

# JAPAN POST INSURANCE CO., LTD.

## Annual Report 2023

Year ended March 31, 2023

A 100-year life. It goes by like a long movie.

Sunny days and rainy days alike, the story goes on.

For you to live happily amid the coming changes...

Japan Post Insurance will always be by your side.

A 100-year life.  
Japan Post Insurance is  
by your side



# Contents

## 04 Message From CEO

## 08 Value Creation Story

08	Value Creation History
10	Contributing to Society through Life Insurance Business
12	Value Creation Process <a href="#">Materiality</a>
14	Social Challenges (Materiality) to Address with Priority
16	Vision and Progress of Each Materiality <a href="#">Medium-Term Management Plan</a>
18	Medium-Term Management Plan (FY2021-FY2025)

## 20 Business Strategy for Value Creation

	<a href="#">Continued Efforts to Regain Trust</a>
20	Continued Efforts to Regain Trust <a href="#">Reinforce Business Foundations</a>
21	Strengthening the Service Provision System for Individual Customers
23	Strengthening the Service Provision System for Corporate Customers
24	Enhancing Insurance Services
26	Achieving Greater Depth and Sophistication of Asset Management <a href="#">Improve Customer Experience Value</a>
28	Improving Customer Experience Value (CX)
30	Employee Roundtable Discussion
34	Engagement with Customers <a href="#">Promote ESG Management</a>
36	Sustainability
37	Climate Change and Biodiversity Initiatives
41	Respect for Human Rights

42	Health Promotion and Increasing Well-Being
44	Development of Local Communities and Society
45	ESG Investment <a href="#">Corporate Culture and Work Style Reform</a>
48	Human Capital Management <a href="#">Reinforcement of Governance, Solvency Policy</a>
53	ERM and Capital Policy
56	Risk Management Systems
58	Outline of the Corporate Governance Structure
64	Directors and Executive Officers
66	Outside Director Roundtable Discussion
69	Engagement with Shareholders and Investors
70	Compliance
73	Education for Sales Personnel and Insurance Solicitation Agents

## 74 About Japan Post Insurance

74	Our Position within the Japan Post Group
76	Financial and Non-Financial Highlights
79	External Evaluation and Support for Initiatives
80	Major Financial and Non-Financial Data

## 83 Corporate Information

## 101 Financial Statements

### Editorial Policy

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

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

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

Notes: 1. This report is intended to provide information to the public and is not intended to constitute a solicitation to invest in stock or other marketable securities of Japan Post Insurance Co., Ltd. or its subsidiaries (the "Group"). This report contains forward-looking statements regarding the outlook and targets of the Group, which are based on information available when the report was prepared or on Japan Post Insurance's expectations derived from projections or assumptions made at the time of the report's preparation. Please note that these forward-looking statements are subject to a broad range of risks and uncertainties, and actual results might vary materially from the statements contained in this report as a result of changes in the economic conditions or business trends, revisions to laws or regulations, effects of large-scale disasters, fluctuations in the value of assets owned, harmful rumors or false information.

2. Unless otherwise noted, the numbers and percentages shown in this report are based on the latest available data as of March 31, 2023.

3. Unless otherwise noted, financial figures in this report are reported on a consolidated basis. Unless the context indicates otherwise, references in this report to "we," "us," "our," "the Company" or similar terms refer to Japan Post Insurance Co., Ltd.

### Materials Posted on Our Website

In addition to this report, you can also view the following materials posted on the Company's website.

#### Sustainability

- Sustainability Report
- Corporate Governance Report
- Responsible Investment Report

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



#### Investor Relations

- Financial Results & Corporate Strategy Meeting Materials
- Other financial materials

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



Web media that provides engaging information

**Kampo Junction**

We are disseminating engaging information such as Japan Post Insurance's sustainability initiatives and product information.





**Social Mission (Purpose) of Japan Post Insurance**

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



## Management Philosophy

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

A base for the day-to-day thoughts, decisions, and actions of all employees

**Thank you for being here**

[See page 19 for details](#)

## Management Policy

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

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

## Code of Conduct

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



**We will realize the value our customers seek by providing life insurance products.**

I am TANIGAKI Kunio, appointed as President of Japan Post Insurance on June 19, 2023. I will continue to do my utmost to carry out our social mission that “We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product,” and hope for your kind support.

The Postal Life Insurance Service, the predecessor of Japan Post Insurance, was founded in 1916 with the social mission of “protecting the means of fundamental livelihood of the public through simple procedures.” Today, over a century later, our life insurance, simple with small coverage amounts, has supported the lives of a great number of customers. Our current management philosophy of “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being” embodies a spirit unchanged since our founding, and is our commitment to the future. I intend to steadfastly carry that mission forward.

In order to realize this mission, I believe that the power of each and every employee is of the essence. To address the various problems related to solicitation quality that arose in FY2019, management took the lead in establishing customer-first business operations by mobilizing the efforts of all employees. I am committed to continue building a corporate culture in which all employees share our vision and mission and each and every employee can take the initiative in achieving this goal.

**TANIGAKI Kunio**

Director and President, CEO,  
Representative Executive Officer

## Review of FY2022

Looking at the environment surrounding the Company and life insurance business, the social and economic impacts of the progress toward a super-aging society, coronavirus disease (COVID-19), and the situation in Ukraine are spreading. We believe that our role of providing peace of mind in response to various anxieties and needs that change with the times will continue to grow more than ever.

In such an environment, in order to achieve our social mission and contribute to resolving social issues related to sustainability, we have formulated a Medium-Term Management Plan (FY2021–FY2025) as a milestone. Based on the Plan, we are working on initiatives for reconstruction aimed at being a company truly trusted by customers; and sustainable growth.

In FY2022, we welcomed approximately 13,000 new employees, including Japan Post consultants (employees who mainly visit customers' homes to conduct activities) and launched a new Japan Post Insurance sales system. In addition, we have fundamentally reviewed our insurance services from the perspective of improving customer experience value (CX) and have reformed our business model. In response to the recent COVID-19 pandemic, we have implemented simple and quick handling, such as immediate transfers of hospitalization benefits on the next business day at the earliest, and paid ¥106.9 billion of benefits for approximately 1.5 million cases in FY2022. As a result, we believe that we have fulfilled our social mission as a life insurance company.

In addition, we recognize the improvement of well-being<sup>(Note)</sup> as an important social issue, and have particularly worked to encourage the spread of "Radio-Taiso," as an important resource for many years. We hope to enhance the value of our insurance services while promoting the benefits of "Radio-Taiso" such as by developing products that utilize empirical data on the health benefits of "Radio-Taiso."

Furthermore, from the perspective of enterprise risk management (ERM), we also pursue improvements of return on risk and capital efficiency in terms of securing profits while maintaining financial soundness, and aim to provide stable returns to shareholders.

FY2023 is the third year and halfway point of our five-year Medium-Term Management Plan. We

would like to further accelerate the reforms that we have been promoting for our reconstruction and sustainable growth, and further promote the realization of our vision.

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

## The new Japan Post Insurance sales system

As an initiative of our Medium-Term Management Plan for reconstruction, a new Japan Post Insurance sales system was built starting in FY2022, in which consultants leverage their high level of expertise and flexibility as life insurance professionals and concentrate on the proposal and follow-up of life insurance products. We also transitioned to a new system (account manager system) where employees with expertise provide high-quality, attentive after-sales follow-up services to individual customers.

In FY2023, we believe that human resource development will be the most important element in order to develop the fundamental strength of our sales force and grow to further satisfy our customers.

To that end, based on this new sales system, in FY2023, we will go forward with the establishment of an integrated companywide sales promotion system and the reinforcement of functions by preparing for the adoption of common standards and systems in the human resource development of consultants and integrating the front line (the sales division, etc., which handles customers' services) with the head office.

In addition, product development that meets customer needs is essential to strengthening our business foundation. On April 1, 2023, in response to rising educational costs and customer requests, we revised *Hajime no Kampo*, an educational endowment insurance, and designed the product to make it easier for customers to prepare their children's education funds.

Educational endowment insurance is a branded product that represents Japan Post and Japan Post Insurance, which have supported the growth of many children for approximately half a century. We hope to fulfill our social mission to "protect customers' lives by providing life insurance product" for the generation of parents, children, and grandchildren through the sale of educational endowment insurance, which has further enhanced its product appeal due to this revision.

We will continue to offer products that precisely meet the needs of customers who want to have generous coverage at low insurance premiums. We will also expand our range of products that meet the needs for coverage of the middle- to senior-aged and elderly population in the age of the 100-year life, while researching and developing products that help extend healthy life expectancy.

### Further improving customer services

Our Medium-Term Management Plan positions “sustainable growth” along with “reconstruction” as major pillars. To achieve this sustainable growth, we are working to improve customer experience value (CX).

We hope to expand our customer base and enhance our competitive edge as a life insurance company by making customers feel glad to be with Japan Post Insurance at every contact point, from enrollment in the insurance policy to after-sales follow-ups and payment.

One of Japan Post Insurance’s strengths is its ability to provide meticulous services to customers through face-to-face and in-person contact points, through its nationwide network with more than 20,000 post offices across Japan. While leveraging the warm face-to-face and in-person interactions at post office counters and with the consultants, we are effectively combining the convenience of non-face-to-face and digital interactions to gradually begin initiatives to improve customer convenience.

Specifically, from July 2022, we have launched initiatives in some areas in which specialist staff from our customer center are present online when customers apply for insurance to confirm their intentions and resolve any uncertainties in real time. We have received favorable feedback from customers, such as, “I liked the careful explanation,” and “It’s easy to understand and I felt assured because confirmation is done on the spot.” In FY2023, we will gradually expand target areas nationwide.

In addition, to meet the needs of customers who want to make various claims and carry out procedures without being restricted by time or location, we are improving our web services, among other initiatives. During FY2022, claims for hospitalization insurance due to COVID-19 became available on web services. We believe that it is our

fundamental mission as an insurance company to stay close to our customers and simply and quickly pay insurance claims, especially in times of need.

The business environment for life insurance companies is changing rapidly, with changes and diversification of customers’ lifestyles and values, and the recent development of digital technologies such as AI. We will continue to improve our CX by responding flexibly and speedily to these changes, and continue to provide services that stay close to every customer, so that customers feel glad to be with Japan Post Insurance.

### Realizing human capital management that supports the company

Employees are the foundation for a company’s reconstruction and sustainable growth. It is essential for the growth of a company that each employee fully understands the vision and mission of that company and works independently to realize them.

In order to promote human capital management that maximizes the power of our employees, who are the assets and foundation of our business, we have set three basic principles: establish a corporate culture in which employees act independently, secure human resources in a strategic manner, and promote the active participation of diverse human resources and flexible work styles.

In order to solve various problems facing the company and achieve sustainable growth, we believe that it is necessary for each employee to think and act independently by having the management and employees share and sympathize with the vision of the future and improving employee engagement.

To this end, we have further fleshed out our management philosophy, and have established a common value which employees base their daily decisions and actions on, to be a presence that customers can rely on and say “Thank you for being here.” In order to share this vision with the company as a whole, in addition to continuous messages from the President, we are continuously exchanging opinions between the management and employees. Every opinion exchange increases interest between the management and employees, thereby creating a synergistic effect that increases employees’ confidence in their work.



It is also extremely important to secure human resources that support the sustainable growth of the company. By visualizing the quantity and quality of human resources needed at present and in the future, and by recruiting and training human resources accordingly, we will strengthen our organization and develop employees.

In particular, we believe that it is urgent to secure management personnel who can support and lead the areas of contact between customers and the company, such as retail sales and customer centers. Accordingly, we will engage in efforts including the restructuring of our training system.

It is also important to respect the diversity of these human resources and promote flexible working styles. We will respect employees with diverse backgrounds, regardless of gender, age, nationality, race, and disability, and provide equal opportunities to them. We believe that by respecting diversity, we can incorporate the various perspectives of our employees to promote creativity and innovation.

Through these human capital management initiatives, each employee will achieve self-fulfillment and maximize corporate value. By doing so, we aim to be a company in which all employees work together to receive the words, "Thank you for being here," from our customers.

### Finally, a message to our stakeholders

We must seriously consider the expectations of customers, shareholders, employees, members of the local community and all our stakeholders, and achieve sustainable corporate growth by finding solutions to social issues in order to meet their expectations. I believe that these are the responsibilities placed on me as president. To this end, I am determined to move forward with the same enthusiasm and the flexibility to adapt to these times full of changes.

FY2023 will be an extremely important year for Japan Post Insurance's reconstruction and sustainable growth. All of our employees will work together to do our utmost to fulfill our social mission: "We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product."

I would like to ask for your ongoing support and patronage as we strive to meet your expectations for Japan Post Insurance continuing to evolve to a new stage.



# Value Creation History

## 1885 Ministry of Communications

## 1949 Ministry of Posts and Telecommunications

## 2001 Postal Service Agency 2003 Japan Post

### 1885-1949

**1916**

- ▶ Commenced postal life insurance business



**1926**

- ▶ Commenced postal annuity business

**1928**

- ▶ National Health Exercise Program (precursor of "Radio-Taiso") began



### 1949-2001

**1949**

- ▶ Ministry of Posts and Telecommunications was established
- ▶ Implemented double payment of insurance benefits

**1951**

- ▶ NHK started broadcasting the Radio-Taiso No. 1 Program



**1953**

- ▶ "Radio-Taiso" Summer Tour commenced



**1962**

- ▶ Festival of 10 Million People's "Radio-Taiso" launched

**1999**

- ▶ Established special endowment insurance maturing at a specified age
- ▶ Minna no Taiso ("Exercise for Everyone") Program began

### 2001-2007

**2001**

- ▶ Postal Service Agency was established

**2003**

- ▶ Japan Post was established

**2006**

- ▶ Kampo Co., Ltd. was established



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

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

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



## 2007 Japan Post Insurance

### 2007-2023

#### 2007

- ▶ Japan Post Group was established
- ▶ Obtained approval for new operations (liberalization of investment products)

#### 2008

- ▶ Commenced commissioned sales of life insurance products for corporate clients
- ▶ Launched *Sono hi kara*, a new hospitalization rider

#### 2011

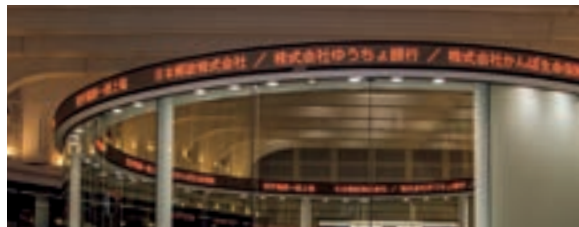
- ▶ JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (current consolidated subsidiary) became a subsidiary

#### 2014

- ▶ Launched *Hajime no Kampo*, an educational endowment insurance

#### 2015

- ▶ Launched *Shin Free Plan* (short-term premium payment), an endowment insurance
- ▶ Listed on the First Section of the Tokyo Stock Exchange
- ▶ Commenced commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)



#### 2016

- ▶ 100th anniversary of Postal Life Insurance
- ▶ Obtained approval for new operations (underwriting of reinsurance and related services)
- ▶ Business alliance with The Dai-ichi Life Insurance Company, Limited\*

\* Currently Dai-ichi Life Holdings, Inc.

#### 2017

- ▶ Launched *Sono hi kara Plus*, a new medical care rider; *Shin Nagaiki Kun Low Cash Value Plan*, a new whole life insurance; and *Choju no Shiawase*, a longevity support insurance



#### 2019

- ▶ Began providing *Sukoyakanpo* health support app
- ▶ Launched *Kampo ni Omakase*, products with relaxed underwriting criteria; and an advanced medical care rider
- ▶ Secondary offering of common stock of the Company



#### 2021

- ▶ Announcement of Medium-Term Management Plan (FY2021–FY2025)

#### 2022

- ▶ Launched *Motto sono hi kara Plus*, a new medical care rider
- ▶ Moved from the First Section of the Tokyo Stock Exchange to the Prime Market



#### 2023

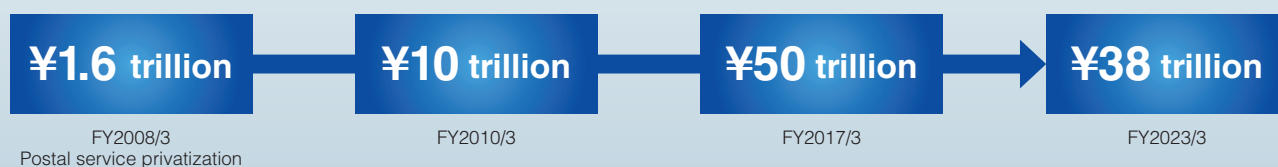
- ▶ Revised *Hajime no Kampo*, an educational endowment insurance



## Japan Post Insurance (after privatization)

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

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



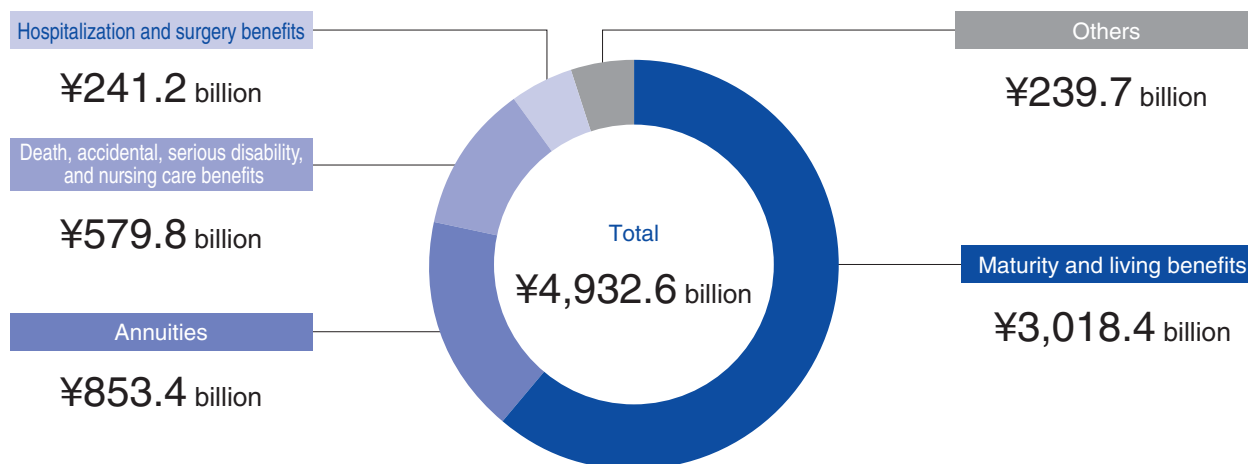
Notes: 1. For Postal Life Insurance Policies enrolled in before September 2007, we are separately commissioned by the Management Network to engage in insurance policy operations. The amount of Postal Life Insurance Policies in force (insurance) as of March 31, 2023 was ¥19 trillion.  
2. The basis for recording the amount of policies in force differs between Postal Life Insurance Policies and Japan Post Insurance Policies.



