.108%	0.493%	1.055%
25	0.853%	1.234%	0.607%	1.290%
30	0.941%	1.370%	0.724%	1.503%
40	1.394%	1.789%	1.230%	1.936%
50	1.839%	2.162%	1.707%	2.285%
60	2.159%	2.429%	2.049%	2.532%

Source: Analysis of Ministry of Finance data

(ii) Other Assumptions

All cash flows (premiums, expenses, claims and benefits, cash surrender values, taxes, etc.) are projected applying the best estimate assumptions up to the termination of the policies. Best estimate assumptions are specified by product group, considering recent experience and expected future prospects.

5) Notes on the Use of Results

- (i) As the profits arising from the release of the contingency reserve and reserve for price fluctuations related to the Postal Life Insurance policies form a part of the reinsurance dividend paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network, the EV calculations take into consideration the profits net of this reinsurance dividend. Therefore, the contingency reserve and reserve for price fluctuations related to these policies are included in the VIF, rather than the ANW, as it is assumed that these reserves will be released in the future.
- (ii) The calculation of EV is based on many assumptions, including future outlook, which involves certain risks and uncertainties. Since actual performance may differ materially from these assumptions, we strongly recommend that users exercise caution.
- (iii) We requested an independent actuarial firm to review the assumptions and the calculation of our EV results and obtained a written opinion verifying the validity. For further details of this written opinion and our EV, please refer to our website (https://www.jp-life.japanpost.jp/english/news/2023/en_news_id000153.html).

6-3 Insurance Policy Indicators

(1) Policies in Force and New Policies

1) Policies in Force

(Number of policies, millions of yen, %)

As of March 31	2022				2023			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	14,740,345	(7.3)%	¥ 42,283,881	(7.9)%	13,722,373	(6.9)%	¥ 38,950,900	(7.9)%
Death protection insurance	5,030,268	(3.4)	15,380,249	(4.7)	4,927,736	(2.0)	14,771,460	(4.0)
Mixed insurance	8,084,354	(10.6)	23,480,095	(10.7)	7,179,664	(11.2)	20,787,282	(11.5)
Pure endowment insurance	1,625,723	(0.9)	3,423,536	(1.1)	1,614,973	(0.7)	3,392,157	(0.9)
Individual annuities	850,297	(15.8)	1,242,707	(20.5)	686,620	(19.2)	972,944	(21.7)
Group insurance	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–
Asset-formation insurance	35	(30.0)	34	(39.6)	28	(20.0)	27	(18.1)
Asset-formation annuities	11	0.0	46	(1.0)	11	0.0	46	0.0

Notes:

- Figures for number of policies for “asset-formation insurance” and “asset-formation annuities” are the number of insured persons.
- Policy amounts for “individual annuities” and “asset-formation annuities” are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) the amount of policy reserves for the annuity after payments have commenced.
- Policy amount for “asset-formation insurance” is the amount of policy reserves.

2) New Policies

(Number of policies, millions of yen, %)

For the years ended March 31	2022				2023			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	173,280	38.7%	¥ 577,413	47.9%	314,231	81.3%	¥ 836,665	44.9%
Death protection insurance	19,601	58.4	56,247	58.1	67,594	244.8	130,315	131.7
Mixed insurance	133,388	46.0	477,669	54.4	221,607	66.1	656,034	37.3
Pure endowment insurance	20,291	(4.3)	43,496	(4.3)	25,030	23.4	50,314	15.7
Individual annuities	42	40.0	202	14.8	122	190.5	557	174.6
Group insurance	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–
Asset-formation insurance	1	(75.0)	0	(66.7)	3	200.0	0	250.0
Asset-formation annuities	–	–	–	–	–	–	–	–

Notes:

- Converted policies are not included.
- Figures for number of policies for “asset-formation insurance” and “asset-formation annuities” are the number of insured persons.
- Policy amounts for “individual annuities” and “asset-formation annuities” are the total of the accumulated contribution payment as of the date of annuity payment commencement.
- Policy amount for “asset-formation insurance” is the amount of the first premium payment.

(2) Average Policy Amount of New Policies and Policies in Force (individual insurance)

(Thousands of yen)

Items	New Policies		Policies in Force	
	For the year ended March 31, 2022	For the year ended March 31, 2023	As of March 31, 2022	As of March 31, 2023
Individual insurance	¥ 3,332	¥ 2,662	¥ 2,868	¥ 2,838
Death protection insurance	2,869	1,927	3,057	2,997
Mixed insurance	3,581	2,960	2,904	2,895
Pure endowment insurance	2,143	2,010	2,105	2,100

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

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

(%)

For the years ended March 31	2022	2023
Individual insurance	1.3%	2.0%
Individual annuities	0.0	0.0
Group insurance	—	—

Notes:

- Converted policies are not included.
- This refers to the ratio of the policy amount of new policies against the policy amount in force at the beginning of fiscal year.

(4) Ratio of Surrender and Lapse (against the policy in force at the beginning of fiscal year)

(%)

For the years ended March 31	2022	2023
Individual insurance	3.3%	3.0%
Individual annuities	0.8	0.8
Group insurance	—	—

Notes:

- Ratio of surrender and lapse is calculated based on the policy amount associated with surrenders and lapses as modified by decrease or increase in policy amount, as well as the amount of the policy reinstatement.
- Ratio of surrender and lapse for "individual annuities" is based on the annuity before payments commence.

(5) Average Premium for New Policies of Individual Insurance (monthly payment agreement)

(Yen)

For the years ended March 31	2022	2023
Individual insurance	¥ 275,740	¥ 219,376

Notes:

- Converted policies are not included.
- These are annual premiums for the policies involving monthly payment agreement.

(6) Mortality Rates (basic policies in individual insurance)

(‰)

For the years ended March 31	2022	2023
In terms of number of policies	2.50‰	2.91‰
In terms of policy amount	2.01	2.32

Notes:

- Mortality rates are calculated by dividing the number of/policy amount for policies filing death claim by the number of/policy amount for policies exposed to risk.
- Number of/policy amount for policies exposed to risk is calculated by the formula as follows:

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

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

For the years ended March 31		2022	2023
Accident death benefit policy	In terms of number of policies	0.11‰	0.12 ‰
	In terms of policy amount	0.09	0.10
Disability benefit policy	In terms of number of policies	0.28	0.33
	In terms of policy amount	0.08	0.09
Accident hospitalization benefit policy	In terms of number of policies	5.90	6.33
	In terms of policy amount	0.18	0.19
Illness hospitalization benefit policy	In terms of number of policies	54.67	157.40
	In terms of policy amount	1.16	2.90
Lifestyle disease hospitalization benefit policy	In terms of number of policies	–	–
	In terms of policy amount	–	–
Illness/accident surgery benefit policy	In terms of number of policies	37.97	41.02
Lifestyle disease surgery benefit policy	In terms of number of policies	–	–

Notes:

- Ratio of the number of/policy amount for riders filing claim is calculated by dividing the number of/policy amount for riders filing claim by the number of/policy amount for policies exposed to risk.
- Number of/policy amount for policies exposed to risk is calculated by the formula as follows:

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

(8) Ratio of Operating Expenses (against premium revenues)

For the year ended March 31, 2022	For the year ended March 31, 2023
16.00%	20.34%

(9) In the Cases Where Insurance Policies are Reinsured, Number of Principal Insurance Companies Accepting Reinsurance

For the year ended March 31, 2022	For the year ended March 31, 2023
5	5

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(10) In the Cases Where Insurance Policies are Reinsured, Ratio of Reinsurance Premiums Paid to the Top Five Reinsurers in Terms of the Volume of Reinsurance Premiums Paid, Against Reinsurance Premiums Paid to All Reinsurers Accepting Reinsurance

For the year ended March 31, 2022	For the year ended March 31, 2023
100.0%	100.0%

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(11) In the Cases Where Insurance Policies are Reinsured, Ratio of Reinsurance Premiums Paid, of Each Group of Principal Reinsurers Accepting Reinsurance, Where the Grouping is Done Based on Ratings by a Rating Agency

(%)

Category of credit ratings	For the year ended March 31, 2022	For the year ended March 31, 2023
A or superior	100.0%	100.0%
BBB or superior	—	—
Other	—	—

Notes:

- The above ratings are based on the ratings provided by S&P (Standard & Poor's) at each fiscal year-end, where "A or superior" represents A- or superior, while "BBB or superior" represents the range from BBB- to less than A-.
- This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(12) Amount of Reinsurance Proceeds Yet to be Recovered