## Contributing to Society through Life Insurance Business

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

### Insurance Claims/Annuities/Benefit Payments (FY2023/3)



Notes: 1. Includes payments for Postal Life Insurance Policies reinsured by us from the Management Network.

2. For convenience, payments under Postal Life Insurance Policies are recorded for each event of payment under the contract with the policyholder as opposed to the classification recorded in the financial statements.

### Extremely Large Customer Base



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

2. The number of policies in force includes Postal Life Insurance reinsured by us.

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



Notes: 1. "Post offices" indicates the number of post offices undertaking life insurance solicitation, and "Contracted post offices" indicates the number of contracted post offices that have concluded life insurance solicitation consignment contracts.

2. The number of sales personnel represents those serving in the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel), as well as managers and consultants (employees who mainly visit customers' homes, etc.) serving at the Retail Service Division at branches.

Japan.

## Products with Easy Procedures and Smaller Coverage Amounts

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

No examination by physician is required (no medical examination) when applying for enrollment

Customers can enroll by reporting health status (with a declaration form)

No occupational restrictions

## Customer Feedback



A post office employee recommended educational endowment insurance, which I enrolled in. After enrollment, my husband passed away, but I was exempted from paying the insurance premiums and I was able to receive maturity benefits without any complications. I'm really glad that I enrolled in educational endowment insurance.

When I visited a post office near a hospital for my hospitalization insurance claims, I received prompt and courteous service. I was feeling unwell and anxious, so I was relieved to hear their kind words. I'm glad that I chose Japan Post Insurance.



## Initiatives in Response to COVID-19

We would like to extend our deepest sympathies and condolences to those who have been affected by the outbreak of COVID-19.

We performed the following initiatives to fulfill our social mission and our role as a life insurance company throughout the COVID-19 pandemic until the status of COVID-19 under the Infectious Diseases Control Act was changed to "Category V Infectious Disease" on May 8, 2023.

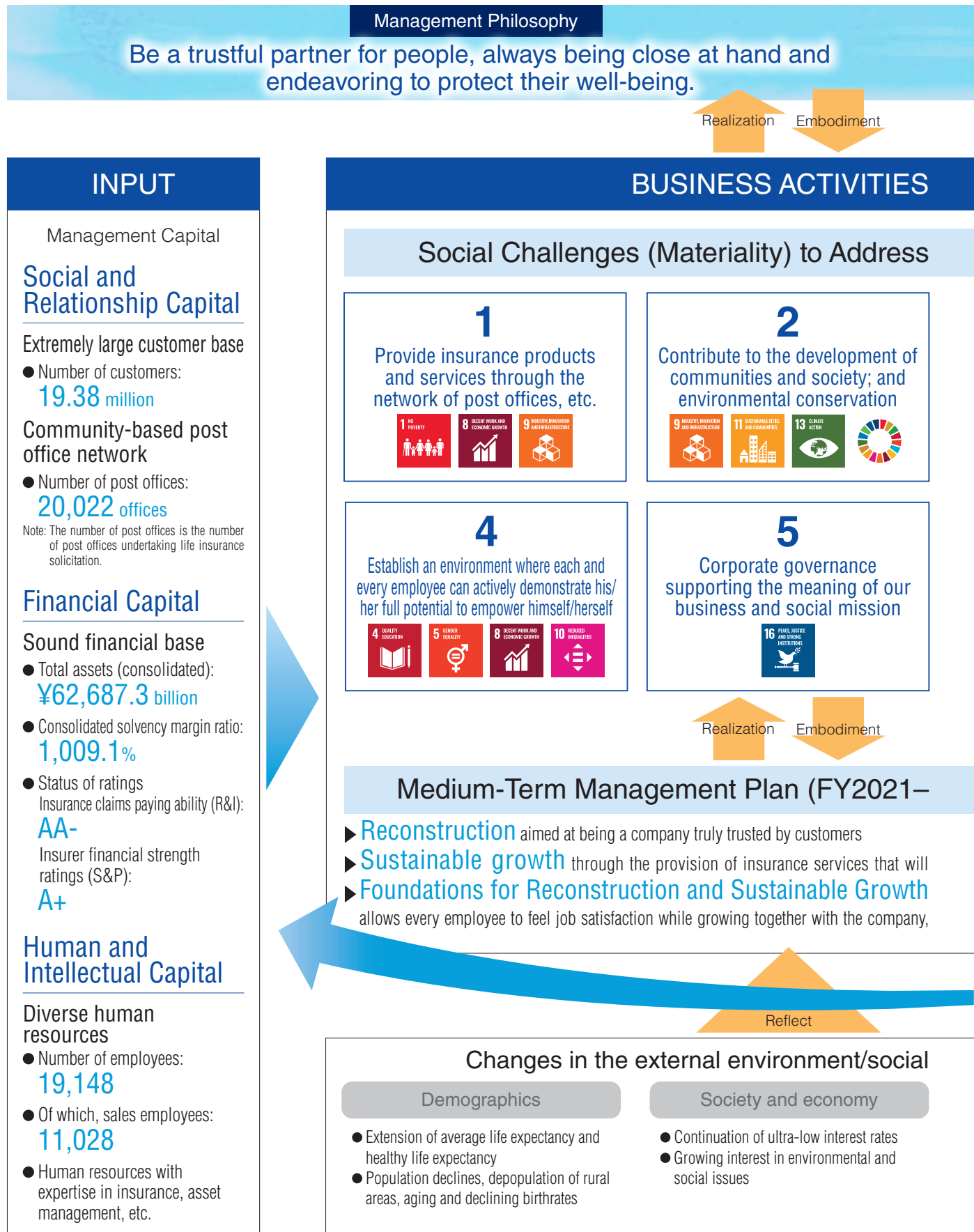
- Payment of hospitalization insurance even in cases of recovering at home or at an accommodation facility due to circumstances at medical institutions, etc. resulting from the impact of COVID-19
- Payment of additional insurance benefits in the event of death due to COVID-19 on top of the death benefit (the "double payment of insurance benefits")
- Handling of immediate transfer (transfer on the next business day) of hospitalization insurance in cases of recovering at home or at an accommodation facility due to COVID-19

### ▶ Payment status for COVID-19

	FY2020/3	FY2021/3	FY2022/3	FY2023/3	Cumulative
Death benefit (including the double payment of insurance benefits)	—	¥4,989.81 million (1,456 cases)	¥13,314.57 million (3,807 cases)	¥45,885.94 million (15,257 cases)	¥64,190.32 million (20,520 cases)
Hospitalization insurance	¥0.74 million (15 cases)	¥824.57 million (14,023 cases)	¥5,469.51 million (110,562 cases)	¥61,015.60 million (1,493,752 cases)	¥67,310.42 million (1,618,352 cases)

# Value Creation Process

We aim to provide our stakeholders with value through our life insurance business. By continuously running the value






creation cycle, we will enhance our corporate value over the medium to long term.

Social Mission (Purpose)

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

with Priority

p.14

3

Extend healthy life expectancy through health promotion, etc. - Increase well-being



FY2025)

p.18

impress our customers  
– reform into a corporate culture that and governance reinforcement

needs

Living environment

- Growing preference for personalization
- Changes in medical services, interest in health promotion
- Advances in digital technology/changes in customer behavior

OUTCOME

FY2025 Targets

Social and Relationship Capital

- Customer satisfaction: **90% or more**
- NPS® : **One of the highest in the industry**
- Number of policies in force (individual insurance): **20 million or more policies**
- Total power generation output from renewable energy facilities that we lend money to and invest in: **1.5 million kW** during the Medium-Term Management Plan period
- Greenhouse gas emissions (FY2031/3 target) (compared to FY2020/3): **Reduce 46%**

Financial Capital

- Net income: **¥91.0 billion**
- Divided-per-share (DPS): In principle aim not to decrease but to increase dividend per share for the period of the Medium-Term Management Plan
- EV growth (RoEV): **6% to 8% growth**

Human and Intellectual Capital

- ES (engagement score) survey results: **B**
- Rate of taking childcare leave: **100% for both male and female employees**
- Rate of employees with disabilities (for the entire Japan Post Group): **2.5%**
- Ratio of female managers at the head offices (FY2031/3 target): **30%**

IMPACT

Value provided to stakeholders



Customers

Protect customers' lives by providing services that impress them



Local Communities and Society

Contribute to the realization of a sustainable society



Shareholders and Investors

Enhancing shareholder returns through sustainable improvement of corporate value



Employees

Realize an environment where every employee can work with a sense of job satisfaction

# Social Challenges (Materiality) to Address with Priority

To fulfill our social mission through our life insurance business and to contribute to the resolution of sustainability-related social issues, Japan Post Insurance set up five “Social Challenges (Materiality) to Address with Priority.” We have used SDGs as a basis in identifying the materiality.

This materiality was determined in March 2021. Going forward, we will review it as necessary based on the changes in the external environment.

## Materiality Identification Process

### STEP 1 Extracting social issues related to our business

From the 169 specific targets for achieving the 17 goals of the SDGs, we extracted social issues for the Company, which runs insurance business.



1.4 Provision of basic insurance services	3.3 Contribution to the prevention of the spread of infectious diseases	3.4 Risk prevention through health promotion
3.4 Health management	3.8 Contribution to Universal Health Coverage	4.4 Human resource development
4.7 Health and financial literacy	5.4 Support for balancing work with childcare and nursing care	5.5 Increasing the ratio of female managers
5.b Promotion of telework	5.c Support for female activities	7.2 Practical use of renewable energy
7.3 Improvement of energy efficiency	7.a Investment in clean energy	8.5 Corporate culture reform and work style reform
8.8 Promotion of employment of people with disabilities	8.8 Safe and secure working environment	8.10 Facilitation of customer access
9.4 Efforts to reduce CO <sub>2</sub> emissions	9.5 Promotion of innovation, research, and study	10.2 Promotion of diversity
10.3 Promotion of business and human rights	11.1 and 11.4 Contribution to the local community	11.6 Proper disposal of waste (volunteer cleaning)
12.5 Recycling of resources	12.6 Disclosure of sustainability information	13.2 Addressing climate change
13.3 Education on climate change	14.1 Prevention of marine pollution	15.4 Approaches to natural capital and biodiversity
16.1 Elimination of antisocial forces	16.3 Ensuring compliance	16.4 Elimination of money laundering, etc.
16.5 Anti-corruption	16.6 and 16.7 Corporate governance	17.17 Cooperation with local governments and local communities
ALL Promotion of ESG investment		

Note: The number assigned to each social issue is the one for the 169 targets of the related SDGs.

### STEP 2 Identifying high-priority social issues

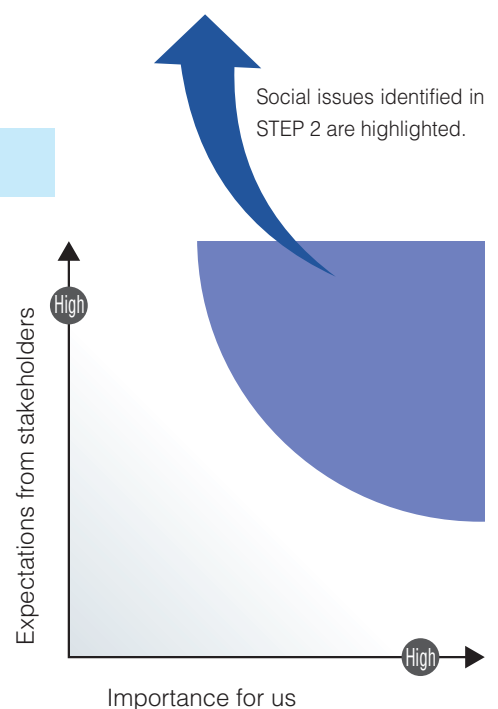
We identified high-priority social issues by prioritizing social issues extracted in STEP 1 based on the two standards: “importance for us (strategic importance)” and “expectations from stakeholders.”

#### Importance for us (strategic importance)

Selected based on our management philosophy, social mission (purpose), and the basic policies of the Medium-Term Management Plan (FY2021–FY2025)

#### Expectations from stakeholders

Selected based on opinions received from stakeholders, such as customers, investors, employees and local communities, and the international community (see the next table)



[Reference] Expectations from each stakeholder (excerpt)

Customers	Investors
<ul style="list-style-type: none"> <li>● Provision of basic insurance services</li> <li>● Provision of new products and services</li> <li>● Provision of services through familiar post offices</li> <li>● Appropriate sales of products</li> </ul>	<ul style="list-style-type: none"> <li>● Provision of new products and services</li> <li>● Initiatives for health promotion</li> <li>● Promote ESG investment</li> <li>● Response to climate change, approaches to biodiversity</li> </ul>
Employees and local communities	International community
<ul style="list-style-type: none"> <li>● Rectification of long working hours, improvement of ES</li> <li>● Promotion of diversity</li> <li>● Providing products and services through the network of community based post offices</li> <li>● Strengthening initiatives to promote health such as through the popularization of Radio-Taiso</li> </ul>	<ul style="list-style-type: none"> <li>● Promotion of measures against infectious diseases and Universal Health Coverage</li> <li>● Achieving carbon neutrality by 2050</li> <li>● Promotion of ESG investment</li> <li>● Realization of decent work</li> </ul>

### STEP 3 Determining materialities

We organized the high-priority social issues identified in STEP 2 into the following five materiality items, discussed and determined them at the Sustainability Committee and Executive Committee, and reported them to the Board of Directors.

Social Challenges (Materiality) to Address with Priority	The high-priority social issues identified in STEP 2	Goals of Achieving SDGs	Main Initiatives
Provide insurance products and services through the network of post offices, etc.	1.4 Provision of basic insurance services		<ul style="list-style-type: none"> <li>● Provide basic protection and services through the network of community based post offices</li> <li>● Integrate the network of post offices and digital contact points through DX promotion</li> <li>● Develop products that respond to the protection needs of all generations</li> </ul>
	8.10 Facilitation of customer access		
	9.5 Promotion of innovation, research, and study		
Contribute to the development of communities and society; and environmental conservation	9.4 Efforts to reduce CO <sub>2</sub> emissions		<ul style="list-style-type: none"> <li>● Initiatives for carbon neutrality</li> <li>● Initiatives in accordance with the TCFD proposal</li> <li>● Promote ESG investment</li> </ul>
	11.1 and 11.4 Contribution to the local community		
	13.2 Addressing climate change		
	ALL Promotion of ESG investment		
Extend healthy life expectancy through health promotion, etc. - Increase well-being	3.3 Contribution to the prevention of the spread of infectious diseases		<ul style="list-style-type: none"> <li>● Popularize "Radio-Taiso"</li> <li>● Provide services utilizing health promotion app "Sukoyakanpo"</li> <li>● Provide insurance services based on interest in health promotion and social needs</li> <li>● Promote ESG investment</li> <li>● Respond to the spread of COVID-19</li> </ul>
	3.4 Risk prevention through health promotion		
	ALL Promotion of ESG investment		
Establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself	4.4 Human resource development		<ul style="list-style-type: none"> <li>● Corporate culture reform/work style reform</li> <li>● Human resources development, strengthening the use of human resources</li> <li>● Promote diversity (promoting expanding roles for female employees, providing support for balancing work and childcare/nursing care, promoting employment of persons with disabilities, and responding to gender diversity)</li> </ul>
	5.4 Support for balancing work with childcare and nursing care		
	5.5 Increasing the ratio of female managers		
	5.c Support for female activities		
	8.5 Corporate culture reform and work style reform		
	8.8 Promotion of employment of people with disabilities		
	10.2 Promotion of diversity		
Corporate governance supporting the meaning of our business and social mission	16.3 Ensuring compliance		<ul style="list-style-type: none"> <li>● Regain customers' trust</li> <li>● Thorough compliance</li> <li>● Strengthen corporate governance</li> </ul>
	16.6 and 16.7 Corporate governance		

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



## Vision and Progress of Each Materiality

We have formulated a Sustainability Implementation Plan related to each materiality and defined our vision and KPIs Progress reports regarding the Sustainability Implementation Plan are made at the Sustainability Committee, and sustainability promotion system.)

Materiality	Vision set forth in the Sustainability Implementation Plan	KPIs
<p>Provide insurance products and services through the network of post offices, etc.</p> 	<p>We will remain trusted and selected by customers, thereby continuing to protect their lives by understanding their expectations and embodying them to improve customer experience value (CX).</p>	<p>Customer satisfaction<sup>1</sup> FY2025 target: 90% or more</p> <p>NPS<sup>®2</sup> FY2025 target: One of the highest in the industry</p> <p>Promptly respond to customers in times of emergency (yearly target)</p>
<p>Contribute to the development of communities and society; and environmental conservation</p> 	<p>We aim to be a company that continues to be trusted by local residents and international society through activities that contribute to society, such as promoting ESG and respecting human rights.</p> <p>Contribute to achieving a carbon-neutral by 2050 and environment-friendly society, through our activities in consideration of the environment such as reduction of CO<sub>2</sub> emissions.</p>	<p>Implementing social contribution activities (yearly target)</p> <p>CO<sub>2</sub> emissions (Scope 1, 2) FY2030 target: Reduce 46% (compared to FY2019) 2050 target: Achieve carbon neutrality</p> <p>Total power generation output from renewable energy facilities that we lend money to and invest in: FY2021–FY2025 target: 1.5 million kW (limited to power output from the renewable energy facilities that we lend money to and invest in, after calculating our holdings)</p>
<p>Extend healthy life expectancy through health promotion, etc. - Increase well-being</p> 	<p>By extending healthy life expectancy and resolving social issues such as improvement of well-being through health promotion, we will achieve sustainable improvement of corporate value and establish our position as the industry's leading health support company.</p>	<p>Recognition of the Company as the main implementing body of Radio-Taiso FY2023 target: 25%</p>
<p>Establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself</p> 	<p>Foster a culture that allows employees to enhance their engagement and grow together with the company</p> <p>Create a working environment in which employees can play active roles regardless of gender</p> <p>Create a working environment in which employees can regularly balance childcare/nursing care with work, and play active roles</p> <p>Accurately evaluate the working ability of people with disabilities and provide them with employment opportunities</p>	<p>Results of ES (engagement score) survey<sup>5</sup> FY2025 target: B</p> <p>Ratio of female managers at the head offices FY2030 target: 30%</p> <p>Rate of taking childcare leave FY2025 target: 100% for both male and female employees</p> <p>Rate of employees with disabilities (for the entire Japan Post Group)<sup>6</sup> FY2025 target: 2.5%</p>
<p>Corporate governance supporting the meaning of our business and social mission</p> 	<p>Strengthen governance by implementing initiatives based on the Compliance Program</p>	<p>Implement initiatives based on the Compliance Program (yearly target)</p>

Notes: 1. The total percentage of customers who responded as "satisfied" and "somewhat satisfied" with a 5-level rating of customer satisfaction.  
 2. NPS<sup>®</sup> (Net Promoter Score) is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc. (currently NICE Systems, Inc.)  
 3. "NPS<sup>®</sup> Benchmark Study, Life Insurance Division (2021/2022)" by NTTCom Online Marketing Solutions  
 4. The results for FY2021 are shown in the table as the results for FY2022 are still being compiled.  
 5. The "MOTIVATION CLOUD" provided by Link and Motivation Inc. is used to evaluate the degree to which our employees are satisfied with their work, work environment, human external website.)  
 6. Rate of employees with disabilities among all employees (including employees with fixed term jobs, etc., excluding temporary employees) of the Japan Post Group (including 1 of each fiscal year. Because the Company adopts group application based on the Act to Facilitate the Employment of Persons with Disabilities in calculating the rate of

to promote various initiatives.

timely reports are also made to the Executive Committee and Board of Directors. (Please see page 36 for the

Results		FY2022 Evaluation/Future Initiatives
FY2021 78%	FY2022 79%	Although both the evaluation and the position in the industry have been improved, the target has not been reached. With the account manager system (introduced in April 2022), we will increase contact points using in-person interaction and digital technology, and provide experiences that make people feel glad they chose Japan Post Insurance.
FY2021, FY2022 Fell short of the highest level in the industry [Reference] NPS® benchmark survey <sup>3</sup>		
FY2021 (62.3)	FY2022 (55.1)	We promptly implemented emergency handling in the event of disasters and during the spread of COVID-19. We will continue to promptly implement emergency measures in the event of disasters, etc.
FY2022 Engaged in emergency handling, such as omission of some required documents in the event of disasters and during the spread of COVID-19.		
FY2022 Conducted trials of financial education for elementary school students, provided support for parasports, such as wheelchair tennis and boccia, and conducted volunteer activities.		In FY2022, we started conducting trials of financial education for elementary school students and support for parasports boccia. We will continue to promote various social contribution activities.
FY2020 Reduced 7.8%	FY2021 Reduced 21.5% <sup>4</sup>	We reduced greenhouse gas emissions as planned by switching, to renewable energy for the electricity used in large-scale facilities. As for renewal of commercial vehicles, we will continue to promote the switch to eco-friendly vehicles such as hybrid vehicles.
FY2021 0.75 million kW	FY2022 0.953 million kW (Preliminary figure)	Investment in renewable energy facilities progressed mainly overseas, and total power generation output increased generally as planned. We will continue to make investments and provide loans in cooperation with asset management companies in order to realize both the accumulation of total power generation output to achieve the target values of the Medium-Term Management Plan and secure profits.
FY2021 18.2%	FY2022 21.4%	Although we have not reached our goal, awareness is rising. We will continue aiming to improve the recognition by holding in-person events, such as Radio-Taiso Tour and expanding opportunities to implement Radio-Taiso using digital technology.
FY2021 CCC	FY2022 C	There are challenges in fostering a sense of unity as a company as a whole, as half of all employees of the company are new employees due to the transition to the new Japan Post Insurance sales system in FY2022. We will continue to work on revitalizing internal communication, such as information dissemination from the President and direct dialogue between the management and employees.
As of April 1, 2022 13.9%	As of April 1, 2023 15.5%	In FY2022, we implemented measures for promotion of expanding roles of female employees, such as training for future managers. However, in order to achieve the target, it is necessary to strengthen and consider further efforts. We will continue to implement training that leads to career development support for female employees who are prospective candidates for management positions, and we will promote development of a work environment where many female employees can play active roles.
FY2021 Female employees 100.0% Male employees 92.7%	FY2022 Female employees 100.0% Male employees 96.9%	As a result of continuous efforts, such as holding work-life balance support seminars, we were able to spread understanding throughout the Company and made steady progress. We will continue to foster a corporate culture that makes it easier for employees to take childcare leave and return to work smoothly, by following and confirming the implementation status of return-to-work programs and holding seminars to promote understanding of work-life balance support.
FY2021 2.35%	FY2022 2.42%	In FY2022, we expanded the employment of employees with disabilities by taking steps to secure employment, such as holding individual interviews and round-table discussions, and setting up a consultation desk. In addition to administrative support work, we also started operating a cafe for employees. In FY2023, we will continue to work to establish and expand employment, and create environments where employees with disabilities can actively demonstrate their full potential.
FY2022 Implemented initiatives based on the Compliance Program as planned		Continuing from FY2022, the FY2023 Compliance Program was formulated by selecting items that should be prioritized based on an evaluation of the Company's unique risks and the system to respond to them. In FY2023, we will continue to promote initiatives in line with the Compliance Program.

relations, benefits, and other aspects of their jobs. C is the 9th from the top of all 11 levels, CCC is the 7th from the top and B is the 6th from the top. (Survey method: Questionnaire on an Japan Post Holdings Co., Ltd., Yusei Challenged Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Insurance Co., Ltd., and Japan Post Staff Co., Ltd.) as of June employees with disabilities, the target rate of people with disabilities applies to the entire Japan Post Group.

# Medium-Term Management Plan (FY2021–FY2025)

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

In May 2021, Japan Post Insurance announced its Medium-Term Management Plan (FY2021–FY2025), which positions “We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product” as our social mission.

We have the following basic policies: reconstruction aimed at being a company truly trusted by customers; sustainable growth through the provision of insurance services that will impress our customers; and reform into a corporate culture that allows every employee to feel employee satisfaction in achieving these goals while growing together with the company, and governance reinforcement. We are implementing each initiative in accordance with these basic policies.

		Basic policy	Reference pages
Reconstruction	Continue efforts to regain trust	• Thoroughly implement customer-first business operations and regain customers' trust	p.20
	Reinforce business foundations	• Improve profitability by responding to the protection needs of customers in all age groups and through efficient business operations	p.21-p.27
Sustainable Growth	Improve customer experience value	• Build systems for provision of services that position customer experience value (CX) as our top priority	p.28-p.35
	Promote ESG management (Contribute to solutions to social issues)	• Contribute to solutions to social issues around sustainability and achieve SDGs and sustainable growth	p.36-p.47

### Foundations for Reconstruction and Sustainable Growth

Corporate culture and work style reform	• Reform into a corporate culture that allows every employee to feel employee satisfaction while growing together with the company	p.48-p.52
Reinforcement of governance, solvency policy	• Through more sophisticated risk sensitivity, ensure soundness in business operations and realize sustainable growth	p.53-p.73

Notes: CX is an abbreviation for Customer Experience.

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

The Medium-Term Management Plan (FY2021–FY2025) is closely aligned to Japan Post Insurance’s Social Challenges (Materiality) to Address with Priority. We aim to achieve our sustainable growth and realize the SDGs by promoting the initiatives of the Medium-Term Management Plan.


Basic Policy of Medium-Term Management Plan (FY2021–FY2025)	Social Challenges (Materiality) to Address with Priority				
	Provide insurance products and services through the network of post offices, etc.	Contribute to the development of communities and society; and environmental conservation	Extend healthy life expectancy through health promotion, etc. - Increase well-being	Establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself	Corporate governance supporting the meaning of our business and social mission
Continue efforts to regain trust	●			○	●
Reinforce business foundations	●			○	○
Improve customer experience value	●			○	○
Promote ESG management	●	●	●	●	●
Corporate culture and work style reform	○			●	○
Reinforcement of governance, solvency policy	○				●

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



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

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

Financial Targets, etc.	FY2025 Targets	FY2022 Results
Customer satisfaction <sup>1</sup>	Aim for 90% or more	79%
NPS <sup>®2</sup>	Aim for one of the highest in the industry	Fell short of the highest level in the industry [Reference] NPS <sup>®</sup> Benchmark Survey <sup>3</sup> NPS <sup>®</sup> : (55.1)
Number of policies in force (individual insurance)	20 million or more policies	20.98 million policies
Net income	¥91.0 billion (FY2023 ¥78.0 billion)	¥97.6 billion
Divided-per-share (DPS)	In principle aim not to decrease but to increase dividend per share for the period of the Medium-Term Management Plan	¥92
EV growth (RoEV)	Aim for 6% to 8% growth <sup>4</sup>	3.1%
ESG Targets	Targets	Results
CO <sub>2</sub> emissions	FY2030 (compared to FY2019) Reduce 46% <sup>5,6</sup>  Aim to achieve carbon neutrality by 2050	Reduced 21.5% (FY2021 results)
Ratio of female managers	FY2030 the ratio of female managers at the head offices of 30% <sup>7</sup>	15.5% (As of April 1, 2023)

Notes: 1. The total percentage of customers who responded as “satisfied” and “somewhat satisfied” with a 5-level rating of customer satisfaction.

2. NPS<sup>®</sup> is an abbreviation for “Net Promoter Score” and a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc. (currently NICE Systems, Inc.)

3. “NPS<sup>®</sup> Benchmark Study, Life Insurance Division (2022)” by NTTCom Online Marketing Solutions

4. Calculated by excluding economic variance factors.

5. Subject to Scope 1 (direct emissions from the company) and Scope 2 (emissions associated with the use of electricity, etc. supplied by other companies) of the four main companies of Japan Post Group. Increases due to new businesses such as the real estate business have been excluded.

6. In order to achieve the targets, the carbon neutralization is necessary, including the popularization of renewable energy in Japan. Japan Post Group will also support the carbon neutralization of Japan and the world. We will support the Paris Agreement and promote efforts to achieve carbon neutrality.

7. We aim to achieve the ratio above as of April 1, 2031, a date when the effect of the initiatives up to FY2030 will have become apparent.

## TOPICS: A Base for the Day-to-Day Thoughts, Decisions, and Actions of All Employees

In order for the Company to develop and grow sustainably, it is important for every employee to always ask themselves what they should do in their respective positions. Our management philosophy is the common value shared by the entire company to achieve this. In order for every employee to make this management philosophy their own and bring about a change in behavior, we have come up with our base as a phrase that embodies our philosophy and connects it to employee behavior.

All executives and employees work from this base to think and act independently in our everyday work in order to enhance the power of the Company.

Management Philosophy  
Japan Post Insurance's Ideal Vision  
Embodiment

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

A Base for  
the Day-to-Day  
Thoughts, Decisions,  
and Actions  
of All Employees

- 1) The value of our existence shines when people tell us “Thank you for being here.”  
We are a company that customers can rely on when they are anxious or when they want support.
- 2) We will continue to develop, grow, and exist as a company so that we can always protect the lives of all our customers.
- 3) To this end, each and every one of us will independently think, act, and challenge ourselves every day.

## Continued Efforts to Regain Trust

### Customer-first Business Operations

Based on our Management Philosophy, “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” Japan Post Insurance provides simple and easy-to-understand life insurance products with smaller coverage amounts to 19.38 million<sup>(Note)</sup> customers through the nationwide post office network.

To pursue the best interests of each of our 19.38 million customers, we formed a vision for customer-first business operations, along with the measures needed to ensure its realization in terms of our framework and business operations. We announced this on April 7, 2017 as our Basic Policy for Customer-first Business Operations. Even thereafter, we conduct annual reviews and make revisions to the Policy as necessary, based on the standpoint of solicitation quality issues, the Medium-Term Management Plan, and the need to improve customer experience value (CX).

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

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

📄 Basic Policy for Customer-first Business Operations (in Japanese)  
[https://www.jp-life.japanpost.jp/aboutus/company/abt\\_cmp\\_fiduciary.html](https://www.jp-life.japanpost.jp/aboutus/company/abt_cmp_fiduciary.html)

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

📄 Solicitation Policy of Japan Post Insurance Co., Ltd. (in Japanese)  
[https://www.jp-life.japanpost.jp/policy/pcy\\_sol\\_index.html](https://www.jp-life.japanpost.jp/policy/pcy_sol_index.html)

### Initiatives for and Progress on the Business Improvement Plan

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

In response to the JP Reform Execution Committee’s<sup>(Note)</sup> evaluation, we have decided to discontinue our activities relating to the “Pledge to Regain Customers’ Trust” that we have been implementing since September 2020. However, we will continue our broader efforts to regain and earn the trust of customers going forward.

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

# Strengthening the Service Provision System for Individual Customers

## Recognition of the Environment and Basic Strategy

With the spread of COVID-19, in addition to the shrinking population due to the declining birthrate and the progress of a super-aging society, we believe that our role of providing peace of mind in response to various anxieties and needs that change with the times will continue to grow.

In these circumstances, from April 2022, we have initiated a new Japan Post Insurance sales system in which consultants of Japan Post Co. belong to our Retail Service Division and act as employees of Japan Post Insurance. Consultants concentrate on the proposal and follow-up of life insurance products, and we also transitioned to a new system (account manager system) where employees provide high-quality, attentive after-sales follow-up services to individual customers. In order to conduct meticulous follow-up for every customer under the account manager system, we designate employees who are responsible for each customer, and we are working to strengthen relationships of trust with customers by providing a wider range of higher quality services to all customers.

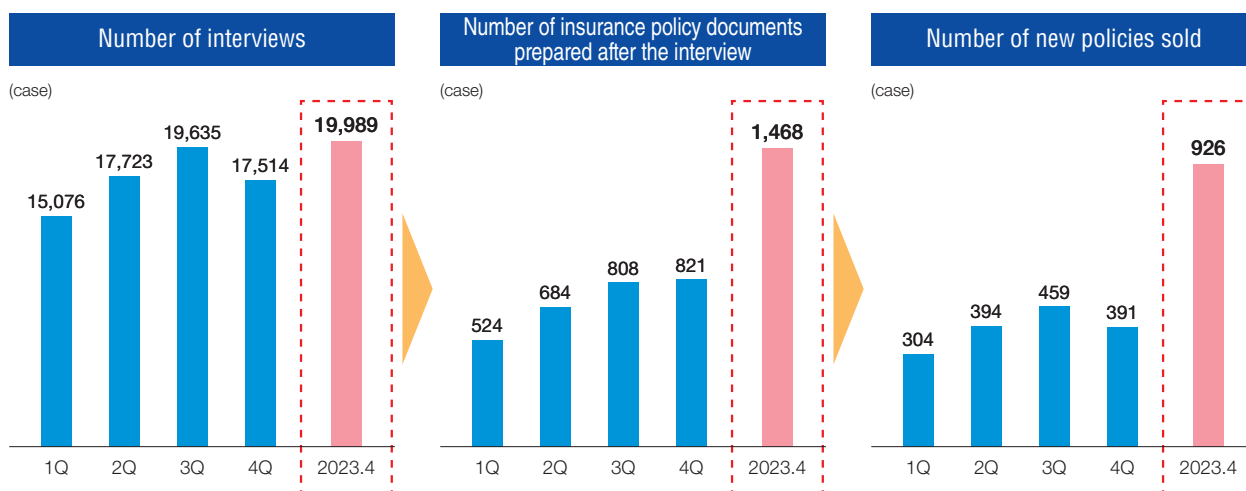
Through these efforts, we will build a true relationship of trust with our customers, and work to improve issues for each office and each consultant, and develop human resources. By doing so, we aim to provide better insurance services to our customers and continue to expand and grow the market.