(Millions of yen)

For the year ended March 31, 2022	For the year ended March 31, 2023
¥ 3,469	¥ 3,667

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(13) Ratio of the Insurance Amount Paid Against Earned Premiums by Reason of Benefit or Class of Insurance in Third-Sector Insurance

(%)

For the years ended March 31	2022	2023
Claim-filing ratio in third-sector insurance	38.0%	49.9%
Medical (Illness)	31.9	45.3
Cancer	—	—
Nursing care	74.9	102.4
Other	72.3	75.9

6-4 Accounting Data
(1) Reserve for Outstanding Claims

(Millions of yen)

As of March 31		2022	2023
Insurance claims	Death benefits	¥ 13,598	¥ 15,402
	Accidental benefits	2,679	3,402
	Serious disability benefits	1,193	1,186
	Maturity benefits	77,905	71,535
	Other	256,460	249,776
	Subtotal	351,836	341,303
Annuity payments		7,231	6,905
Benefits		22,146	42,601
Surrender benefits		19,591	17,621
Deferred insurance benefits payment		—	—
Net, including other reserve for outstanding claims		402,608	410,387

(2) Policy Reserves

(Millions of yen)

As of March 31		2022		2023	
Policy reserves [excluding contingency reserve]	Individual insurance	¥	24,292,584	¥	23,492,684
	[General account]	[	24,292,584]	[	23,492,684]
	[Separate account]	[-]	[-]
	Individual annuities		1,218,583		953,198
	[General account]	[	1,218,583]	[	953,198]
	[Separate account]	[-]	[-]
	Group insurance		-		-
	[General account]	[-]	[-]
	[Separate account]	[-]	[-]
	Group annuities		-		-
	[General account]	[-]	[-]
	[Separate account]	[-]	[-]
	Other		29,331,291		27,370,459
[General account]	[	29,331,291]	[	27,370,459]	
[Separate account]	[-]	[-]	
Subtotal		54,842,460		51,816,342	
[General account]	[	54,842,460]	[	51,816,342]	
[Separate account]	[-]	[-]	
Contingency reserve		1,690,994		1,701,877	
Total		56,533,454		53,518,219	
[General account]	[	56,533,454]	[	53,518,219]	
[Separate account]	[-]	[-]	

Note: "Other" includes asset-formation insurance, asset-formation annuities and receiving reinsurance.

(3) Balance of Policy Reserves

(Millions of yen)

	Insurance premium reserves	Unearned premiums	Reserve for refunds	Contingency reserve	Total
As of March 31, 2022	¥ 49,612,844	¥ 5,229,616	¥ -	¥ 1,690,994	¥ 56,533,454
As of March 31, 2023	47,591,714	4,224,628	-	1,701,877	53,518,219

(4) Reserving Method, Reserve Ratio and Reserve Balance for Policy Reserves for Individual Insurance and Individual Annuities (by contract year)

1) Reserving Method and Reserve Ratio for Policy Reserves

As of March 31		2022		2023	
Reserving method	Contracts subject to the standard policy reserves	The method prescribed by Ordinance No. 48 issued by the Ministry of Finance in 1996 (standard policy reserves)		The method prescribed by Ordinance No. 48 issued by the Ministry of Finance in 1996 (standard policy reserves)	
	Contracts outside the scope of the standard policy reserves	—		—	
Reserve ratio (excluding contingency reserve)		100.0%		100.0%	

Notes:

- Individual insurance and individual annuities are subject to the reserving method and the reserve ratio. Asset-formation insurance, asset-formation annuities and receiving reinsurance are not included here, while they are computed based on the net level premium method.
- Reserve ratios here are the ratios against insurance premium reserves and unearned premiums as calculated by the method prescribed by the public notification No. 48 issued by the Ministry of Finance in 1996.

2) Balance of Policy Reserves (by contract year)

(Millions of yen)

Contract year	Balance of policy reserves	Assumed rates of return
For the years ended March 31, 2008 to 2011	¥ 3,708,740	1.00%–1.50%
For the year ended March 31, 2012	1,423,302	0.80%–1.50%
For the year ended March 31, 2013	1,584,774	0.70%–1.50%
For the year ended March 31, 2014	3,227,947	0.70%–1.00%
For the year ended March 31, 2015	3,604,798	0.55%–1.00%
For the year ended March 31, 2016	3,180,725	0.50%–1.00%
For the year ended March 31, 2017	3,414,113	0.50%–1.00%
For the year ended March 31, 2018	1,927,474	0.25%
For the year ended March 31, 2019	1,512,895	0.25%
For the year ended March 31, 2020	554,651	0.25%
For the year ended March 31, 2021	83,100	0.25%
For the year ended March 31, 2022	103,102	0.25%
For the year ended March 31, 2023	120,255	0.25%

Notes:

- Balance of policy reserves includes policy reserves for individual insurance and individual annuities (excluding policy reserves in the separate account and the contingency reserve).
- Assumed rates of return here refer to the main assumed rates of return applicable to policy reserves by contract year.

(5) Balance of Policy Reserves in General Account Associated with Insurance Policies Involving a Separate Account with a Guarantee for Minimum Insurance Claims and Others, Their Calculation Methods and the Multiplier Used in Such Calculation

Not applicable as of March 31, 2022 and 2023.

(6) Rationality and Adequacy of the Confirmation under Article 121, Paragraph 1, Item 1 of the Insurance Business Act (limited to the confirmation pertaining to third-sector insurance)
1) Principles for Ensuring Appropriateness of Policy Reserves for Third-sector Insurance

We carry out the liability adequacy test and stress test as required by laws and regulations in order to ensure a sufficient level of policy reserves.

The scope of the stress test includes the applicable products of Postal Life Insurance.

2) Rationality and Adequacy of the Level of Risk Frequency and Others Assumed for the Purpose of the Liability Adequacy Test and Stress Test

For the purpose of assuming risk frequency, we calculate the occurrence rate that covers the fluctuations of payment of hospitalization benefits and others with certain rates of probability (99% and 97.7%) during the next 10 years, based on the historical actual payment, etc. of hospitalization benefits and others.

3) Results of the Liability Adequacy Test and Stress Test

We have verified as a result of the stress test that there is no need for an additional provision of contingency reserve or policy reserves for third-sector insurance, as the expected occurrence rate we assumed beforehand adequately covers the risks expected to materialize in the future.

(7) Reserve for Policyholder Dividends

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance Asset-formation annuities	Other insurance	Total
For the year ended March 31, 2022							
Balance at the beginning of the fiscal year	¥ 108,168	¥ 1,225	¥ -	¥ -	¥ -	¥ 1,233,462	¥ 1,342,855
Interest accrual	9	0	-	-	-	-	9
Reduction due to policyholder dividends paid	11,484	7	-	-	-	144,199	155,691
Reduction due to the acquisition of additional annuity	-	3	-	-	-	274	278
Provision for reserve for policyholder dividends	18,261	2	-	-	-	54,849	73,113
Balance at the end of the fiscal year	114,954 [95,613]	1,216 [1,214]	- [-]	- [-]	- [-]	1,143,838 [-]	1,260,009 [96,827]
For the year ended March 31, 2023							
Balance at the beginning of the fiscal year	114,954	1,216	-	-	-	1,143,838	1,260,009
Interest accrual	9	0	-	-	-	-	9
Reduction due to policyholder dividends paid	12,063	18	-	-	-	134,632	146,714
Reduction due to the acquisition of additional annuity	-	2	-	-	-	197	200
Provision for reserve for policyholder dividends	18,386	2	-	-	-	43,678	62,067
Balance at the end of the fiscal year	121,286 [101,873]	1,197 [1,194]	- [-]	- [-]	- [-]	1,052,687 [-]	1,175,171 [103,068]

Note: Figures within brackets "[]" are accumulated dividends. Meanwhile, the reserve for policyholder dividends associated with the reinsurance from the Management Network (¥1,143,838 million for the year ended March 31, 2022 and ¥1,052,687 million for the year ended March 31, 2023) is scheduled to be distributed/paid to the Management Network, based on the reinsurance contract.