## Review of FY2022 and Initiatives for Future Sales Recovery

In FY2022, we worked to restore sales capabilities and the market by transitioning to and normalizing a new sales system, and rebuilding relationships of trust with customers by introducing an account manager system. Although we made progress in enhancing insurance services, such as by revising medical care riders, sales of new policies were limited to a moderate recovery.

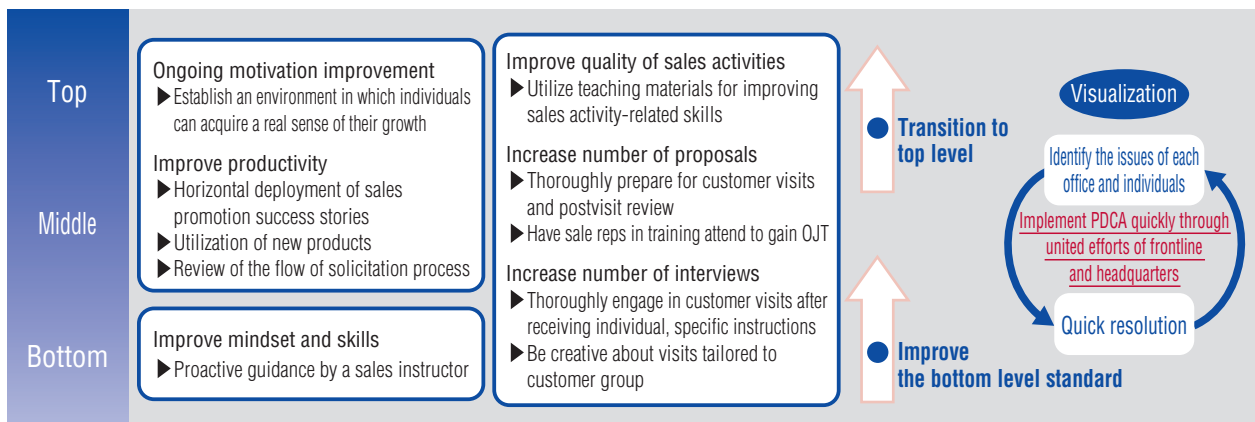
In early FY2023, while the number of cases related to the status of sales activities has increased from the previous fiscal year, there are still variations in the status of sales efforts depending on the office and consultant. Therefore, we will promptly implement measures according to the issues at each office, further raise the level of sales performance at all offices, especially those at mid-level, and work toward an early recovery in sales.

### ► Status of activities of the retail division (Retail Service Division)



Note: Average number of cases per business day in each month during the quarter. For April 2023, the average number of cases per business day in April.

► Support for consultants corresponding with the status of sales efforts



## Efforts to Develop the Fundamental Strength of Our Sales Force

In order to strengthen the development of consultants, we will introduce a system that comprehensively and quantitatively evaluates the results and activities of consultants and visualizes their ability to build relationships of trust with customers and their degree of growth.

Furthermore, with the aim of establishing a company-wide sales promotion system and strengthening its functions, we will reorganize the sales divisions at the Head Office and reduce the functions of intermediate organizations, thereby shifting to a sales structure suitable for a direct management model.

By advancing reforms in personnel and organizational aspects through these initiatives, we will develop our fundamental strength of our sales force over the medium- to long term, which will lead to our further growth.

### Introduction of a human resource development system to strengthen development

- Through comprehensive and quantitative evaluation of consultants' achievements and activity processes, visualize ability to build trusting relationships with customers and individual growth
- Pay incentives based on the grade. The system is also used to evaluate managers' skills in developing human resources

### Restructuring of sales organization

- Restructure the sales organization at the headquarters to enhance functions such as marketing, etc.
- Established a department directly managing sales promotion at the headquarters along with reduction of the function of intermediary organizations (area headquarters), and establish a company-wide system. (Shift to direct management model)



- Restore the "Market" by promoting the growth of "People" and "Management"
- Increase the number of consultants with mid-tier sales performance, and allocate human resources according to the market by visualizing the sales capability at each operation base

## Strengthen sales capability on a mid-to-long term basis and lead to further growth

**We are working on sales activities that value our customers more than ever through our account manager system.** SHIBAGUCHI Keita Retail Service Division, Osaka Fukushima Post Office, Osaka Branch

With the introduction of the account manager system, we are working on sales activities with the mindset of "We want to value every customer and want them to be happy." Because it is a manager system, we spend time together with our customers to resolve problems and concerns that they have.

One thing that made me happy while working to earn the trust of our customers was receiving letters of thanks from them. As an employee of the Retail Service Division, I think that there are still many things I can do for our customers, and I am working every day to that end. I will continue to do my best.





# Strengthening the Service Provision System for Corporate Customers

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

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

## Main initiatives

### 1 Enhancing human resource development and improving management capabilities

- We aim to provide useful help to managers through close communication with corporate clients, by strengthening our framework and offering better services. To this end, we will conduct employee training to further improve the expertise applicable to corporate management as well as manager training designed to enhance management capabilities of the organization.

### 2 Improving administration and systems

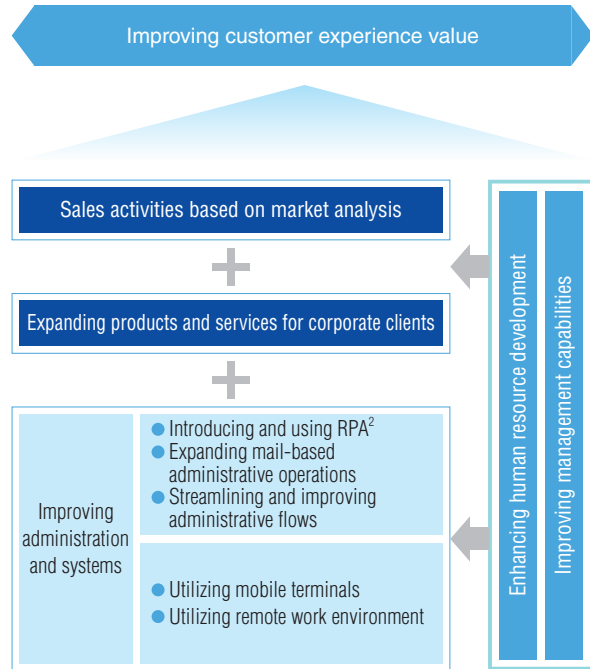
- We will improve customer services through DX<sup>1</sup> promotion and support the activities of sales personnel, to provide optimal solutions for customers.
- In October 2021, we began offering web-based interviews for our customers. This improves convenience by allowing them to conduct business negotiations and others in a remote environment without having to visit an office.

### 3 Expanding products and services for corporate customers

- We will revise current products to make them more useful, and enhance products and services in order to meet the diverse needs of managers. This will help companies in their efforts to boost benefits for employees and prepare funds for retirement allowances, among other efforts.

### 4 Sales activities based on market analysis

- We will provide beneficial information to customers through market analysis using database marketing, and perform sales activities with the aim of constantly providing optimal solutions.



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

2. RPA, an abbreviation for Robotic Process Automation, refers to the automation of operations by robots.

## Vision of the Whole Sales Divisions

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

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



Poster displayed in our offices

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

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

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

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

# Enhancing Insurance Services

## Recognition of the Environment and Basic Strategy

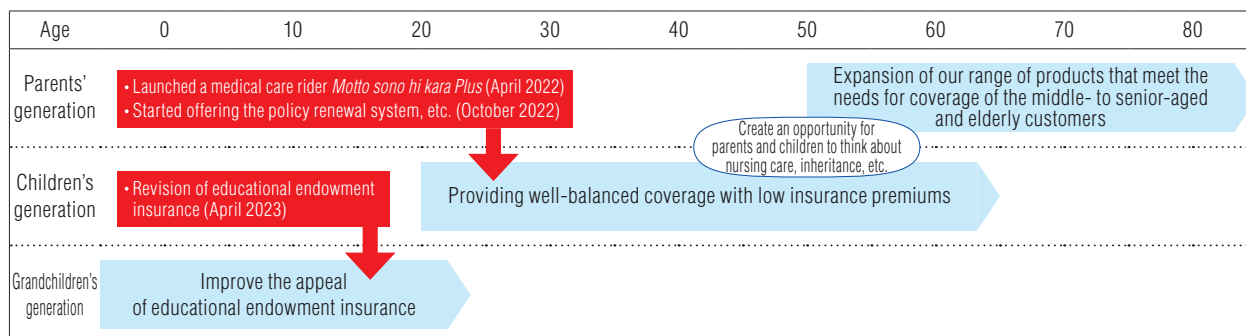
Japan Post Insurance is working to develop products mainly from the perspective of improving security and convenience, reflecting the conditions of social and economic environments and changes in customer needs.

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

In light of this situation, in April 2022, we launched *Motto sono hi kara Plus*, a medical care rider that provides generous medical coverage at low insurance premiums. This product is the first new product that we have launched since June 2021, when Japan Post Holdings Co., Ltd. reduced the ratio of voting rights in the Company's shares to less than half and the additional restrictions on new operations under the Postal Service Privatization Act were relaxed and the system was shifted from a license system to a notification system. In October 2022, we introduced a policy renewal system that provides continuous coverage regardless of health conditions at the maturity of the policy term, and in April 2023, we changed the insurance premium rates of *Hajime no Kampo* (educational endowment insurance (H24)) to devise a plan with a return rate exceeding 100%. Going forward, we will provide well-balanced coverage with low insurance premiums to meet the needs of young and working-age customers. We will expand our products that meet the needs of coverage for the middle- to senior-aged and elderly customers in light of the age of the 100-year life. We will also research products to support customers' health promotion.

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

### ► Direction of insurance service development



Connect generations to provide comprehensive coverage to many customers

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

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

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



As of the most recent closing date (as of FY2023/3), the addition rate of medical care riders is approximately 90%. Approximately half of these customers are enrolled with an insurance amount for riders that exceeds the amount of the basic insurance policy.

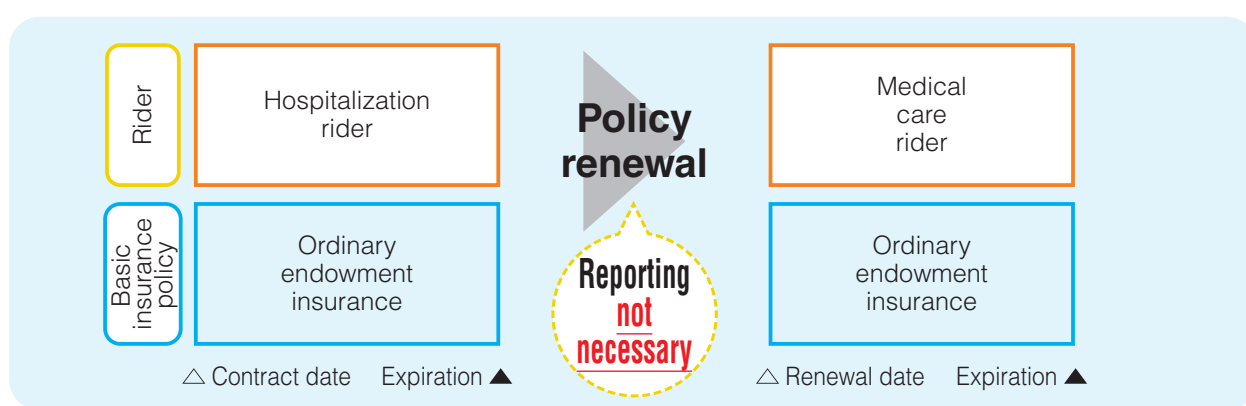
This product has been well-received by customers, who have given feedback such as "I like that I can receive a lump-sum payment for 20 days even if I am hospitalized for only one day," and "It is a good product with better coverage than past medical care riders."

## Started Offering the Policy Renewal System

In October 2022, we started offering a policy renewal system that allows customers to receive continued coverage without reporting their health status under certain conditions, when the policy term of applicable policies<sup>(Note)</sup> expires. At the same time, we began offering ordinary term insurance (R04), which pays a fixed amount of death benefits until the expiration of the insurance period. We also started offering special endowment insurance, fivefold-type whole life insurance, and ordinary endowment insurance with relaxed underwriting criteria, with extended policy term or premium payment period, so that customers can receive long-term coverage at low premiums.

Note: Ordinary endowment insurance (including short-term payment type), special endowment insurance (twofold, fivefold, tenfold coverage types), ordinary term insurance, and ordinary term insurance (R04)

► Conceptual diagram of the policy renewal system



## Revision of *Hajime no Kampo* (Educational Endowment Insurance (H24))

In April 2023, we revised *Hajime no Kampo* (Educational Endowment Insurance (H24)).

In response to the recent increase in educational expenses and customer demand, we changed the insurance premium rates and devised a plan with a return rate<sup>1</sup> exceeding 100%, to make it easier for parents to prepare for their children's educational funds.

Furthermore, in light of the current situation where many children go to prep schools as an after-school activity and the tendency<sup>2</sup> for prep-school costs to start increasing after a child turns 10, policyholders can now choose plans in which they can finish their premium payments by the time the child turns this age.



Notes: 1. The ratio of educational funds that may be received to the total amount of insurance premiums paid

2. Source: Ministry of Education, Culture, Sports, Science and Technology, "Survey on Educational Expenditures of Children 2021"

### Japan Post Insurance and educational endowment insurance: No. 1 for number of educational endowment insurance policies in force!<sup>3,4</sup>

In response to the rising enrollment rates in higher education and the increasing need for insurance that will help prepare for future educational funds due to rising educational costs, educational endowment insurance was launched in 1971, the first in the industry, as an insurance product from the post office. Since then, educational endowment insurance has been watching over the growth of countless children for nearly half a century. As of March 31, 2023, there are approximately 2.6 million policies<sup>4,5</sup> in effect. Going forward, we will continue to watch over the lives of our customers through our familiar post offices and consultants nationwide.

Notes: 3. Source: Japan Institute for Insurance Research "Statistics of Insurance Business in Japan, 2021"

4. Includes certain types of educational endowment insurance that are not currently available

5. Includes only educational endowment insurance sold after privatization

# Achieving Greater Depth and Sophistication of Asset Management

## Recognition of the Environment and Basic Strategy

FY2022 became a year of significant fluctuations, as central banks around the world continued to raise policy interest rates substantially against the backdrop of historical inflation, with interest rates rising both in Japan and abroad, and the dollar appreciating and yen depreciating in foreign exchange markets. Although the economies of major countries remained firm, there are signs of a slowdown, and the effects of monetary tightening in various countries, including the emergence of some concerns about the financial system, are gradually spreading to the real economy. In FY2023, the impact of monetary tightening in each country is expected to become even more pronounced. We recognize that the global economy may enter a recession due to the fact that post-pandemic pent-up demand has run its course and that highly sticky inflation has caused consumer and business sentiment to deteriorate.

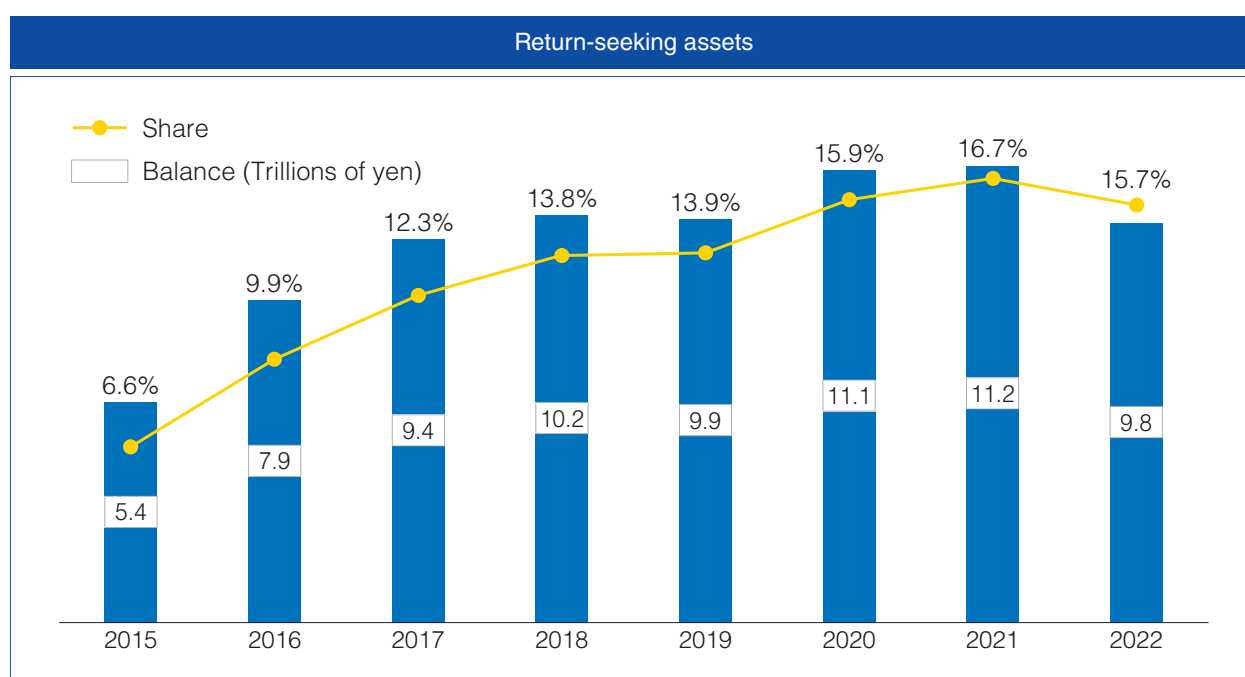
Under the enterprise risk management (ERM) framework, we will pay close attention to the market environment and continue to invest in return-seeking assets using rigorous risk management, while implementing ALM-based asset management through asset-liability matching, to ensure the payment of insurance claims to customers.

## Initiatives in the Fiscal Year Ended March 31, 2023

In our current Medium-Term Management Plan (FY2021–FY2025), we have set a goal of achieving greater depth and sophistication of asset management, and we aim to secure stable profit through gradual expansion of investment in return-seeking assets and improvement of return relative to risk, while improving our organizational structure and recruiting and cultivating sophisticated investment professionals.

In FY2022, as the cost of hedging exchange rates rose sharply due to rapid interest rate hikes overseas, we implemented flexible asset allocation according to the market environment, such as by shifting funds to domestic bonds which had interest rates on an upward trend, while reducing the balance of hedged foreign bonds. We are implementing initiatives in anticipation of the new solvency regulations to be introduced in 2025, such as by introducing interest rate swaps for the purpose of controlling interest rate risk on insurance liabilities. We are also steadily strengthening our asset management base, including a capital and business alliance with Mitsui & Co., Ltd. in the asset management business with real estate and other assets.

As of the end of FY2022, the ratio of return-seeking assets to total assets was 15.7%, slightly down from the level at the end of FY2021 due to the reduction in the balance of foreign bonds with currency hedging.





## Future Initiatives

With regard to asset management in FY2023, as the impact of monetary tightening by central banks around the world gradually becomes apparent, uncertainty continues to increase partly due to the impact of geopolitical risk. As such, we recognize the need to monitor the investment environment and take risks carefully.

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

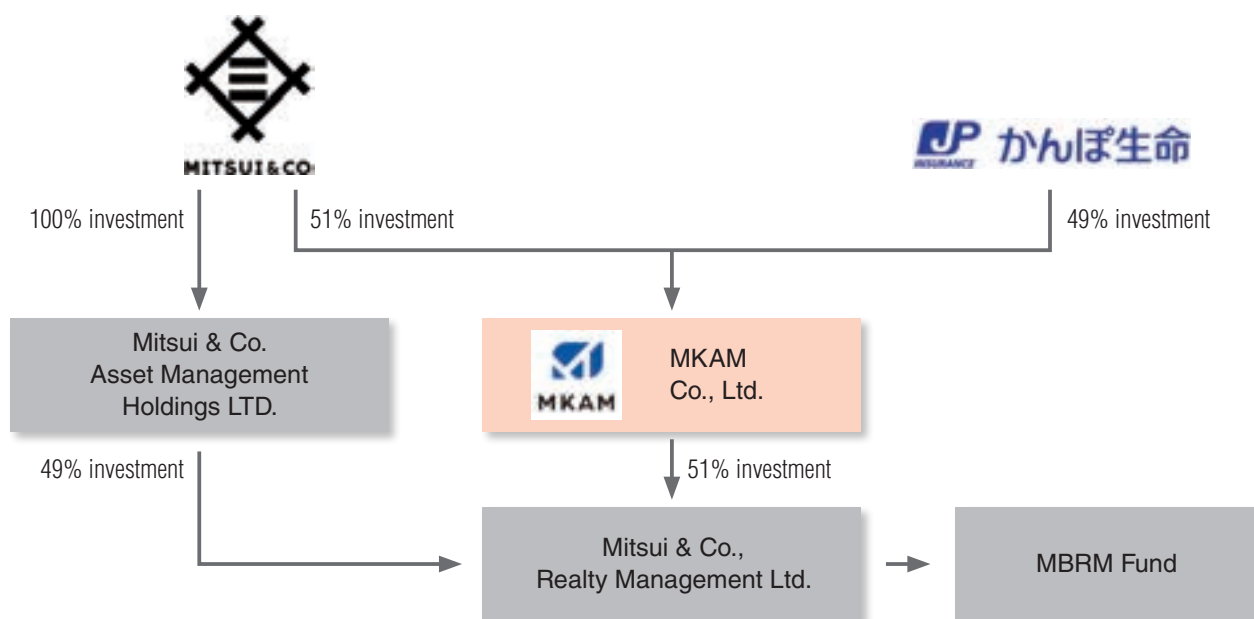
### Initiatives to Secure Future Earnings

#### ► Expansion of Alternative Investment

- We are accumulating balances while aiming to diversify strategies and regions in the four fields of private equity, real estate funds, infrastructure equity, and hedge funds.
- During the period of the current Medium-Term Management Plan (FY2021–FY2025), we plan to gradually build up balances according to our risk tolerance and investment opportunities. We expect to double the balance (compared to the end of FY2020) during the period of the Medium-Term Management Plan.
- We also promote ESG investment, such as investment in renewable energy facilities and impact investment.

#### ► Initiatives to Invest in Real Estate Funds through a Capital and Business Alliance with Mitsui & Co.

- Based on our capital and business alliance with Mitsui & Co., Ltd., we underwrote a third-party allocation of new shares of MKAM Co., Ltd. (MKAM), making it an affiliated company with a 49% investment ratio.
- MKAM was established by Mitsui & Co., Ltd. for the purpose of collaborating between the two companies based on the above capital and business alliance, as an intermediate holding company that owns 51% of the outstanding shares of Mitsui & Co., Realty Management Ltd. (MBRM), which has experience and a network in the real estate asset management business.
- MBRM, which is an affiliate of MKAM, has formed the flagship fund MBRM Fund in which Japan Post Insurance invests as a limited liability partner. It is striving to create new investment opportunities by expanding the scale of investment targets and broadening the range of investment management strategies, aiming for an asset scale of hundreds of billions of yen in the future.
- Through our capital participation in MKAM, the Company is actively discussing further collaborative strategies with Mitsui & Co., such as joint establishment of new asset management companies including those related to ESG investment, and joint investment in existing asset management companies, among other matters.



# Improving Customer Experience Value (CX)

## Recognition of the Environment and Basic Strategy

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

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

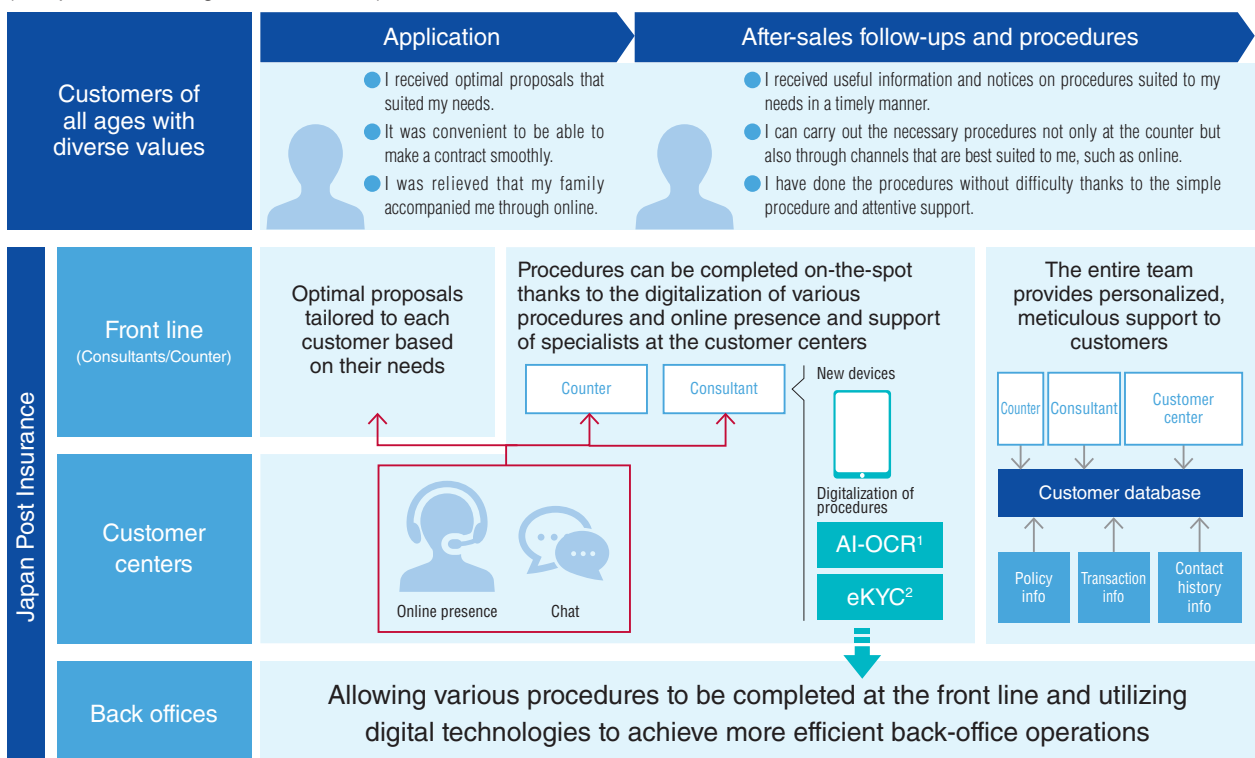
In particular, we recognize that it is essential to promote DX in a way that customers of diverse ages and values will feel warmth, by using the advantages of face-to-face communication with customers such as post office counters and consultants. We will provide services tailored to the needs of each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

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

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

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

(Comprehensive image after realization)



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

Specifically, we will expand contact points with customers through e-mail, text messages, etc., and will provide optimal information and follow-up befitting the customer by effectively combining the warmth of in-person communication with the convenience of digital technology.

We will promote the digitalization of procedures, such as making it possible to select non-face-to-face channels including online according to customer needs, and provide simple procedures that can be completed on the spot. In addition, we will promote multi-channel customer contact points, and we will gradually begin initiatives aimed at improving customer convenience, such as having specialist staff at customer centers solve customer problems on the spot.

### Initiatives to Improve Customer Convenience

April 2022	Launched a cashless payment service for payments, such as the amount equivalent to the first premium payment
	Launched an initiative to provide chat support from specialist staff at the Customer Center when customers make hospitalization/surgery benefit claims from their My Page
July 2022	Launched trial initiatives for Customer Center specialized staff to confirm customer intentions online during application procedures
September 2022	Enhanced loan repayment function on My Page
	Expanded insurance claims web service functions so that insured persons can claim hospitalization/surgery benefits even if the insured person is different from the policyholder
March 2023	Expanded functions for designating and changing beneficiaries of death, living, and maturity insurance benefits on My Page

### Customer Satisfaction Survey/Real-time Surveys

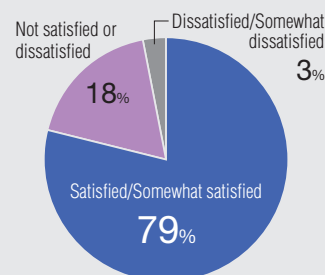
We conduct a “Customer Satisfaction Survey (Customer Feedback Survey)” on an annual basis to directly receive opinions from customers and use them to improve services.

#### Results of the FY2023/3 Customer Satisfaction Survey

For total satisfaction with our services, about 80% of customers show satisfaction (total of “Satisfied” and “Somewhat satisfied”). We will work to improve customer services to gain the satisfaction of more customers.

Overview of the FY2023/3 Customer Satisfaction Survey

- Survey time: August 2022
- Survey targets: Customers who recently enrolled for our products, performed maintenance procedures, or claimed payment of insurance (maturity, hospitalization, death, etc.)
- Number of questionnaire forms sent: 30,065
- Number of forms collected: 11,478 (effective answers)



Notes: 1. We conducted a questionnaire about the reception of payments for our annuities, in addition to the abovementioned survey targets.  
2. Survey forms received after the deadline (46 forms as of March 31, 2023) are not included in the aggregate, but we confirm all of the evaluations received.

In addition to the above-mentioned Customer Satisfaction Survey, a real-time survey conducted at each important contact point with customers, such as new enrollment procedures, has been launched in stages from January 2023, through short messaging using the CX survey system (on the cloud). We will continue to actively obtain customer evaluations on our services and customer feedback to accelerate the PDCA cycle that leads to service improvements.

## Employee Roundtable Discussion

# For the words “Thank you for being here”

— Reforming our business model to prioritize customer experience value (CX) —



In order to shift to a business model that prioritizes CX, we are promoting Digital Transformation (DX), and are fundamentally reviewing our insurance services, including various procedures and after-sales support. In order to promote our business model reform, it is necessary for the head office and front-line employees to work together to consider what services are truly valuable to customers. Employees involved in business model reform exchanged opinions on what they and the Company can do to improve CX.

### Streamlining application process for insurance policies

“Online presence” by customer center staff during the application process

**AMAGAI** I am AMAGAI, the facilitator of the discussion. In our Medium-Term Management Plan (FY2021-FY2025), our basic policy is to promote DX and shift to a business



model that prioritizes CX so that customers can feel glad to be insured by Japan Post Insurance. Firstly, I will ask Ms. YAMAZAKI who works at a services center. Could you tell us what kind of reforms are being promoted in the application process for new insurance enrollments?

**YAMAZAKI** In the past, when a customer applied for a new enrollment, a back-office employee would call the customer at a later date after the application process to confirm that the customer was actually willing to apply and that he or she understood the policy details. Although this system was designed to ensure that the customer was satisfied with the application before enrolling, some customers said it was bothersome because the call was made at a later date after the application was processed.

In order to reduce the burden on customers, we have started an initiative to have customer center staff (specialized services center employees who are engaged in operations centering on customer support) be present online at the time of the application process to perform such confirmation at that time. This initiative began in Tokyo in July 2022 and is scheduled to be expanded nationwide subsequently.



**NAKADAI** What does that entail specifically?

**YAMAZAKI** After the application process is completed between the customer and consultant (an employee who mainly visits the customer's home to conduct activities), the consultant and customer center staff are connected via a web conference system, and the customer center staff makes the necessary confirmations on the spot, which takes 5 to 6 minutes per session.

**KAJINUMA** I work as a consultant and one of my colleagues actually used this online presence system. It is convenient for customers to complete the contracting process on the spot. Currently, the date and time of the online connection must be specified in advance. However, if we prioritize the customer's convenience, the time may vary. So I think it would be even better if the operation could be more flexible so as not to keep the customer waiting.



**YAMAZAKI** In the future, I believe it would be best to establish a system where we can respond immediately when a customer or consultant contacts us, without specifying a time.

**AMAGAI** In order not to keep customers waiting, we would like to further increase the number of employees who can respond to customers, such as by being present online during the application process.

**YAMAZAKI** Many services center staff have been mainly engaged in paperwork, and not many have had the experience of dealing with customers. I used to work in a department that took calls from customers, so I had opportunities to receive words of gratitude when responding to inquiries. I have the impression that many employees are nervous because they have no experience, but I think it would be a good idea for them to approach customer service in a positive manner without setting too high a hurdle.

**MIKAMI** Rather than separating consultants to handle customers and services center staff to handle paperwork, we want to provide services that transcend departments and positions, support customers as a unified team, and receive words of gratitude from customers.

## Creating a system that allows procedures to be completed on the spot

Receipt of paperless claims from consultants' mobile devices

**AMAGAI** Next, I would like to ask you to talk about reform of the policy maintenance procedures that occur after insurance is purchased. We are currently considering the introduction of the "Japan Post Insurance Digital Procedure System" to simplify procedures such as changing insurance beneficiaries, right?

**NAKADAI** We often receive requests from customers that they have forgotten to complete the procedures for changing beneficiary of insurance benefits, or that they would like to change the beneficiary of insurance benefits on the spot (when the consultant visits the customer's home). Currently, the consultant must visit the customer's home on another day to prepare the documents required by the company, but from October 2023, the consultant will be able to change the beneficiary on the spot, without papers, using the Japan Post Insurance Digital Procedure System on his or her mobile terminal.

Procedures for identification documents such as driver's license will be improved so that the address and name can be read from the camera of the mobile device used by the consultant. The customer's insurance policy can be retrieved by the read address or name, and the procedure can be accepted as is. Basically, the customer only needs to confirm on the mobile terminal that the details of the procedure entered by the consultant are correct.

**NARAHARA** This reduces the burden on customers by eliminating the need to submit copies of identification documents and to fill in the details of the procedure.

**NAKADAI** Procedures accepted on the mobile terminal will be sent to the services center, and processed automatically on the system, so our customers can complete the procedures even faster.



**NARAHARA** So the burden is reduced for both the customer and the staff. That's good because it gives us more time to talk with customers.

**AMAGAI** The fact that the procedures are automatically processed on the system reduces the burden on services center staff, which means that they can focus even more on customer service.

**NAKADAI** In addition to “designation and change of beneficiary of insurance benefits,” “designation and change of designated proxy for a payment claim” and “registration and change of registered family members” will be available through the Japan Post Insurance Digital Procedure System from October 2023, and we intend to sequentially increase the number of other procedures that can be handled. For example, we would like to provide customers with easy, on-the-spot procedures when they change their surname or address.