(8) Reserves

(Millions of yen)

For the years ended March 31		2022			2023		
		Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Changes in the fiscal year	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Changes in the fiscal year
Reserve for Possible Loan Losses	General reserve for possible loan losses	¥ 36	¥ 32	¥ (3)	¥ 32	¥ 31	¥ (1)
	Specific reserve for possible loan losses	347	347	(0)	347	347	0
	Reserve for specific foreign loans	-	-	-	-	-	-
Reserve for insurance claims and others		2,851	-	(2,851)	-	-	-
Reserve for employees' retirement benefits		69,659	70,470	810	70,470	70,806	336
Reserve for management board benefit trust		110	230	119	230	315	85
Reserve for price fluctuations		904,816	972,606	67,789	972,606	889,960	(82,645)

Note: Reason for reserving and its calculation method are omitted here as they are stated in the notes (notes to non-consolidated financial statements).

(9) Provision for Reserve for Specific Foreign Loans

Not applicable for the years ended March 31, 2022 and 2023.

(10) Capital Stock, etc.

(Millions of yen)

		Balance at the beginning of the year ended March 31, 2023	Increase in the fiscal year	Decrease in the fiscal year	Balance at the end of the year ended March 31, 2023	Remarks
Capital stock		¥ 500,000	¥ –	¥ –	¥ 500,000	
Of which shares issued	[Common stock]	[399,693 thousand shares]	–	–	[399,693 thousand shares]	
		500,000	–	–	500,000	
	Total	500,000	–	–	500,000	
Capital surplus	[Legal capital surplus]	405,044	–	–	405,044	
	Total	405,044	–	–	405,044	

(11) Premiums

(Millions of yen)

For the years ended March 31	2022	2023
Individual insurance	¥ 2,106,778	¥ 1,953,642
(Lump-sum payment)	–	–
(Annual payment)	–	–
(Semi-annual payment)	–	–
(Monthly payment)	2,106,778	1,953,642
Individual annuities	6,948	4,859
(Lump-sum payment)	–	–
(Annual payment)	–	–
(Semi-annual payment)	–	–
(Monthly payment)	6,948	4,859
Group insurance	–	–
Group annuities	–	–
Net, including other premiums	2,403,387	2,183,985

Note: "Net, including other premiums" includes asset-formation insurance, asset-formation annuities and receiving reinsurance.

• Premiums by Income Year

(Millions of yen)

For the years ended March 31		2022	2023
Individual insurance	First-year premiums	¥ 43,979	¥ 60,983
	Premiums for the following years	2,069,746	1,897,518
Individual annuities	Subtotal	2,113,726	1,958,502
Group insurance	First-year premiums	–	–
	Premiums for the following years	–	–
Group annuities	Subtotal	–	–
Net, including other premiums	First-year premiums	44,010	61,088
	Premiums for the following years	2,359,376	2,122,896
	Total	2,403,387	2,183,985

Note: "Net, including other premiums" includes asset-formation insurance, asset-formation annuities and receiving reinsurance.

(12) Insurance Claims

1) Insurance Claims (amounts)

(Millions of yen)

	Death benefits	Accidental benefits	Serious disability benefits	Maturity benefits	Other	Total
For the year ended March 31, 2022						
Individual insurance	¥ 86,126	¥ 6,201	¥ 2,071	¥ 1,663,584	¥ –	¥ 1,757,984
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	24	–	24
Other insurance	–	–	–	–	2,719,025	2,719,025
Total	86,126	6,201	2,071	1,663,609	2,719,025	4,477,034
For the year ended March 31, 2023						
Individual insurance	91,782	7,247	2,007	1,814,036	–	1,915,073
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	10	–	10
Other insurance	–	–	–	–	2,536,833	2,536,833
Total	91,782	7,247	2,007	1,814,046	2,536,833	4,451,916

Note: "Other insurance" includes receiving reinsurance.

2) Insurance Claims (number of benefits)

(Number of benefits)

	Death benefits	Accidental benefits	Serious disability benefits	Maturity benefits	Other	Total
For the year ended March 31, 2022						
Individual insurance	36,848	3,003	768	819,833	–	860,452
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	12	–	12
Other insurance	–	–	–	–	9,825,086	9,825,086
Total	36,848	3,003	768	819,845	9,825,086	10,685,550
For the year ended March 31, 2023						
Individual insurance	40,563	3,605	765	912,060	–	956,993
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	9	–	9
Other insurance	–	–	–	–	9,857,421	9,857,421
Total	40,563	3,605	765	912,069	9,857,421	10,814,423

Note: "Other insurance" includes receiving reinsurance.

(13) Annuities

(Millions of yen)

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

For the year ended March 31, 2023						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 119	¥ 268,682	¥ –	¥ –	¥ –	¥ –	¥ 268,802

(14) Benefits

1) Benefits (amounts)

(Millions of yen)

	Death benefits	Hospitalization benefits	Surgery benefits	Disability benefits	Living benefits	Other	Total
For the year ended March 31, 2022							
Individual insurance	¥ 79	¥ 39,064	¥ 25,959	¥ 1,923	¥ 70,046	¥ 881	¥ 137,954
Individual annuities	–	17	8	1	–	0	28
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	79	39,082	25,967	1,925	70,046	881	137,982
For the year ended March 31, 2023							
Individual insurance	122	83,289	25,590	1,955	100,044	919	211,922
Individual annuities	–	16	6	11	–	0	35
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	122	83,305	25,597	1,966	100,044	920	211,958

2) Benefits (number of benefits)

(Number of benefits)

	Death benefits	Hospitalization benefits	Surgery benefits	Disability benefits	Living benefits	Other	Total
For the year ended March 31, 2022							
Individual insurance	80	778,251	387,100	2,435	242,620	14,858	1,425,344
Individual annuities	–	144	87	1	–	5	237
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	80	778,395	387,187	2,436	242,620	14,863	1,425,581
For the year ended March 31, 2023							
Individual insurance	92	2,081,668	396,459	2,693	313,881	16,047	2,810,840
Individual annuities	–	198	69	2	–	3	272
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	92	2,081,866	396,528	2,695	313,881	16,050	2,811,112

(15) Surrender Benefits

(Millions of yen)

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

For the year ended March 31, 2023						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 455,403	¥ 2,250	¥ –	¥ –	¥ 1	¥ –	¥ 457,654

(16) Depreciation and Amortization

(Millions of yen, %)

	Cost	Depreciation and amortization in the fiscal year	Accumulated depreciation and amortization	Balance at the end of the fiscal year	Accumulated depreciation percentage
For the year ended March 31, 2022					
Tangible fixed assets	¥ 106,154	¥ 8,099	¥ 55,533	¥ 50,620	52.3
Buildings	62,974	3,108	25,946	37,027	41.2
Leased assets	4,637	606	2,118	2,518	45.7
Other tangible fixed assets	38,542	4,384	27,468	11,074	71.3
Intangible fixed assets	546,947	48,290	448,656	98,291	82.0
Others	709	31	466	243	65.7
Total	653,811	56,421	504,656	149,155	77.2
For the year ended March 31, 2023					
Tangible fixed assets	105,083	7,376	55,790	49,293	53.1
Buildings	63,965	2,741	28,374	35,590	44.4
Leased assets	6,689	1,209	2,499	4,189	37.4
Other tangible fixed assets	34,429	3,424	24,916	9,512	72.4
Intangible fixed assets	579,329	33,718	481,981	97,347	83.2
Others	709	30	496	213	70.0
Total	685,123	41,125	538,269	146,853	78.6

Notes:

1. "Buildings" includes all buildings, facilities and structures.
2. "Intangible fixed assets" includes software in progress.

(17) Operating Expenses

(Millions of yen)

For the years ended March 31	2022	2023
Sales activity expenses	¥ 39,131	¥ 59,980
Sales administration expenses	13,137	19,012
General administration expenses	332,329	365,216
Total	384,598	444,209

Note: "General administration expenses" include the contributions to the Life Insurance Policyholders Protection Corporation of Japan (¥2,197 million for the year ended March 31, 2022 (including the protection fund contributions and the operating contributions)), pursuant to Article 259 of the Insurance Business Act. For the fiscal year ended March 31, 2023, only the operating contribution (¥1 million) was included due to the fact that advance reserve for the protection fund contributions has reached its limit.

(18) Taxes

(Millions of yen)

For the years ended March 31	2022		2023	
National taxes	¥	23,836	¥	21,777
Consumption tax		22,098		20,119
Special corporate enterprise tax		1,525		1,427
Stamp duty		194		220
Registration license tax		0		2
Other national taxes		17		6
Local taxes		12,767		11,793
Local consumption tax		6,232		5,674
Enterprise tax		5,419		4,912
Fixed property tax		857		777
Real estate acquisition tax		–		5
Business office tax		257		422
Other local taxes		0		0
Total		36,603		33,571

Note: "Fixed property tax" includes city planning tax.