### Expansion of web services to meet non-face-to-face needs

Insurance claims via web service

**AMAGAI** One of the important tasks of insurance services is the payment of insurance claims to customers. Our procedures for insurance claims are also being reformed.



**HOMMA** My Page is a method of claiming insurance benefits online, but it is limited in that claims can only be made when the policyholder and the insured person are the same. Therefore, as a new service ahead of other companies, we launched a new service in September 2022 that allows the insured person to file claims for hospitalization, surgery, and radiation treatment insurance online, even if the policyholder and the insured person are different.

**YAMAZAKI** So we can meet the needs of customers who want to make a claim but not in person.

**HOMMA** The spread of COVID-19 infections rapidly increased such needs, so we rapidly proceeded with the development. From September 2022 to May 2023, we have received 22,416 claims through this new service. When My Page is included, 108,355 claims were received during the same period, and we feel that we are meeting the needs of many of our customers.

**AMAGAI** Some customers want the consultant they know to come to them, while others prefer to go to the post office counter on their own timing to complete the procedures in person, right?

**HOMMA** That's right. For elderly customers and others who are not accustomed to uploading documents online, but prefer to complete the procedures from their homes, we also offer the option of completing the procedures by mail. We are working to enable customers to complete procedures through the channel of their choice.

**AMAGAI** We hope to provide optimal insurance services tailored to each individual customer by simplifying procedures at warm, face-to-face, real contact points and expanding procedures at user-friendly, non-face-to-face, digital contact points.

### Timely communication to customers

Building trust with customers through “Smart Follow-up Activities”

**AMAGAI** As I mentioned earlier about the web service for insurance claims, it would be nice if the consultant in charge could contact and follow-up with customers in a timely manner, precisely when they are in need of assistance.

**MIKAMI** From the perspective of strengthening after-sales follow-up, we are promoting a new initiative called “Smart Follow-up Activities.” Specifically, consultants will be notified of customers who have filed claims for hospitalization insurance, customers whose policies have been approved, and customers whose children's birthdays



are approaching, among other information. Based on this information, consultants will be able to make timely calls to customers, thereby increasing opportunities for customers to feel glad about our services.

**KAJINUMA** We get a list of customer information that should be followed up with and they are displayed on the business-use smartphone.

**MIKAMI** The Smart Follow-up Activities that Mr. KAJINUMA and Mr. NARAHARA are also involved in, are currently being implemented on a trial basis at 13 Retail Service Divisions (located at post offices) nationwide starting in May 2023, and will be rolled out sequentially throughout Japan starting in October 2023.

**NARAHARA** In the past, after-sales follow-ups were mainly conducted immediately after the policy was signed or once or twice a year to confirm policy contents, and it was somewhat difficult to further reach out to customers. The other day, based on information shared through the Smart Follow-up Activities, I actually asked the customer, “We just sent a hospitalization insurance payment. Are you feeling okay?” The customer was pleased not only with the insurance payment, but also with the fact that they received the call.

If our consultants are able to grasp customer information in a timely manner just like I said, we can be there for our customers not only when they are in need of help, but also during the events that lead to their celebrations. For employees as well, this will increase their opportunities to be close to the life events of the customers they are in charge of, which will make their jobs more rewarding.

**KAJINUMA** Timing is important for everything. For example, if it has been some time since the hospitalization insurance payment was received, the customer may already know this information. If a consultant can contact the customer in a timely manner at the time the payment is received, he or she will be able to provide more meaningful information to the customer, and the customer will be more pleased.



**HOMMA** In terms of payment of hospitalization insurance claims, we are working to satisfy our customers by making sure that the funds are deposited into their accounts as quickly as possible.

**MIKAMI** It is a valuable opinion that even a slight shift in timing can change the effectiveness of after-sales follow-up and customer satisfaction. In the invisible world of insurance products, a relationship of trust with customers is an extremely important factor, and we would like to further improve our measures to realize careful after-sales follow-ups.

**KAJINUMA** In one instance, before the Smart Follow-up Activities began, I received a call from a customer saying, “I received the insurance payment, thank you.” I felt happy to hear from the customer and could feel how the customer felt. Now, we are trying to do the opposite and contact the customer in a timely manner. Through this activity, I would like to make our customers happy and build a stronger relationship of trust with them.

**AMAGAI** If we can make our customers feel grateful that we are there or glad that they enrolled in Japan Post Insurance, not only will they be happy, but word of mouth about us will spread beyond the customer to their friends and family.

To make this happen, not only consultants in charge of customers, but also employees at back-office services centers and the Head Office need to proactively think about what they and the Company can do to improve CX and take action. Let us all continue to work together to reform our business model to place the highest priority on CX, so that we can “remain trusted and selected by customers, thereby protecting their lives by providing life insurance products.”

## Engagement with Customers

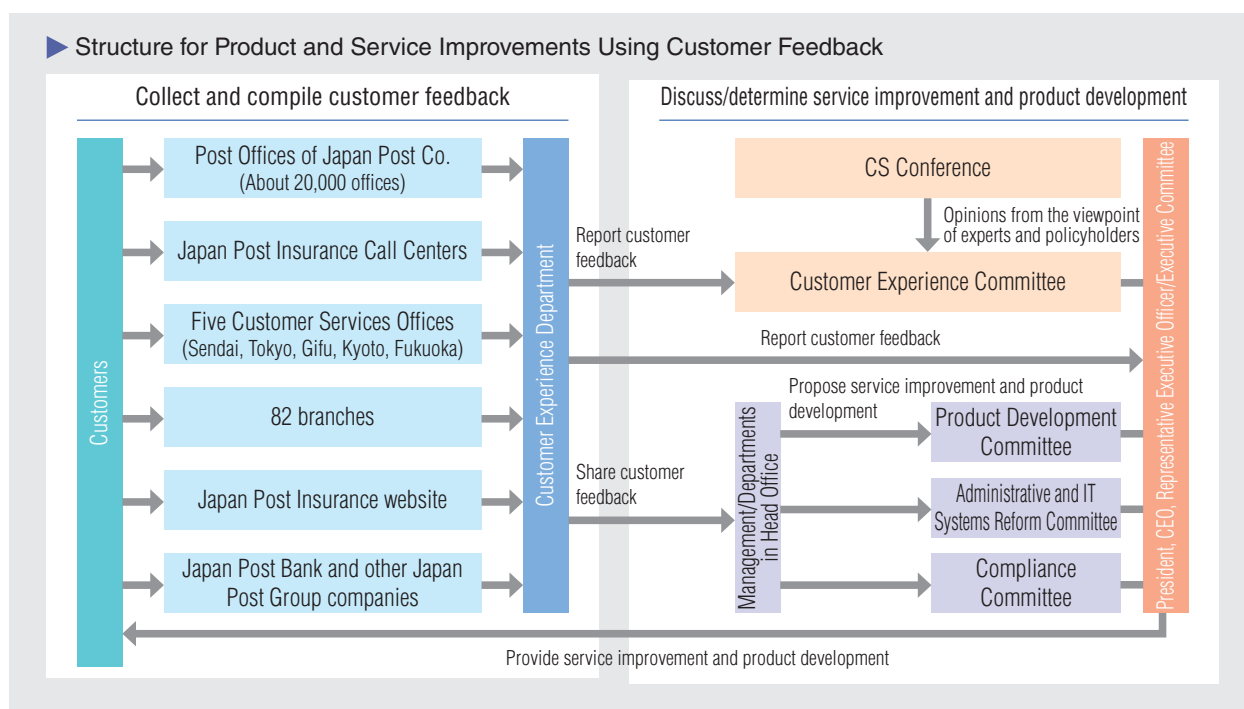
Japan Post Insurance recognizes that the voices of our customers are valuable assets. We value dialogue with customers, and will strive to develop a structure for the ceaseless creation of new convenience for customers and to pursue quality services. In addition, reviewing our services daily based on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

### Initiatives to Utilize “Customer Feedback” in Management

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

We received approximately 1.31 million feedback comments from our customers in the fiscal year ended March 31, 2023 through the post offices and Japan Post Insurance Call Centers. The customer feedback is compiled and centrally managed by our Customer Experience Department. We analyze the feedback to improve our services and develop superior products with the aim of providing services that bring satisfaction to our customers.

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



### Quantity and Content of Customer Feedback (Complaints)

The number of complaints received from customers during the period from April 1, 2022 to March 31, 2023 was as follows.

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

Content	FY2023/3		Key examples
	Number of complaints	%	
New policies (Enrollment in insurance policies)	21,648	24.8	<ul style="list-style-type: none"> <li>• Dissatisfaction with explanation at time of enrollment</li> <li>• Dissatisfaction with underwriting examination</li> </ul>
Collection of premiums (Payments of premiums, etc.)	3,765	4.3	<ul style="list-style-type: none"> <li>• Dissatisfaction with bank account transfers and deposits</li> </ul>
Policy maintenance (Procedures, dividends and other issues following enrollment in a policy)	15,845	18.2	<ul style="list-style-type: none"> <li>• Dissatisfaction with surrender procedures</li> <li>• Dissatisfaction with change of name or address</li> </ul>
Insurance benefits (Payments of insurance benefits)	36,608	42.0	<ul style="list-style-type: none"> <li>• Dissatisfaction with benefit payment procedures</li> <li>• Dissatisfaction with payment procedures for maturity benefits</li> </ul>
Other (Attitude and manners)	9,282	10.7	<ul style="list-style-type: none"> <li>• Dissatisfaction with attitude and manners of sales personnel</li> <li>• Dissatisfaction with after-sales service</li> </ul>
Total	87,148	100.0	



## Cases of Product and Service Improvements Using Customer Feedback

 Customer feedback	<p>I am considering purchasing an educational endowment insurance and would appreciate any information that would be helpful to those raising children.</p>
 Improvements	<p>We have published the following two websites since April 2023 for the benefit of our customers of the child-rearing generation. We will continue to subsequently consider the provision of further information and services in the future.</p> <ul style="list-style-type: none"> <li>• <b>Special website for educational endowment insurance</b> This website provides information on the features of the educational endowment insurance, the required amount of education funds, preparation methods, advice from older parents and other useful information on educational endowment insurance. Campaign applications, requests for information materials, and online consultations are also available. <a href="https://www.jp-life.japanpost.jp/products/gaksi/special/index.html">https://www.jp-life.japanpost.jp/products/gaksi/special/index.html</a> (in Japanese) </li> <li>• <b>Childcare support website</b> For those customers of the child-rearing generation, we will provide contents that parents and children can enjoy together, such as recipes that parents and children can make together and coloring books for children to enjoy, helping to nurture a rich time for parents and children. <a href="https://www.jp-life.japanpost.jp/kosodate/index.html">https://www.jp-life.japanpost.jp/kosodate/index.html</a> (in Japanese) </li> </ul>
 Customer feedback	<p>I want to prepare an education fund. Is there any good plan?</p>
 Improvements	<p>In response to the recent increase in educational expenses and customer demand, we have revised the <i>Hajime no Kampo</i> (educational endowment insurance (H24)) from April 2023. As a result, customers can now choose a plan with a return rate (the ratio of educational funds that may be received to the total amount of insurance premiums paid) exceeding 100%, to make it easier for parents to prepare for their children's educational funds.</p>
 Customer feedback	<p>I would like to file a claim for hospitalization insurance, but the preparation of proof documents is overwhelming.</p>
 Improvements	<p>Under certain conditions, Japan Post Insurance does not require a certificate of hospitalization or surgery (medical certificate) upon submission of a receipt and medical statement issued by a medical institution. In April 2023, the scope of such treatment to simplify the submission of documents was significantly expanded to include claims for radiotherapy and surgical claims<sup>(note)</sup> in special clauses sold before October 1, 2017, which were not previously covered. In addition, from May 15, 2023, the submission of medical statements is no longer required for claims for hospitalization insurance only, and only receipts issued by medical institutions are required, simplifying some of the submission documents. (Note) Surgery for malignant neoplasms is not covered, except for radiotherapy and hyperthermia.</p>
 Customer feedback	<p>It would be convenient to be able to perform various procedures on the Internet, and it would be great if there were a wide variety of procedures that could be performed.</p>
 Improvements	<p>Japan Post Insurance is expanding the My Page functions for more procedures. Claims for hospitalization insurance benefits due to the COVID-19 have been made available on the My Page since May 2022, and from September in the year, claims for hospitalization and surgical insurance benefits have been made available even if the policyholder and the insured are different people.</p>
 Customer feedback	<p>I have registered as a new user on My Page, but I would like to be able to perform procedures straight away.</p>
 Improvements	<p>As of April 2023, "My Page" can be used for the following procedures on the same day, even if the new registration is made on non-business days (weekends and holidays) and weekday evenings (after 7:00 p.m.).</p> <ul style="list-style-type: none"> <li>• Change of address or phone number</li> <li>• Registration or change of registered family members</li> <li>• Designation or change of designated proxy for a payment claim</li> </ul>

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

The total number of customer feedback that was gratitude/compliments that we received from customers between April 1, 2022, and March 31, 2023, was 678,188.

<Customer feedback>

- Thank you for your help with my insurance claim the other day. During the procedure, my mind was completely blank because my husband had just passed away, but you expressed your condolences to me and carefully explained the necessary documents to me so that I would not be confused. Thanks to you, I was able to go through the procedures with peace of mind.
- I am very much looking forward to using the money from this maturity policy for my husband, who is very frail. I have not had any major illnesses, so this insurance may have protected me. Thank you very much for your help.

# Sustainability

We have supported our customers in times of need and protected their lives by providing insurance services through our nationwide network of post offices. Recognizing that our business activity itself is an effort to realize sustainability, we have set a “Sustainability Policy” as follows.

To fulfill our social mission and address various issues related to sustainability, we have identified five Social Challenges (Materiality) to Address with Priority and are promoting various initiatives by establishing a Sustainability Implementation Plan in line with the materiality items.

The Sustainability Implementation Plan is also linked to the Fiscal Year Management Plan to achieve the Medium-Term Management Plan, and the entire company is working on it.

**Sustainability Policy**

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

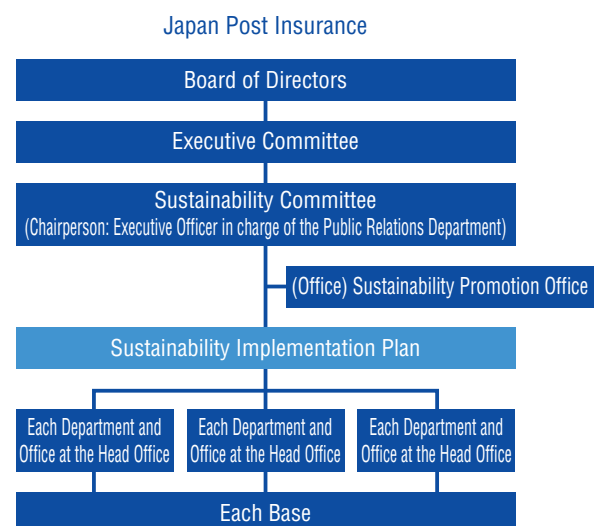
Social Challenges (Materiality) to Address with Priority	Sustainability Implementation Plan (FY2023)
Provide insurance products and services through the network of post offices, etc.	I: Efforts to protect customers with the power of insurance
Contribute to the development of communities and society; and environmental conservation	II: Efforts for ESG promotion, respect for human rights, and social contribution III: Efforts for decarbonization and other environmental protections
Extend healthy life expectancy through health promotion, etc. - Increase well-being	IV: Efforts to improve customers’ well-being and health management
Establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself	V: Efforts to strengthen human capital
Corporate governance supporting the meaning of our business and social mission	VI: Efforts to improve and strengthen compliance

## Sustainability Promotion System

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

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

In order to promote company-wide sustainability activities, we have appointed a sustainability KP (key person) at each business site.



## Sustainability Promotion Initiatives

The sustainability KP plays a central role in promoting initiatives based on the Sustainability Implementation Plan and action plan for the fiscal year formulated at each business site, as well as holding regular “small meetings” for the purpose of promoting sustainability. Each and every employee implements initiatives aimed at the realization of a sustainable society and corporate growth.

- Examples of small meeting themes**
- Sharing of awareness and future activities to improve CX
  - Importance of dialogue in human resource development
  - Understanding of diversity (e.g., support for balancing childcare, nursing care and work)
  - Review and discussion of sustainability promotion activities

# Climate Change and Biodiversity Initiatives

## Climate Change Initiatives (Initiatives for the TCFD Recommendations)

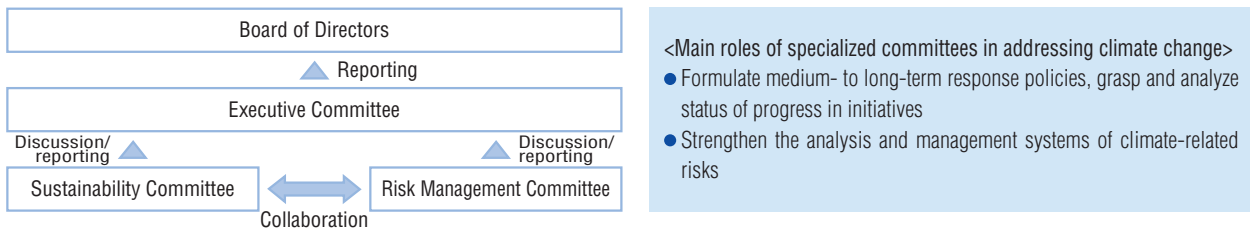
In April 2019, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB).

We recognize that climate change issues pose both risks and opportunities for the company, and that we need to address them company-wide. As one of the basic policies of our Medium-Term Management Plan, we have set the promotion of ESG management (contribution to solving social issues) and are working to solve social issues related to sustainability, including climate change issues.

Going forward, we will further promote our existing initiatives related to climate change and work on further information disclosure.

### Governance

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



### Strategy

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

We recognize the impact (risks and opportunities) of climate change on the Company both as a life insurance company and an asset owner, as follows.

##### Life Insurance Company

Type	Content	Timeline of impact
Physical Risks	Rise in insurance claim payment due to increased damage from natural disasters, etc.	Short to long term
	Rise in insurance claim payment due to changes in mortality and morbidity rates over the medium to long term due to the impact of rising average temperature and abnormal weather	Long term
Opportunities	Changes in consumers' insurance needs such as rising demand for products and services related to maintaining health, etc.	Medium to long term

##### Asset Owner

Type	Content	Timeline of impact
Physical Risks	Impaired value of invested assets due to expanding loss incurred by investees upon increased damage from natural disasters, etc.	Short to long term
Transition Risks	Impaired value of investees due to the impact of changes in regulations in line with the shift to a low-carbon society, stricter regulations and changes in consumer preference.	Short to long term
Opportunities	Expanding green finance market and increasing investment opportunities including investments in renewable energy business (infrastructure)	Short to medium term

Notes: 1. In identifying the risks and opportunities mentioned above, we disclose risks and opportunities with high degree of impact based on their importance to the Company's business after identifying large and small potential risks.

2. We assume that the timeline of impact will be as follows: short term: 5 years, medium term: 15 years, long term: 30 years.

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

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

Note: For details on each scenario analysis, please see "Initiatives for the TCFD Recommendations" on our website. <https://www.jp-life.japanpost.jp/english/aboutus/sustainability/environment/tcfd.html>

(1) Analysis of the impact of climate change on the Company's Life Insurance Business

Increase in the number of individuals who suffer from heat stroke due to higher temperature in summer, increase in the number of patients who suffer from tropical infectious diseases due to the expansion of areas where vector mosquitos of infectious disease can be active, etc., and damages to health due to increased and prolonged damage from flooding, etc., can be considered to have an impact on the Company's life insurance business (claims payment) as events that could lead to a significant increase in the amount of claims payment.

In the fiscal year ended March 31, 2023, we conducted a quantitative analysis of heat-stroke deaths based on certain assumptions as follows, and confirmed that the increase in claim payments will have a limited impact on our financial soundness, given the extremely small amount compared to the Company's actual death benefit payments and the fact that we are able to make payments from the policy reserves we have built up in preparation for future payments. We have also confirmed that the results of the analysis conducted in the fiscal year ended March 31, 2022 for (ii) and (iii) below will not have a material impact on our results, as there are no significant changes in our assumptions.

We believe that there are many challenges regarding the accuracy and reliability of our analysis of the impact of climate change on the Company's life insurance business, as there are no generally established measurement models and climate change itself has a high degree of uncertainty, such as its occurrence over a long period of time. In the future, we will continue our efforts to understand risks through analysis such as further research, stress testing, etc.

(i) Increase in heat-stroke deaths	We have made an estimate projecting an increase in heat stroke deaths in Japan assuming an increase in average temperatures throughout Japan, when the RCP8.5 <sup>1</sup> scenario based on the Fifth Assessment Report of IPCC <sup>2</sup> is applied as the temperature. As a result of analysis by age group, we estimate that insurance claims and other payments will increase by approximately ¥7.0 billion on a cumulative basis from the fiscal year ending March 31, 2032 to the fiscal year ending March 31, 2051, particularly in the elderly age group.
(ii) Expanding damage of tropical infectious diseases	Based on an estimate that rising temperatures will cause infectious diseases spread by mosquitoes to be active over larger areas and periods, we analyzed the increase in insurance claims and other payments due to mosquito-borne tropical infectious diseases (dengue fever and malaria). We applied the RCP8.5 scenario based on the Fifth Assessment Report of IPCC as the temperature increase and, referring to recent outbreaks of tropical infectious diseases in tropical regions and the sanitary conditions in Japan, assumed that dengue fever would spread in Japan, resulting in hospitalization or death of customers. As a result, assuming that the disaster will occur every year, we calculated that the increase in insurance claims and other payments would be up to around ¥15.0 billion on a cumulative basis over the 20-year period from the fiscal year ending March 31, 2032 to the fiscal year ending March 31, 2051.
(iii) Occurrence of unknown infectious diseases	Development in tropical forests, thawing of permafrost, and other factors may cause unknown infectious diseases to emerge and new infectious diseases (pandemic) to emerge. While the occurrence of an unknown infectious disease could cause a downturn in operating performance due to difficulties in conducting face-to-face sales activities, we have confirmed that the impact on our financial soundness would be limited, assuming a probability of occurrence of once in a few decades.

Notes: 1. The RCP8.5 scenario is a Representative Concentration Pathway (RCP) scenario, which includes time series of emissions and concentrations of the full suite of greenhouse gases (GHGs) and aerosols associated with human activities.  
 2. Intergovernmental Panel on Climate Change, or IPCC, is an intergovernmental organization established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP).

(2) Analysis of the impact of climate change on the Company as an asset owner

(i) NGFS's Climate Scenarios Analysis	<p>We expect that the assets owned by the Company will be affected by changes in the economic environment as we transition to a decarbonized society. We have analyzed how our assets would be affected by these changes by 2050 under several financial market scenarios<sup>1</sup> and carbon price scenarios published by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS<sup>2</sup>). We believe that there are many challenges regarding the accuracy and reliability of our analysis of the impact of climate change on the Company's asset management, as there are no generally established measurement models and climate change itself has a high degree of uncertainty, such as its occurrence over a long period of time. In the future, we will continue our efforts to understand risks through analysis such as further research, stress testing, etc.</p> <ul style="list-style-type: none"> <li>● Scenario analysis related to our investment income                      We analyzed the impact of climate change on our interest margin under the NGFS scenario (financial market scenario). We used a scenario in which long-term interest rates in Japan and abroad increase moderately, and therefore, we expected an increase in interest gains from our holdings of yen-denominated interest bearing assets such as Japanese government bonds.</li> <li>● Scenario analysis for assets owned by the Company                      Under the NGFS scenario (carbon price scenario), we analyzed the decline in the value of securities (the increase in the future carbon cost burden of investee companies). In our portfolio, especially for bonds with long maturities of over 10 years, a certain decline in value was expected. In practice, we believe that the impact on our financial condition will be limited, given the fact that the deterioration in the earnings of investee companies and the decline in their market value will surface gradually and that the assets we own can be sold during the course of our investment.</li> </ul>
(ii) Impact analysis on investment income focusing on key sectors	<p>We analyzed the impact of 2°C and 4°C scenarios<sup>3</sup> on the following three sectors: electric utilities, steel, and energy, which were selected as the most important sectors that have a large impact on climate change and in which we have a large amount of investments and loans. As a result, we found that the introduction of a carbon tax, the spread of renewable energy, and other social changes may have a significant impact on the performance and finance of each sector under the 2°C scenario.</p> <p>We will conduct engagement with investees in these sectors, taking the results of the analysis into full consideration. We will hold dialogues with investees regarding the specific impacts indicated by the analysis and encourage them to take action to improve our investment performance.</p>



**(iii) Analysis on the impact of carbon cost on investee companies**

As the world transitions to a decarbonized society, our investee companies may be affected by increased carbon costs through carbon pricing, such as the introduction of carbon taxes by national governments. Therefore, we conducted a quantitative analysis of our domestic and international equity and corporate bond portfolios to determine the impact of increased carbon costs on the investee companies. As a result, carbon cost burdens through carbon pricing increased for all domestic and international equity and corporate bond asset classes. In addition, the carbon cost burden is higher for domestic corporate bonds than for other assets. This is due to the fact that domestic corporate bonds have the highest investment balance among the four assets, as well as a relatively large share of holdings in sectors with high carbon costs. Based on the analysis, we will seek to mitigate the impact on our portfolio by strengthening our engagement with investee companies that have a potential of significant financial impact and encourage them to transition to decarbonization.

- Notes: 1. Scenario published in 2022 (scenario model: REMIND-MAGPIE 3.0-4.4). The scenario does not take into account the impact of the recent war in Russia and Ukraine and the resulting energy crisis.
2. Network for Greening the Financial System, or NGFS, is an international network of central banks and financial supervisors to examine financial supervisory responses to climate change risks. The Financial Services Agency and the Bank of Japan joined the network in June 2018 and November 2019, respectively. The scenarios used are: (i) Current Policies scenario in which global warming will progress as a result of no further action on climate change being taken by countries than they are currently implementing (global temperature will rise by more than 3°C), (ii) Net Zero 2050 scenario in which countries will achieve the 2050 carbon neutrality and 1.5°C temperature rise targets in a coordinated and systematic manner; and (iii) Delayed Transition scenario, in which climate change measures are taken rapidly after 2030.
3. References are made to scenarios from the International Energy Agency (IEA) "World Energy Outlook," IEA reports, and "Synthesis Report on Observations, Projections, and Impact Assessments of Climate Change (2018): Climate Change and Its Impacts in Japan" from the Ministry of the Environment, et al.

### 3. Decarbonization initiatives

We will implement initiatives related to the transition to a low-carbon society to achieve carbon neutrality and enhance the resilience of our business.

<b>(i) Initiatives as an operating company</b>	<ul style="list-style-type: none"> <li>● Energy conservation in facilities and vehicles</li> <li>● Use of renewable energy</li> </ul>
<b>(ii) Initiatives as an institutional investor</b>	<ul style="list-style-type: none"> <li>● ESG integration<sup>(Note)</sup> of the climate change factor</li> <li>● Implementation of stewardship activities that focus on climate change measures</li> <li>● Measurement and management of GHG emissions from the investment portfolio</li> <li>● Promoting investments that contribute to the decarbonization of society</li> </ul>

(Note) ESG integration means that ESG factors are considered in addition to financial information in investment decisions. The Company applies this process to all assets under management.

### Risk Management

In the fiscal year ended March 31, 2023, we conducted a company-wide identification and risk assessment of climate change risk and reported the results to the Risk Management Committee. Going forward, we will continue to identify and assess climate change risks at least once a year, continue and upgrade scenario analyses, and sophisticate a climate change risk management system. These results were also reported to the Sustainability Committee as part of our efforts to address climate change.

### Metrics and Targets

#### 1. GHG emission reduction target<sup>1</sup>

We have set the following interim targets for reduction of GHG emissions in Scope 1 (direct emissions from the company) and Scope 2 (emissions from the use of electricity, etc. supplied by other companies) with the aim of achieving carbon neutrality by 2050.

Item	Target	Base year emissions	FY2022/3 results	FY2022/3 reduction rate
Scope 1 and Scope 2	46% reduction by FY2031/3 compared to FY2020/3	18,940 tCO <sub>2</sub> e	14,877 tCO <sub>2</sub> e	21.5% reduction compared to FY2020/3

For Category 15 in Scope 3 (GHG emissions from the investment portfolio), we are aiming to achieve carbon neutrality in 2050 as well and setting an interim target of a 50% reduction by the end of the fiscal year ending March 31, 2030 compared to the end of the fiscal year ended March 31, 2021 as part of our decarbonization efforts<sup>2</sup>.

- Notes: 1. The above targets are based on the current future outlook and may be revised along with changes in social trends and technological innovations.
2. The target for Category 15 of Scope 3 is the total of the Scope 1 and Scope 2 emissions of the portfolio company multiplied by our shareholding ratio. Target assets include domestic and foreign listed equities and domestic and foreign credits (including corporate loans).

## 2. KPIs for total power generation output from renewable energy facilities that the Company lends money to and invests in

The Company has established KPIs for total power generation output from renewable energy facilities that we lend money to and invest in during the period of its Medium-Term Management Plan (FY2021-FY2025)

Item	Target <sup>1</sup>	FY2023/3 results <sup>2</sup>
Total power generation output <sup>3</sup>	1.5 million kW during the Medium-Term Management Plan	953,000 kW

Notes: 1. The above targets are based on the current future outlook and may be revised along with changes in social trends and technological innovations.

2. The FY2023/3 results are preliminary figures and may be updated in the future.

3. Limited to power output from renewable energy facilities that we lend money to and invest in, in proportion to our holdings

## Biodiversity Initiatives

### Participation in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum

The TNFD, conceived at the 2019 World Economic Forum (Davos) and officially launched in June 2021, is an international initiative to establish an information disclosure framework for nature-related risks.

We support the philosophy of TNFD and joined the TNFD Forum in June 2023 to support its activities.



### Initiatives to reduce plastic use

With regard to the issues of plastics, which is a global issue, we are also promoting initiatives to reduce the amount of plastic used in our corporate activities. This initiative is part of our initiatives toward the realization of one of our materialities, “Contribute to the development of communities and society; and environmental conservation.” First, we will switch some plastic clear folders distributed to customers to environmentally friendly materials, and for plastic clear folders used by employees, we will reduce their use and gradually transition to paper files. Through these measures, we are working toward de-plasticization.

### Promotion of investment and financing for biodiversity conservation

We recognize the following nature-related risks and opportunities in our asset management activities. We will continue to analyze and incorporate nature-related issues into our investment decisions, conduct appropriate nature-related engagement with the companies in which we invest, and make investments that contribute to the maintenance and improvement of the natural environment.

<Nature-related risks and opportunities in investment and financing activities>

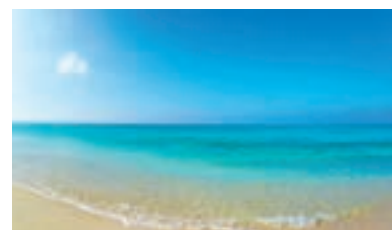
Physical Risks	Increased costs for portfolio companies due to the decline, deterioration, and depletion of natural assets and ecosystem services on which portfolio companies depend, such as water resources, and loss of value of portfolio assets due to production disruptions
Transition Risks	Increased costs for portfolio companies due to stricter environmental protection laws and social demands, litigation risk, and loss of value of investment assets due to increased reputational risk
Opportunities	Increase in the value of portfolio companies and expansion of investment and financing opportunities due to the need for environmentally protective technologies and alternative products and services with a smaller environmental impact

### ▶ Investment in Blue Bonds issued by the Republic of Indonesia (May 2023)

We invested in Blue Bonds<sup>(Note)</sup> issued by the Republic of Indonesia, the world’s largest island nation.

The funds raised through this bond issue will be used for projects that contribute to the development of the blue economy as defined in the SDGs Government Securities Framework developed by the Government of Indonesia.

(Note) Bonds whose use of funds is limited to projects related to the water environment, such as improvement and conservation of the marine environment, sustainable fishing, and prevention of marine pollution.



# Respect for Human Rights

## Basic Concept

Japan Post Insurance recognizes that respect for human rights is an important social responsibility in realizing its management philosophy of “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” and has established the “Japan Post Insurance Human Rights Policy.”

Japan Post Insurance Human Rights Policy

[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/social/human\\_rights.html](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/social/human_rights.html)

## Human Rights Due Diligence

We have initiated human rights due diligence initiatives based on the United Nations Guiding Principles on Business and Human Rights, among others.

This is an ongoing process to prevent and mitigate negative impacts on human rights in our corporate activities. We will strive to achieve respect for human rights and sustainable business by implementing this process on a regular basis, taking into account the opinions of outside experts.



### Identifying and assessing negative impacts on human rights

We identify risks of negative human rights impacts that could occur not only on our officers and employees, but also on our customers, suppliers, and investees.

### Stopping, preventing, and mitigating negative impacts

We are undertaking various initiatives to mitigate negative impacts related to human rights.

<b>Employees</b>	<ul style="list-style-type: none"><li>● <b>Training to raise awareness of human rights and prevent harassment, etc.</b> In addition to various level-specific training programs for officers, executives, all managers, and new employees, we also provide video training for all employees, e-learning training, study sessions at workplaces, and training for harassment counselors to improve their consultation response skills.</li><li>● <b>Initiatives to promote diversity</b> (see pages 51 to 52 for details)</li></ul>
<b>Customers</b>	<ul style="list-style-type: none"><li>● <b>Privacy protection (information management)</b> We have established a fundamental policy for protecting personal information (Japan Post Insurance Privacy Policy), and are committed to the appropriate protection and handling of personal information.</li><li>● <b>Handling of policy procedures, etc.</b> To ensure that people with disabilities and others can complete procedures with ease, we provide braille, substitute reading, and written communication services.</li></ul>
<b>Suppliers</b>	<ul style="list-style-type: none"><li>● <b>Supply chain management</b> We have formulated the “Japan Post Group CSR Procurement Guidelines,” which include contents such as respect for human rights and occupational health and safety, and have informed our suppliers of the specific initiatives we require of them. We are also working to strengthen our supply chain management by including sustainability clauses on human rights, labor conditions, environmental protection, etc. in our contracts with suppliers.</li><li>● <b>Questionnaires for suppliers</b> We have conducted a questionnaire survey of some of our suppliers, asking them to answer questions about the status of their efforts to respect human rights and encourage them to promote various initiatives.</li></ul>
<b>Investment and loan recipients</b>	<ul style="list-style-type: none"><li>● <b>Investments and loans with respect for human rights</b> As a responsible institutional investor, we promote initiatives that take human rights into consideration when making investment decisions and in dialogue with investee companies.</li></ul>

## Relief Measures

We have established a consultation desk on harassment and other human rights issues in the workplace. In addition to consultation desk at each workplace, we have also established consultation desk provided by outside specialists.