(19) Lease Transactions

Lease transactions (as lessee)

[Finance lease transactions without transfer of ownership that apply an accounting treatment equivalent to those for operating lease transactions]

Not applicable for the years ended March 31, 2022 and 2023.

(20) Borrowings by Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2022							
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000	¥ 300,000
Payables under repurchase agreements	2,570,899	–	–	–	–	–	2,570,899
Payables under securities lending transactions	2,236,696	–	–	–	–	–	2,236,696
Total	4,807,595	–	–	–	–	300,000	5,107,595
As of March 31, 2023							
Bonds payable	–	–	–	–	–	300,000	300,000
Payables under repurchase agreements	3,740,688	–	–	–	–	–	3,740,688
Total	3,740,688	–	–	–	–	300,000	4,040,688

6-5 Indicators Related to Asset Management (General Account)

(1) Portfolio Trends

Asset Structure, Increase/Decrease in Assets

(Millions of yen, %)

As of March 31	2022			2023		
	Amount	Percentage	Increase/decrease	Amount	Percentage	Increase/decrease
Cash, deposits, call loans	¥ 1,305,070	1.9	¥ (154,678)	¥ 1,468,483	2.3	¥ 163,412
Receivables under resale agreements	2,120,137	3.2	2,120,137	1,384,764	2.2	(735,373)
Receivables under securities borrowing transactions	–	–	(2,585,087)	–	–	–
Monetary claims bought	39,543	0.1	(237,228)	47,345	0.1	7,801
Trading account securities	–	–	–	–	–	–
Money held in trust	4,521,912	6.7	332,617	4,772,321	7.6	250,408
Securities	53,418,564	79.5	(1,856,029)	49,842,478	79.5	(3,576,086)
Corporate and government bonds	46,747,946	69.6	(1,516,510)	44,743,706	71.4	(2,004,240)
Domestic stocks	425,553	0.6	20,976	410,088	0.7	(15,465)
Foreign securities	4,332,519	6.4	(299,856)	2,949,260	4.7	(1,383,259)
Foreign corporate and government bonds	4,181,527	6.2	(298,296)	2,787,121	4.4	(1,394,405)
Foreign stocks and other securities	150,992	0.2	(1,560)	162,139	0.3	11,146
Other securities	1,912,544	2.8	(60,639)	1,739,423	2.8	(173,121)
Loans	4,251,956	6.3	(712,131)	3,605,832	5.8	(646,123)
Policy loans	140,980	0.2	(20,438)	140,355	0.2	(625)
Industrial and commercial loans	965,872	1.4	(30,255)	916,374	1.5	(49,497)
Loans to the Management Network	3,145,103	4.7	(661,436)	2,549,102	4.1	(596,000)
Real estate	80,572	0.1	(8,135)	78,727	0.1	(1,845)
Investment property	–	–	–	–	–	–
Deferred tax assets	1,005,357	1.5	101,024	1,028,662	1.6	23,304
Other	432,112	0.6	497	456,994	0.7	24,882
Reserve for possible loan losses	(379)	(0.0)	4	(379)	(0.0)	0
General account total	67,174,848	100.0	(2,999,008)	62,685,230	100.0	(4,489,618)
Foreign-currency-denominated assets	5,466,745	8.1	69,666	4,343,334	6.9	(1,123,410)

Notes:

1. "Loans to the Management Network" includes lending to the Management Network (Postal Life Insurance Account).
2. "Real estate" is booked as the sum total of land, buildings and construction in progress.

(2) Yield

For the years ended March 31	2022	2023
Cash, deposits and call loans	0.00%	0.00%
Receivables under resale agreements	–	–
Receivables under securities borrowing transactions	–	–
Monetary claims bought	0.24	0.71
Trading account securities	–	–
Money held in trust	3.49	4.44
Securities	1.63	1.33
Corporate and government bonds	1.49	1.49
Domestic stocks	4.63	6.68
Foreign securities	2.95	(0.68)
Loans	1.83	1.81
Industrial and commercial loans	1.15	1.06
Real estate	–	–
General account total	1.61	1.43
Overseas loans and investments	2.95	0.29

Notes:

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

(3) Average Balance on Primary Assets

For the years ended March 31	2022	2023
Cash, deposits and call loans	¥ 659,135	¥ 509,049
Receivables under resale agreements	–	–
Receivables under securities borrowing transactions	–	–
Monetary claims bought	157,643	46,047
Trading account securities	–	–
Money held in trust	3,278,068	3,387,021
Securities	54,112,517	51,949,411
Corporate and government bonds	47,665,411	46,033,726
Domestic stocks	338,771	353,328
Foreign securities	4,211,066	3,727,944
Loans	4,763,225	4,067,756
Industrial and commercial loans	988,647	945,345
Real estate	86,485	79,766
General account total	67,047,903	63,774,347
Overseas loans and investments	5,363,632	5,015,494

Notes:

1. "General account total" includes assets related to securities trusts.
2. "Real estate" is booked as the sum total of land, buildings and construction in progress.
3. "Overseas loans and investments" is the total of assets denominated in foreign currencies and yen-denominated assets.

(4) Investment Income

(Millions of yen)

For the years ended March 31	2022	2023
Interest and dividend income	¥ 985,879	¥ 950,717
Gains on trading account securities	–	–
Gains on money held in trust	114,553	150,378
Gains on trading securities	–	–
Gains on sales of securities	26,942	50,567
Gains on redemption of securities	779	498
Gains on derivative financial instruments	–	–
Gains on foreign exchanges	20,879	6,814
Reversal of reserve for possible loan losses	3	1
Other investment income	107	44
Total	1,149,145	1,159,020

(5) Investment Expenses

(Millions of yen)

For the years ended March 31	2022	2023
Interest expenses	¥ 2,351	¥ 4,639
Losses on trading account securities	–	–
Losses on money held in trust	–	–
Losses on trading securities	–	–
Losses on sales of securities	51,108	177,296
Losses on valuation of securities	–	306
Losses on redemption of securities	6,046	1,554
Losses on derivative financial instruments	7,398	60,588
Losses on foreign exchanges	–	–
Provision for reserve for possible loan losses	–	–
Write-off loans	–	–
Depreciation of real estate for lease and other assets	–	–
Other investment expenses	2,863	2,040
Total	69,768	246,426

(6) Interest, Dividends and Other Income

(Millions of yen)

For the years ended March 31	2022	2023
Interest on deposits	¥ 30	¥ 34
Interest and dividends on securities	894,502	869,716
Interest on corporate and government bonds	715,767	699,116
Domestic stock dividends	10,843	11,221
Interest and dividends on foreign securities	127,267	117,700
Interest on loans	14,312	13,385
Interest on loans to the Management Network	72,874	60,171
Rent revenue from real estate	–	–
Net, including other income	985,879	950,717

(7) Gains on Sales of Securities

(Millions of yen)

For the years ended March 31	2022	2023
Japanese government bonds and other bonds	¥ 7,857	¥ 4,480
Domestic stocks and other securities	8,005	18,830
Foreign securities	11,079	27,256
Net, including other gains on sales of securities	26,942	50,567

(8) Losses on Sales of Securities

(Millions of yen)

For the years ended March 31	2022	2023
Japanese government bonds and other bonds	¥ 13,317	¥ 17,833
Domestic stocks and other securities	3,071	6,372
Foreign securities	24,243	120,852
Net, including other losses on sales of securities	51,108	177,296

(9) Losses on Valuation of Securities

(Millions of yen)

For the years ended March 31	2022	2023
Japanese government bonds and other bonds	¥ –	¥ –
Domestic stocks and other securities	–	–
Foreign securities	–	–
Other securities	–	306
Net, including other losses on valuation of securities	–	306

(10) Proprietary Trading Securities

Not applicable as of March 31, 2022 and 2023.

(11) Proceeds on Sales of Proprietary Trading Securities

Not applicable as of March 31, 2022 and 2023.

(12) Securities Composition

(Millions of yen, %)

As of March 31	2022		2023	
	Amount	Percentage	Amount	Percentage
Corporate and government bonds	¥ 46,747,946	87.5	¥ 44,743,706	89.8
Japanese government bonds	37,408,974	70.0	37,114,603	74.5
Japanese local government bonds	4,472,466	8.4	3,400,150	6.8
Japanese corporate bonds	4,866,504	9.1	4,228,952	8.5
Public entity bonds	2,884,450	5.4	2,345,987	4.7
Domestic stocks	425,553	0.8	410,088	0.8
Foreign securities	4,332,519	8.1	2,949,260	5.9
Foreign corporate and government bonds	4,181,527	7.8	2,787,121	5.6
Foreign stocks and other securities	150,992	0.3	162,139	0.3
Other securities	1,912,544	3.6	1,739,423	3.5
Total	53,418,564	100.0	49,842,478	100.0

(13) Securities by Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2022	¥ 2,294,627	¥ 4,533,674	¥ 3,861,599	¥ 7,748,943	¥ 8,037,366	¥27,386,897	¥53,863,108
Securities	1,869,628	4,533,674	3,861,599	7,748,943	8,037,366	27,367,353	53,418,564
Japanese government bonds	468,067	1,702,549	2,729,819	5,630,633	6,595,817	20,282,087	37,408,974
Japanese local government bonds	780,912	1,351,899	474,513	169,507	367,833	1,327,800	4,472,466
Japanese corporate bonds	572,827	497,035	215,212	522,592	514,451	2,544,385	4,866,504
Domestic stocks	–	–	–	–	–	425,553	425,553
Foreign securities	47,821	982,189	442,054	1,426,209	559,263	874,981	4,332,519
Foreign corporate and government bonds	47,821	982,189	442,054	1,426,209	559,263	723,989	4,181,527
Foreign stocks and other securities	–	–	–	–	–	150,992	150,992
Other securities	–	–	–	–	–	1,912,544	1,912,544
Monetary claims bought	19,999	–	–	–	–	19,544	39,543
Negotiable certificates of deposit	405,000	–	–	–	–	–	405,000
Other	–	–	–	–	–	–	–
As of March 31, 2023	2,451,310	3,244,152	5,076,038	6,682,513	7,301,203	25,659,606	50,414,824
Securities	1,896,313	3,244,152	5,076,038	6,682,513	7,301,203	25,642,257	49,842,478
Japanese government bonds	562,309	1,943,577	4,165,805	5,222,626	5,883,253	19,337,030	37,114,603
Japanese local government bonds	797,363	617,877	140,849	200,836	451,160	1,192,063	3,400,150
Japanese corporate bonds	225,075	327,147	314,020	402,588	505,668	2,454,452	4,228,952
Domestic stocks	–	–	–	–	–	410,088	410,088
Foreign securities	311,565	355,549	455,363	856,461	461,121	509,199	2,949,260
Foreign corporate and government bonds	311,565	355,549	455,363	856,461	461,121	347,060	2,787,121
Foreign stocks and other securities	–	–	–	–	–	162,139	162,139
Other securities	–	–	–	–	–	1,739,423	1,739,423
Monetary claims bought	29,996	–	–	–	–	17,348	47,345
Negotiable certificates of deposit	525,000	–	–	–	–	–	525,000
Other	–	–	–	–	–	–	–

Note: Includes the handling of securities based on "Accounting Standard for Financial Instruments"(Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

(14) Bond Term-End Balance Yield

(%)

As of March 31	2022	2023
Corporate and government bonds	1.51%	1.54%
Foreign corporate and government bonds	2.64	2.93

(15) Breakdown of Local Government Bonds by Region

(Millions of yen)

As of March 31	2022	2023
Hokkaido	¥ 114,017	¥ 104,851
Tohoku	53,001	40,991
Kanto	1,130,483	898,885
Chubu	581,880	485,391
Kinki	649,777	609,411
Chugoku	171,463	150,489
Shikoku	26,833	19,434
Kyushu	386,886	340,322
Other	1,358,123	750,373
Total	4,472,466	3,400,150

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

(16) Shareholdings by Industry Sector

(Millions of yen, %)

As of March 31	2022		2023	
	Amount	Percentage	Amount	Percentage
Fishery, agriculture and forestry	¥ –	–	¥ –	–
Mining	–	–	–	–
Construction	16,482	3.9	12,638	3.1
Manufacturing				
Foods	9,549	2.2	11,772	2.9
Textiles and apparel	349	0.1	1,928	0.5
Pulp and paper	–	–	–	–
Chemicals	75,389	17.7	64,531	15.7
Pharmaceuticals	22,194	5.2	26,855	6.5
Oil and coal products	2,397	0.6	–	–
Rubber products	1,744	0.4	–	–
Glass and ceramic products	12,241	2.9	11,578	2.8
Iron and steel	–	–	–	–
Nonferrous metals	4,198	1.0	5,169	1.3
Metal products	3,691	0.9	1,796	0.4
Machinery	37,300	8.8	29,598	7.2
Electric appliances	55,719	13.1	55,154	13.4
Transportation equipment	12,173	2.9	21,130	5.2
Precision instruments	16,508	3.9	11,486	2.8
Other products	6,455	1.5	3,144	0.8
Electric power and gas	–	–	–	–
Transportation, information and communications				
Land transportation	4,432	1.0	5,959	1.5
Marine transportation	–	–	–	–
Air transportation	–	–	–	–
Warehousing and port transportation services	–	–	–	–
Information and communications	33,215	7.8	33,314	8.1
Trade and services				
Wholesale trade	31,692	7.4	28,062	6.8
Retail trade	31,195	7.3	31,436	7.7
Finance and insurance				
Banking	22,383	5.3	24,386	5.9
Securities and trading	495	0.1	495	0.1
Insurance	5,492	1.3	4,230	1.0
Other financial services	3,430	0.8	2,458	0.6
Real estate	5,942	1.4	7,230	1.8
Services	10,875	2.6	15,727	3.8
Total	425,553	100.0	410,088	100.0

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

(17) Loans

(Millions of yen)

As of March 31	2022	2023
Policy loans	¥ 140,980	¥ 140,355
Policyholder loans	140,979	140,352
Policy premium loans	1	3
Industrial and commercial loans	4,110,975	3,465,477
(Loans to non-residents)	(-)	(-)
Loans to companies	3,292,761	2,690,360
(Loans to domestic corporations)	(3,292,761)	(2,690,360)
Loans to state, international organizations and government organizations	-	-
Loans to public bodies and public businesses	818,214	775,116
Housing loans	-	-
Consumer loans	-	-
Other	-	-
Total	4,251,956	3,605,832

Note: Loans to the Management Network (Postal Life Insurance Account) are recorded as loans to companies, as they are classified into loans to companies in "finance and insurance" in the Loans Questionnaire by Industrial Type in the "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, the Bank of Japan.

(18) Loans by Contractual Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
Total industrial and commercial loans as of March 31, 2022	¥ 660,638	¥ 1,180,049	¥ 717,401	¥ 497,171	¥ 479,275	¥ 576,439	¥ 4,110,975
Floating rate loans	2,900	14,250	-	-	-	-	17,150
Fixed rate loans	657,738	1,165,799	717,401	497,171	479,275	576,439	4,093,825
Total industrial and commercial loans as of March 31, 2023	341,084	1,227,279	597,365	435,422	386,406	477,919	3,465,477
Floating rate loans	9,250	5,000	-	-	-	-	14,250
Fixed rate loans	331,834	1,222,279	597,365	435,422	386,406	477,919	3,451,227

Notes:

1. "Fixed rate loans" includes loans to the Management Network (Postal Life Insurance Account).
2. Among the loans to the Management Network (Postal Life Insurance Account), the legal designated period is accrued as current maturity.

(19) Loans to Domestic Companies by Company Size

(Number of borrowers, millions of yen, %)

As of March 31		2022		2023	
			Percentage		Percentage
Large companies	Number of borrowers	16	47.1	13	43.3
	Amount of loans	¥ 88,220	2.7	¥ 76,090	2.8
Medium-sized companies	Number of borrowers	–	–	–	–
	Amount of loans	¥ –	–	¥ –	–
Small companies	Number of borrowers	18	52.9	17	56.7
	Amount of loans	¥ 3,204,541	97.3	¥ 2,614,270	97.2
Total loans to domestic companies	Number of borrowers	34	100.0	30	100.0
	Amount of loans	¥ 3,292,761	100.0	¥ 2,690,360	100.0

Notes:

- Loans to the Management Network (Postal Life Insurance Account) are classified as “small and medium-sized companies” in the “Corporate Guideline of Entry Statistics Questionnaire” as specified by the Research and Statistics Department, the Bank of Japan.
- Classifications are defined as shown below.
- “Number of borrowers” indicates the number of borrowers identified by name and is not the number of loans.

Industry type	1. All industries (excluding 2–4)		2. Retail and restaurant		3. Service		4. Wholesale	
Large companies	More than 300 employees	Paid-in capital over ¥1 billion	More than 50 employees	Paid-in capital over ¥1 billion	More than 100 employees	Paid-in capital over ¥1 billion	More than 100 employees	Paid-in capital over ¥1 billion
Medium-sized companies		Paid-in capital between ¥0.3 billion and ¥1 billion		Paid-in capital between ¥0.05 billion and ¥1 billion		Paid-in capital between ¥0.05 billion and ¥1 billion		Paid-in capital between ¥0.1 billion and ¥1 billion
Small companies	Paid-in capital under ¥0.3 billion or fewer than 300 employees		Paid-in capital under ¥0.05 billion or fewer than 50 employees		Paid-in capital under ¥0.05 billion or fewer than 100 employees		Paid-in capital under ¥0.1 billion or fewer than 100 employees	

(20) Breakdown of Loans by Industry

(Millions of yen, %)

As of March 31	2022		2023	
	Amount	Percentage	Amount	Percentage
Domestic				
Manufacturing	¥ 15,850	0.4	¥ 12,450	0.4
Foods	—	—	—	—
Textiles and apparel	—	—	—	—
Wood, wood products	—	—	—	—
Pulp and paper	6,850	0.2	5,450	0.2
Printing	—	—	—	—
Chemicals	2,000	0.0	—	—
Oil and coal products	—	—	—	—
Ceramics, soil and stone	7,000	0.2	7,000	0.2
Iron and steel	—	—	—	—
Nonferrous metals	—	—	—	—
Metal products	—	—	—	—
General purpose, production and industrial machinery	—	—	—	—
Electric appliances	—	—	—	—
Transportation equipment	—	—	—	—
Other manufacturing products	—	—	—	—
Agriculture and forestry	—	—	—	—
Fishery	—	—	—	—
Mining, quarrying and gravel extraction	—	—	—	—
Construction	—	—	—	—
Electric power, gas, heat supply and waterworks	52,326	1.3	59,455	1.7
Information and communications	1,400	0.0	1,400	0.0
Transportation and postal	24,443	0.6	19,440	0.6
Wholesale trade	20,000	0.5	15,000	0.4
Retail trade	—	—	—	—
Financing and insurance	3,160,103	76.9	2,564,102	74.0
Real estate	18,637	0.5	18,512	0.5
Rental	—	—	—	—
Academic research, specialist and technology services	—	—	—	—
Lodging	—	—	—	—
Restaurant	—	—	—	—
Lifestyle-related services, amusement	—	—	—	—
Education and learning support	—	—	—	—
Medical and welfare	—	—	—	—
Other services	—	—	—	—
Local organizations and public entities	818,214	19.9	775,116	22.4
Individuals (residential/consumption/local taxes/other)	—	—	—	—
Total	4,110,975	100.0	3,465,477	100.0
Overseas				
Governments and public entities	—	—	—	—
Financial institutions	—	—	—	—
Commerce and industry, etc.	—	—	—	—
Total	—	—	—	—
Total industrial and commercial loans	4,110,975	100.0	3,465,477	100.0

Notes:

- Domestic classification is based on the industrial classification of the Bank of Japan's rental payment previous to loans (by industry and new loans for equipment rentals).
- Loans to the Management Network (Postal Life Insurance Account) are classified as "financing and insurance" in the Loans Questionnaire by Industrial Type in the "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, the Bank of Japan.

(21) Breakdown of Industrial Loans by Use

(Millions of yen, %)

As of March 31	2022		2023	
	Amount	Percentage	Amount	Percentage
Capital investments	¥ 736,697	17.9	¥ 710,641	20.5
Operations	3,374,278	82.1	2,754,835	79.5
Total	4,110,975	100.0	3,465,477	100.0

Note: Loans to the Management Network (Postal Life Insurance Account) are classified as "operations."

(22) Breakdown of Loans by Region

(Millions of yen, %)

As of March 31	2022		2023	
	Amount	Percentage	Amount	Percentage
Hokkaido	¥ 12,703	0.3	¥ 12,274	0.4
Tohoku	39,925	1.0	37,308	1.1
Kanto	3,518,507	85.6	2,902,125	83.7
Chubu	231,903	5.6	223,970	6.5
Kinki	163,543	4.0	154,296	4.5
Chugoku	41,822	1.0	39,511	1.1
Shikoku	5,940	0.1	5,226	0.2
Kyushu	96,630	2.4	90,765	2.6
Total	4,110,975	100.0	3,465,477	100.0

Notes:

- Loans to individuals, non-residents and for insurance policies are not included.
- Regional classification depends on the location of the borrower's headquarters.
- Loans to the Management Network (Postal Life Insurance Account) are classified under "Kanto," as the Network is located in Tokyo.

(23) Breakdown of Loans by Collateral

(Millions of yen, %)

As of March 31	2022		2023	
	Amount	Percentage	Amount	Percentage
Secured loans	¥ 54,037	1.3	¥ 59,768	1.7
Loans secured by securities	–	–	–	–
Loans secured by real estate, movable property or foundation	–	–	–	–
Loans secured by nominative claims	54,037	1.3	59,768	1.7
Guaranteed loans	7,040	0.2	7,040	0.2
Credit loans	904,794	22.0	849,566	24.5
Other	3,145,103	76.5	2,549,102	73.6
Industrial and commercial loans	4,110,975	100.0	3,465,477	100.0
Subordinated loans	1,000	0.0	1,000	0.0

Note: Loans to the Management Network (Postal Life Insurance Account) are classified as "Other."

(24) Tangible Fixed Assets

1) Tangible Fixed Assets

(Millions of yen, %)

	Balance at the end of the previous fiscal year	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Balance at the end of the fiscal year	Accumulated depreciation	Accumulated depreciation percentage
For the year ended March 31, 2022							
Land	¥ 47,828	¥ –	¥ 4,716	¥ –	¥ 43,112	¥ –	¥ –
Buildings, net	40,299	2,552	2,716	3,108	37,027	25,946	41.2
Leased assets, net	1,839	1,291	5	606	2,518	2,118	45.7
Construction in progress	579	2,842	2,989	–	432	–	–
Others, net	14,429	1,307	278	4,384	11,074	27,468	71.3
Total	104,977	7,992	10,705	8,099	94,165	55,533	–
(Includes rentals and other real estate)	–	–	–	–	–	–	–
For the year ended March 31, 2023							
Land	43,112	–	–	–	43,112	–	–
Buildings, net	37,027	1,333	28	2,741	35,590	28,374	44.4
Leased assets, net	2,518	2,911	30	1,209	4,189	2,499	37.4
Construction in progress	432	1,925	2,333	–	24	–	–
Others, net	11,074	2,032	169	3,424	9,512	24,916	72.4
Total	94,165	8,203	2,562	7,376	92,429	55,790	–
(Includes rentals and other real estate)	–	–	–	–	–	–	–

Note: "Buildings, net" includes all buildings, facilities and structures.

2) Breakdown of Real Estate Holdings by Use

(Millions of yen, number of buildings)

As of March 31	2022	2023
Value of real estate holdings	¥ 80,572	¥ 78,727
For business operations	80,572	78,727
For lease	–	–
Number of buildings held for leasing	–	–

Note: "Value of real estate holdings" includes all land, buildings (including facilities and structures) and construction in progress.

(25) Gains on Disposal of Fixed Assets

(Millions of yen)

For the years ended March 31	2022	2023
Tangible fixed assets	¥ 8,418	¥ –
Land	8,418	–
Buildings	–	–
Leased assets	–	–
Other assets	–	–
Intangible fixed assets	–	–
Others	–	–
Total	8,418	–
(Includes rentals and other real estate)	–	–

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

(26) Losses on Disposal of Fixed Assets

(Millions of yen)

For the years ended March 31	2022		2023	
Tangible fixed assets	¥	2,978	¥	263
Land		–		–
Buildings		2,715		63
Leased assets		5		30
Other assets		256		169
Intangible fixed assets		62		55
Others		–		–
Total		3,040		318
Includes rentals and other real estate		–		–

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

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

Not applicable for the years ended March 31, 2022 and 2023.

(28) Overseas Loans and Investments

1) Breakdown by Asset Composition

(Millions of yen, %)

As of March 31		2022		2023	
		Amount	Percentage	Amount	Percentage
Foreign-currency-denominated assets	Corporate and government bonds	¥ 4,100,801	69.0	¥ 2,679,595	56.0
	Stocks	586,149	9.9	534,515	11.2
	Cash and cash equivalents	779,794	13.1	1,129,224	23.6
	Subtotal	5,466,745	92.0	4,343,334	90.8
Foreign-currency-denominated assets with fixed yen value	Corporate and government bonds	–	–	–	–
	Cash and cash equivalents	–	–	–	–
	Subtotal	–	–	–	–
Yen-denominated assets	Loans to non-residents	–	–	–	–
	Foreign corporate and government bonds and other assets	476,907	8.0	442,290	9.2
	Subtotal	476,907	8.0	442,290	9.2
Net overseas loans and investments		5,943,652	100.0	4,785,625	100.0

Note: "Foreign-currency-denominated assets with fixed yen value" is recorded under assets on the balance sheets as the fixed yen value that was determined at settlement with foreign exchange forward contracts.

2) Overseas Loans and Investments by Geographic Area

(Millions of yen, %)

	Foreign securities						Loans to non-residents	
	Foreign securities		Corporate and government bonds		Stocks and other securities		Amount	Percentage
	Amount	Percentage	Amount	Percentage	Amount	Percentage		
As of March 31, 2022	¥ 5,755,145	100.0	¥ 4,181,527	100.0	¥ 1,573,617	100.0	–	–
North America	3,141,168	54.6	2,597,971	62.1	543,196	34.5	–	–
Europe	1,004,210	17.4	934,018	22.3	70,191	4.5	–	–
Oceania	86,822	1.5	86,822	2.1	–	–	–	–
Asia	79,849	1.4	79,849	1.9	–	–	–	–
Central and South America	1,004,321	17.5	44,092	1.1	960,228	61.0	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	–	–	–	–	–	–	–	–
International organization	438,772	7.6	438,772	10.5	–	–	–	–
As of March 31, 2023	4,654,311	100.0	2,787,121	100.0	1,867,189	100.0	–	–
North America	2,220,028	47.7	1,720,456	61.7	499,572	26.8	–	–
Europe	518,467	11.1	443,603	15.9	74,864	4.0	–	–
Oceania	80,779	1.7	80,779	2.9	–	–	–	–
Asia	82,383	1.8	82,383	3.0	–	–	–	–
Central and South America	1,336,661	28.7	43,908	1.6	1,292,753	69.2	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	–	–	–	–	–	–	–	–
International organization	415,989	8.9	415,989	14.9	–	–	–	–

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

(Millions of yen, %)

As of March 31	2022		2023	
	Amount	Percentage	Amount	Percentage
U.S. dollar	¥ 3,767,139	68.9	¥ 3,230,768	74.4
Australian dollar	440,703	8.1	398,631	9.2
Euro	740,695	13.5	359,554	8.3
New Zealand dollar	101,696	1.9	95,015	2.2
Swedish krona	96,961	1.8	88,580	2.0
Canadian dollar	183,625	3.4	63,962	1.5
Polish zloty	82,504	1.5	55,001	1.3
Singapore dollar	33,590	0.6	36,504	0.8
British pound	19,827	0.4	15,316	0.4
Total	5,466,745	100.0	4,343,334	100.0

(29) Yield on Overseas Loans and Investments

(%)

For the years ended March 31	2022	2023
Yield on overseas loans and investments	2.95%	0.29%

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

(Millions of yen)

For the years ended March 31		2022	2023
Public bonds	Japanese government bonds	¥ —	¥ —
	Japanese local government bonds	—	—
	Public entity bonds	—	—
	Subtotal	—	—
Loans	Government organizations	—	—
	Public entities	20,627	1,000
	Subtotal	20,627	1,000
Total		20,627	1,000

(31) Loan Interest Rates

Not applicable for the years ended March 31, 2022 and 2023.

(32) Other Assets

(Millions of yen)

Asset class	Cost	Balance at the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation and amortization	Balance at the end of the fiscal year	Remarks
For the year ended March 31, 2022							
Other	¥ 2,552	¥ 1,863	¥ 9,712	¥ 9,023	¥ —	¥ 2,552	
Total	2,552	1,863	9,712	9,023	—	2,552	
For the year ended March 31, 2023							
Other	1,520	2,552	33,118	34,150	—	1,520	
Total	1,520	2,552	33,118	34,150	—	1,520	

6-6 Fair Value Information of Securities (General Account)

(1) Fair Value of Securities

1) Net Valuation Gain/Loss of Trading Securities

Japan Post Insurance did not hold securities for trading as of March 31, 2022 and 2023.

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

(Millions of yen)

As of March 31	2022					2023				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	¥ 34,126,248	¥ 38,143,194	¥ 4,016,945	¥ 4,218,557	¥ 201,611	¥ 32,935,527	¥ 35,502,364	¥ 2,566,836	¥ 3,130,570	¥ 563,734
Policy-reserve-matching bonds	8,604,735	9,106,029	501,294	593,102	91,808	8,075,012	8,237,638	162,626	447,691	285,064
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	13,658,423	14,812,678	1,154,254	1,424,231	269,976	12,776,750	13,873,347	1,096,597	1,638,603	542,006
Corporate and government bonds	4,043,706	4,016,962	(26,743)	19,433	46,177	3,878,732	3,733,166	(145,565)	11,530	157,095
Domestic stocks	1,853,533	2,614,566	761,032	819,898	58,866	1,800,873	2,596,724	795,850	832,041	36,190
Foreign securities	4,809,476	5,208,678	399,202	487,194	87,991	4,101,245	4,654,311	553,065	725,222	172,156
Foreign corporate and government bonds	4,096,267	4,181,527	85,259	170,702	85,442	2,801,828	2,787,121	(14,706)	155,222	169,928
Foreign stocks and other securities	713,208	1,027,151	313,942	316,492	2,549	1,299,417	1,867,189	567,772	569,999	2,227
Other securities	2,508,306	2,527,926	19,619	96,560	76,940	2,424,310	2,316,799	(107,510)	69,053	176,564
Monetary claims bought	38,399	39,543	1,144	1,144	-	46,588	47,345	757	757	-
Negotiable certificates of deposit	405,000	405,000	-	-	-	525,000	525,000	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	56,389,406	62,061,901	5,672,495	6,235,891	563,395	53,787,289	57,613,350	3,826,060	5,216,865	1,390,805
Corporate and government bonds	46,774,690	51,266,186	4,491,496	4,831,093	339,597	44,889,271	47,473,169	2,583,897	3,589,792	1,005,894
Domestic stocks	1,853,533	2,614,566	761,032	819,898	58,866	1,800,873	2,596,724	795,850	832,041	36,190
Foreign securities	4,809,476	5,208,678	399,202	487,194	87,991	4,101,245	4,654,311	553,065	725,222	172,156
Foreign corporate and government bonds	4,096,267	4,181,527	85,259	170,702	85,442	2,801,828	2,787,121	(14,706)	155,222	169,928
Foreign stocks and other securities	713,208	1,027,151	313,942	316,492	2,549	1,299,417	1,867,189	567,772	569,999	2,227
Other securities	2,508,306	2,527,926	19,619	96,560	76,940	2,424,310	2,316,799	(107,510)	69,053	176,564
Monetary claims bought	38,399	39,543	1,144	1,144	-	46,588	47,345	757	757	-
Negotiable certificates of deposit	405,000	405,000	-	-	-	525,000	525,000	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes:

- This table includes the handling of securities under the Financial Instruments and Exchange Act, etc.
- This table includes money held in trust other than trading securities and its book value was ¥3,231,805 million with net unrealized gains (losses) of ¥1,295,241 million as of March 31, 2023 and ¥2,682,208 million with net unrealized gains (losses) of ¥1,026,692 million as of March 31, 2022.
- This table excludes stocks, etc. with no market price and investments in partnerships, etc.

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

(Millions of yen)

As of March 31	2022	2023
Equities of subsidiaries and affiliates	¥ 24,088	¥ 53,724
Available-for-sale securities	635,211	102,639
Domestic stocks	4,259	4,239
Foreign stocks	–	–
Other	630,951	98,399
Total	659,300	156,363

Notes:

- This table includes money held in trust other than trading securities (¥630,951 million as of March 31, 2022 and ¥98,399 million as of March 31, 2023).
- Net unrealized gains (losses) on foreign exchanges for assets denominated in foreign currencies of the stocks, etc. with no market price and investments in partnerships, etc. are as follows: ¥51,808 million as of March 31, 2022 and no relevant net unrealized gains (losses) as of March 31, 2023.

(2) Fair Value of Money Held in Trust

(Millions of yen)

As of March 31	2022					2023				
	Balance sheet amount	Fair value	Net unrealized gains (losses)			Balance sheet amount	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Money held in trust	¥3,820,432	¥3,820,432	¥ –	¥ –	¥ –	¥4,672,032	¥4,672,032	¥ –	¥ –	¥ –

Note: Excluding money held in trust not subject to fair value disclosure (¥701,479 million as of March 31, 2022 and ¥100,288 million as of March 31, 2023).

1) Money Held in Trust for Trading Purposes

The Company did not hold money held in trust for trading purposes as of March 31, 2022 and 2023.

2) Assets Held-to-Maturity in Trust/Assets Held for Reserves in Trust/Other Money Held in Trust

(Millions of yen)

As of March 31	2022					2023				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Assets held-to-maturity in trust	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –
Assets held for reserves in trust	–	–	–	–	–	–	–	–	–	–
Other money held in trust	2,793,740	3,820,432	1,026,692	1,100,917	74,224	3,376,790	4,672,032	1,295,241	1,364,388	69,147
Domestic stocks	1,495,738	2,194,752	699,013	744,929	45,915	1,470,785	2,199,142	728,356	757,497	29,140
Foreign stocks	311,928	586,149	274,221	274,221	–	275,471	534,515	259,043	259,043	–
Foreign bonds	700,016	742,058	42,041	69,059	27,018	643,194	673,286	30,092	64,204	34,111
Other	286,055	297,472	11,416	12,707	1,290	987,339	1,265,088	277,748	283,643	5,895

Notes:

- Excluding other money held in trust not subject to fair value disclosure (¥701,479 million as of March 31, 2022 and ¥100,288 million as of March 31, 2023).
- “Domestic stocks,” “Foreign stocks” and “Foreign bonds” include individual stocks and bonds as well as mutual funds which exclusively invest in these assets.
- “Other” includes cash and deposits, bank loans, and alternative investment.
Due to the application of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” from the fiscal year ended March 31, 2023, mutual funds with no transaction price on the market are measured by assuming net asset value as the fair value.

3) Balances of Securities in Money Held in Trust

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2022							
Domestic stocks						¥ 2,194,752	
Foreign securities						1,422,625	
Foreign corporate and government bonds						—	
Foreign stocks and other securities						1,422,625	
Other securities						774,283	4,391,661
As of March 31, 2023							
Domestic stocks						2,199,142	
Foreign securities						1,705,050	
Foreign corporate and government bonds						—	
Foreign stocks and other securities						1,705,050	
Other securities						721,253	4,625,446

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

4) Currency Composition of Money Held in Trust

(Millions of yen, %)

As of March 31	2022		2023	
	Amount	Percentage	Amount	Percentage
Japanese yen	¥ 3,029,831	69.0	¥ 2,963,117	64.1
U.S. dollar	1,236,617	28.2	1,509,362	32.6
Euro	116,504	2.7	144,615	3.1
Others	8,707	0.2	8,350	0.2
Total	4,391,661	100.0	4,625,446	100.0

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

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

(Millions of yen, %)

As of March 31	2022		2023	
	Fair value	Percentage	Fair value	Percentage
Fishery, agriculture and forestry	¥ 1,803	0.1	¥ 1,834	0.1
Mining	5,860	0.3	5,892	0.3
Construction	79,764	3.6	68,578	3.1
Manufacturing				
Foods	71,589	3.3	90,972	4.1
Textiles and apparel	8,157	0.4	9,637	0.4
Pulp and paper	3,871	0.2	3,481	0.2
Chemicals	153,830	7.0	143,450	6.5
Pharmaceuticals	95,514	4.4	107,263	4.9
Oil and coal products	8,288	0.4	8,519	0.4
Rubber products	12,476	0.6	14,467	0.7
Glass and ceramic products	15,753	0.7	18,033	0.8
Iron and steel	14,474	0.7	18,143	0.8
Nonferrous metals	14,942	0.7	19,917	0.9
Metal products	10,288	0.5	10,845	0.5
Machinery	102,421	4.7	106,764	4.9
Electric appliances	354,691	16.2	373,533	17.0
Transportation equipment	186,465	8.5	178,402	8.1
Precision instruments	49,631	2.3	50,065	2.3
Other products	61,757	2.8	55,479	2.5
Electric power and gas	26,194	1.2	15,675	0.7
Transportation, information and communications				
Land transportation	58,485	2.7	57,250	2.6
Marine transportation	11,723	0.5	16,426	0.7
Air transportation	7,219	0.3	8,322	0.4
Warehousing and port transportation services	3,357	0.2	3,289	0.1
Information and communications	213,323	9.7	213,657	9.7
Trade and services				
Wholesale trade	151,389	6.9	160,635	7.3
Retail trade	95,901	4.4	85,033	3.9
Finance and insurance				
Banking	100,238	4.6	115,538	5.3
Securities and trading	14,481	0.7	13,764	0.6
Insurance	90,293	4.1	71,796	3.3
Other financial services	23,688	1.1	22,584	1.0
Real estate	38,674	1.8	37,753	1.7
Services	108,195	4.9	92,132	4.2
Total	2,194,752	100.0	2,199,142	100.0

(3) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting)

(i) Breakdown of gains (losses) (breakdown of portions with hedge accounting applied and not applied)

(Millions of yen)

	(ii) Interest rate related	(iii) Currency related	(iv) Stock related	(v) Bond related	(vi) Others	Total
As of March 31, 2022	¥ -	¥ (239,449)	¥ -	¥ -	¥ -	¥ (239,449)
Portion with hedge accounting applied	-	(239,193)	-	-	-	(239,193)
Portion with hedge accounting not applied	-	(256)	-	-	-	(256)
As of March 31, 2023	6,399	4,986	-	-	-	11,385
Portion with hedge accounting applied	6,399	5,168	-	-	-	11,568
Portion with hedge accounting not applied	-	(182)	-	-	-	(182)

Notes:

- Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥(239,193) million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2022 are accrued in the statement of income.
- Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥5,168 million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2023, are accrued in the statement of income.

(ii) Interest rate related

(Millions of yen)

Category	As of March 31 Type	2022				2023			
		Contract amount, etc.		Fair value	Net unrealized gains (losses)	Contract amount, etc.		Fair value	Net unrealized gains (losses)
		Due after 1 year				Due after 1 year			
Over-the-counter	Interest rate swaps Receivable fixed rate / Payable floating rate	¥ -	¥ -	¥ -	¥ -	¥100,000	¥100,000	¥ 6,399	¥ 6,399
Total					-				6,399

Note: "Net unrealized gains (losses)" are represented by the fair value (present value) of swap transactions.

(Reference) Interest Rate Swaps by Maturity Date

(Millions of yen, %)

Category		Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	Total
As of March 31, 2022	Notional principal of swaps for receivable fixed rate	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
	Average receivable fixed rate	-	-	-	-	-	-	-
	Average payable floating rate	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-
As of March 31, 2023	Notional principal of swaps for receivable fixed rate	-	-	-	-	-	100,000	100,000
	Average receivable fixed rate	-	-	-	-	-	1.27	1.27
	Average payable floating rate	-	-	-	-	-	(0.02)	(0.02)
	Total	-	-	-	-	-	100,000	100,000

(iii) Currency related

(Millions of yen)

Category	As of March 31 Type	2022			2023				
		Contract amount, etc.		Fair value	Net gain/ loss	Contract amount, etc.		Fair value	Net gain/ loss
			Over one year			Over one year			
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥3,298,169	¥ -	¥ (239,419)	¥ (239,419)	¥1,899,761	¥ -	¥ 4,986	¥ 4,986
	U.S. dollars	1,811,536	-	(127,848)	(127,848)	1,092,002	-	9,789	9,789
	Euros	598,999	-	(23,378)	(23,378)	180,142	-	(5,537)	(5,537)
	Australian dollars	428,242	-	(51,987)	(51,987)	391,275	-	4,005	4,005
	Other	459,390	-	(36,205)	(36,205)	236,341	-	(3,271)	(3,271)
	Purchased	25,737	-	(30)	(30)	-	-	-	-
	U.S. dollars	5,676	-	(49)	(49)	-	-	-	-
	Euros	20,061	-	19	19	-	-	-	-
Total					(239,449)				4,986

Notes:

1. Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
2. Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock related

There were no such outstanding balances as of March 31, 2022 and 2023.

(v) Bond related

There were no such outstanding balances as of March 31, 2022 and 2023.

(vi) Others

There were no such outstanding balances as of March 31, 2022 and 2023.

7 Indicators for Separate Accounts

Not applicable.