# Health Promotion and Increasing Well-Being

## Popularization and Promotion of “Radio-Taiso”

“Radio-Taiso” is familiar to many people as an exercise that can be done easily anytime, anywhere, by anyone.

Postal Life Insurance Bureau of the Ministry of Communications, the predecessor of Japan Post Insurance, established “Radio-Taiso” in 1928, and 2028 will mark the 100th anniversary of its establishment.

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

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



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



▲ Official Twitter (in Japanese)



## “Radio-Taiso” events are held throughout Japan.

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

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

### All-Japan Elementary School “Radio-Taiso” Competition

With the aim of contributing to children’s physical fitness, we hold the All-Japan Elementary School “Radio-Taiso” Competition. Launched in 2014, the fiscal year ending March 31, 2024 marks the 10th anniversary of the event.



### “Radio-Taiso” one-point lessons for companies

In response to the growing interest in health management, the “Radio-Taiso” one-point lessons, which explain the correct movements of “Radio-Taiso,” is offered throughout Japan to companies that are actively promoting the health of their employees.



## “Radio-Taiso” Attendance Cards

Every year we distribute “Radio-Taiso” Attendance Cards to a large number of people, mainly elementary school students, through post offices and Japan Post Insurance branches nationwide. In the fiscal year ending March 31, 2024, the cards will have Lucario, which Japan Post Insurance appointed as a Pokémon to support “Radio-Taiso” on its surface.



©2023 Pokémon. ©1995-2023 Nintendo/Creatures Inc. /GAME FREAK inc.

## Collaborative Research of “Radio-Taiso”

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






## Providing Services through a Health Support App

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

### ○ Main Functions of the Sukoyakanpo Health Support App

**Standard menu** Free

**Support 1** Enjoy "walking"

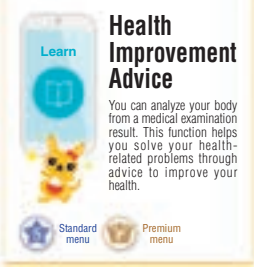


**Step count management/Radio Exercise**

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

Standard menu Premium menu

**Support 2** "Learn" your body



**Health Improvement Advice**


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

Standard menu Premium menu

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

**Premium menu** Free

**Support 3** Know the "rhythm of your body"

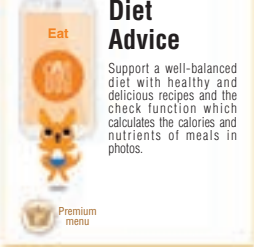


**Body Rhythm Advice**

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

Premium menu

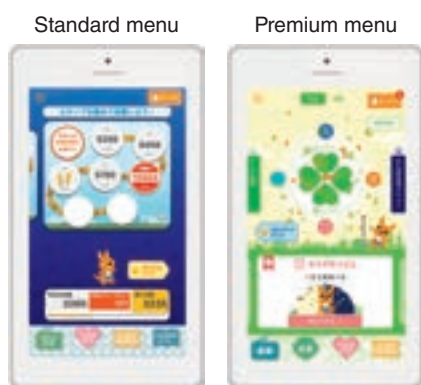
**Support 4** Support "eating"



**Diet Advice**

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

Premium menu



## Promotion of Kampo Platinum Life Service

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

**Provision of health and medical information**

- Free telephone consultation service for policyholders, etc. Consultation line for health, medical, nursing care and childcare
- Information line for "taxes in life"

**Establishment of systems friendly to elderly customers**

- Establishment of a dedicated call center for elderly customers

## Development of Local Communities and Society

### Support for wheelchair tennis and boccia

By supporting parasports including wheelchair tennis and boccia, we aim to achieve a society where all people can play an active part in their own ways.

#### Wheelchair tennis

Japan Post Insurance has been supporting wheelchair tennis as a top partner of the Japan Wheelchair Tennis Association (JWTA) since the fiscal year ended March 31, 2019. We sponsor wheelchair tennis competitions and wheelchair tennis events for the junior generation nationwide.



Training Camp for U22 Next-Generation Developmental Athletes, supported by Japan Post Insurance



Japan Post Insurance Cup 2022 (1st Japan Wheelchair Tennis Junior Championship)

#### Support for athlete employees

Starting in the fiscal year ended March 31, 2020, we have been supporting OHTANI Momoko, a wheelchair tennis player who is active on the world stage, as an athlete affiliated with Japan Post Insurance, and welcomed her as an employee in the fiscal year ended March 31, 2021. OHTANI competed in the Tokyo 2020 Paralympic Games (held in the fiscal year ended March 31, 2022), winning a bronze medal in the women's doubles competition, and in the fiscal year ended March 31, 2023, she competed in four major tournaments, demonstrating her high level of performance.



Wheelchair tennis player  
Employee of Japan Post Insurance  
OHTANI Momoko

#### Boccia

For some time, Japan Post Insurance has engaged in activities to popularize and promote “Radio-Taiso” as a exercise that is easily accessible “anytime, anywhere, for anyone,” with the aim of helping promote the health of the population. We have similarly supported Boccia, another sport that can be enjoyed together by all people, regardless of age, gender, abilities and disabilities as a gold top partner of the Japan Boccia Association since the fiscal year ended March 31, 2023.



Boccia Tokyo Cup 2023, supported by Japan Post Insurance

### Social Contribution Activities at Each Base

Based on the management philosophy “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” we carry out community-based social contribution activities at our branches, regional headquarters, and service centers throughout Japan.



Cleaning activities at Naha Branch, Okinawa Regional Headquarters



Volunteer flower planting at Aomori Branch

# ESG Investment

Under our management philosophy, “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” we consider ESG factors in all of our assets under management. At the same time, we are committed to making investments and loans that contribute to the achievement of the SDGs and the resolution of social issues in a broad range of areas. As a universal owner<sup>(Note)</sup> that manages a wide range of assets over the long term based on the precious premiums entrusted by our customers, we aim to fulfill our social responsibility to all our stakeholders, realize a sustainable society, and improve long-term investment results.

(Note) An institutional investor investing large amounts and diversifying broadly across overall capital markets.

## Priority Initiative Themes of ESG Investments

We focus on the “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection” as priority initiative themes and make investments with “warmth” unique to Japan Post Insurance.



## ESG Investment History

- 2014 Accepted Japan’s Stewardship Code
- 2017 Signed “Principles for Responsible Investment (PRI)” ①
- 2019 Announced the ESG Investment Policy  
Declared support for TCFD and its recommendations
- 2020 Started negative screening in asset management
- 2021 Introduced ESG integration for entire asset portfolio, set KPIs for the Medium-Term Management Plan  
Signed the Japan Impact-driven Financing Initiative and the Social Impact Management Initiative
- 2022 Set GHG emissions reduction targets for investment portfolio ②  
Joined the PCAF, Climate Action 100+, CDP and Advance<sup>(Note)</sup> ③  
Launched the Impact “K” Project to promote impact-driven investment
- 2023 Disclosed results of analysis of natural capital risk in investment portfolio

① **Initiatives on the Principles for Responsible Investment (PRI)**  
We promote ESG investments in accordance with the PRI and report the status of the initiatives once a year. We also designate the results of the PRI’s assessment of these reports as a key indicator in our initiatives to further enhance ESG investing.

② **GHG emission reduction targets for investment portfolio**  
In addition to aiming to be carbon neutral by 2050, we have set an interim target of a 50% reduction from the end of the fiscal year ended March 31, 2021 by the fiscal year ending March 31, 2030 (end of March 2030), and are working to achieve this.

③ **Participation in initiatives**  
In order to promote and advance initiatives for ESG investment, climate change response, impact investment, human rights, etc., we participate in domestic and international initiatives that share the same objectives and awareness of the issues, and gather information, engage in discussions, and disseminate opinions.

(Note) Japan Post Insurance is an Advance endorser and does not participate in any engagement activities in Advance.

## Governance structure for promoting responsible investments

At Japan Post Insurance, we work to promote responsible investment, including ESG investment and stewardship activities, under the governance structure on the right.

Through participation in the Responsible Investment Advisory Sectional Meeting, which includes outside experts, as well as other initiatives, we fully utilize outside perspectives and continue to promote and advance responsible investment.



## Framework for ESG Investments

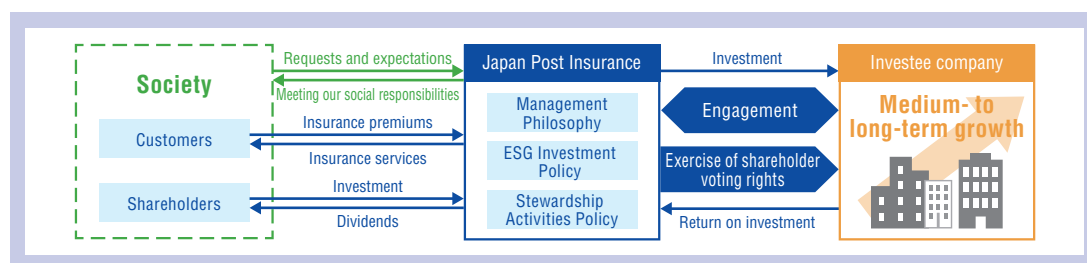
We are committed to ESG investment with a focus on the following methods.

<b>ESG integration</b>	When making investments and loans in all our assets under management <sup>1</sup> , we comprehensively evaluate the ESG initiatives of our investees based on each asset's characteristics and incorporate them into our decision-making process.
<b>Engagement and exercising voting rights</b>	We accurately identify the status of ESG-related issues and management strategies of investee and conduct engagement (purposeful dialogue). Our voting activities are based on our Policies on the Exercise of Shareholders' Voting Rights. When exercising voting rights, we take into consideration non-financial information and information gained from dialogues with companies.
<b>ESG-themed investments and impact investments<sup>2</sup></b>	We actively promote ESG-themed investments and impact investments and loans in accordance with our priority initiative themes of ESG investment initiatives.
<b>Negative screening</b>	We do not invest in any manufacturers of controversial weapons or new domestic or overseas project financing for coal-fired power generation, which emits a lot of CO <sub>2</sub> and is known to have an adverse impact on climate change.

Notes: 1. Including externally managed assets. For externally managed assets, we review and evaluate the initiatives for ESG investments when selecting and interviewing investment managing organizations and fund managers.  
 2. Investment activities intended to generate positive and measurable social and environmental impact in parallel with financial returns.

## Stewardship Activities

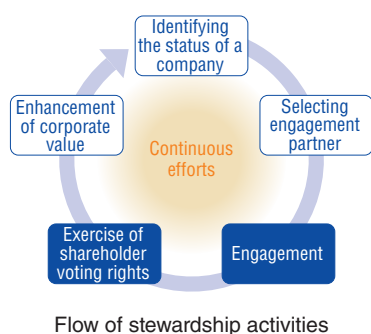
As a responsible institutional investor, we promote stewardship activities in order to respond to social demands such as support for Japan's Stewardship Code and to increase medium- to long-term investment returns by promoting value enhancement and sustainable growth of the investees in which we invest and finance.



We believe that medium- to long-term growth of a company is important for improving long-term investment performance and realizing a sustainable society through ESG investment.

We fulfill our stewardship responsibilities through ongoing “engagement” and “exercise of shareholder voting rights” based on an accurate understanding of corporate conditions through research activities and dialogue.

We are also active in initiatives and collaborative engagement with domestic and international investment managers.



### ■ Engagement

We will seek enhanced disclosure of non-financial information, including sustainability-related matters, and will continue to engage in constructive “purposeful dialogue” that encourages medium- to long-term improvements in corporate value.

Sustainability-related issues:  
 Realization of a decarbonized society, preservation of biodiversity, respect for human rights and human capital, etc.

### ■ Exercise of shareholder voting rights

We exercise shareholder voting rights in all investee companies.

In determining whether to approve or disapprove of shareholder voting rights, we make careful judgement by not only making uniform decisions, but also carefully considering non-financial information, the content of dialogue, and other factors, as well as whether shareholder interests will be maximized over the long term.

For more information on our ESG investment/stewardship activity initiatives, please visit our website.

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



## ESG Investment Examples – Investments with “warmth” unique to Japan Post Insurance

We invest in projects that can broadly contribute to achieving the SDGs goals and resolving issues, after confirming the relevance to the priority initiative themes of ESG investment and the use of funds.

Enhancement of well-being	Development of local communities and society	Contribution to environmental protection
		
<p><b>Real estate fund whose main tenants are licensed nursery schools in urban areas with a large number of children on waiting lists</b></p> <p>The fund aims to both generate long-term stable earnings and solve the social issue of children on waiting lists. The fund strives to create a positive impact on the balance between work and family life, and on the contribution to the advancement of women.</p>	<p><b>Fund that invests in companies that contribute to impact creation such as revitalizing local economies</b></p> <p>Through investments in small and medium-sized domestic enterprises, venture companies, and regional development projects, the fund aims to revitalize regional economies and create a positive impact on society through the circulation of funds to local regions.</p>	<p><b>Renewable energy projects such as solar power generation, wind power generation, biomass power generation, etc.</b></p> <p>As a Medium-Term Management Plan KPI, we aim to increase the total generation output of renewable energy facilities in which it invests and loans to 1.5 million kW<sup>(Note)</sup> by the end of March 2026. (Note) Equivalent to the electricity demand of approximately 525,000 regular households</p>

## Promoting the Impact “K” Project



In order to expand impact investments that contribute to solving social issues in addition to securing economic returns, we have launched Impact “K” Projects, an investment framework uniquely defined by Japan Post Insurance, from the fiscal year ended March 31, 2023.

In this project, we are promoting impact-oriented investments and loans for all of our assets, focusing on the relationship with the priority initiative themes of our ESG investment and working toward the future society we wish to realize and the solutions to social issues that will lead to such society.

**Investment example** A domestic listed equity fund that aims to achieve both economic and social returns by investing in companies that are actively engaged in creating social impact.

## Addressing sustainability issues

In order to realize a sustainable society, we are committed to contributing to the resolution of global sustainability issues through our investments, and we emphasize the following themes in our engagement with the investee companies.

<p><b>Climate change</b></p> <ul style="list-style-type: none"> <li>● Set GHG emissions reduction targets for our investment portfolio</li> <li>● Proactively make investments and loans that contribute to the realization of a decarbonized society by setting KPIs for the total power output of the renewable energy facilities in which we invest and loan</li> </ul>
<p><b>Natural capital</b></p> <ul style="list-style-type: none"> <li>● We perform initial analysis of natural capital risk in investment portfolio and disclose a summary</li> </ul>
<p><b>Human rights</b></p> <ul style="list-style-type: none"> <li>● We participated in the collaborative stewardship initiative “Advance” as an Endorser</li> </ul>
<p><b>Human capital</b></p> <ul style="list-style-type: none"> <li>● We encourage companies to enhance disclosure and other initiatives</li> </ul>

## Industry-Academia Collaboration

We signed a memorandum of understanding for collaboration and cooperation to actively promote investment in innovative technological developments and businesses held by academia. Currently, we are discussing funding for venture companies that utilize research results from academia, with a focus on the area of impact investment.



## Achieving a sustainable society through the Impact “K” Project

During my tenure in the Alternative Investment Department, I gained practical experience in the certification of Impact “K” Project by investing in a real estate fund whose primary tenants were licensed nursery schools.

Real estate has a high affinity with “S” (society) due to its characteristics of creating places for people to gather, and within this context, I believe that nursery schools have a great impact on solving social issues such as the problem of children on waiting lists and women entering society. In the process of obtaining certification, we identified social issues and organized KPIs, which helped us further clarify our efforts to “realize a sustainable society.”

Currently, I belong to the Investment Planning Department, where I am working on developing the overall ESG investment framework.

I will continue to contribute to the realization of investments with “warmth” unique to Japan Post Insurance.

KOHAMA Akira  
Investment Planning Department



## Human Capital Management

### Message from the officer in charge

## Becoming a corporate entity where every employee grows with the Company with job satisfaction



### TACHIBANA Atsushi

Senior Managing Executive Officer,  
responsible for Human Resources Department  
and Human Resources Strategy Department

At Japan Post Insurance, we aim to achieve sustainable growth by becoming a company that is trusted and chosen by our customers and by providing insurance services that impress customers. The growth of our employees is essential for the sustainable growth of the Company, and we need to work from the perspective of human capital management to ensure that both the Company and our employees grow together.

We have been working on various measures to reform our corporate culture, reform the way we work, and promote diversity. In addition to further focusing on human capital management in the future, we have newly formulated the “Three Basic Principles of Human Capital Management” to solve three major issues in our management strategy: “developing the fundamental strength of our sales force,” “transforming our business model,” and “creating and increasing the number of employees who can act independently.”

<Basic Principle 1> is to “establish a corporate culture in which employees act independently.” We aim to improve employee engagement and create a corporate culture that encourages employees to act independently by firmly establishing the corporate culture reform initiatives we have been working on, ensuring that all employees share and sympathize with our vision for the future, managing employees in a way that encourages their independence, and providing opportunities for them to take on the challenges of a variety of careers. We expect to see even more employees who think autonomously about their own careers and work toward achieving the careers they aspire to.

<Basic Principle 2> is to “secure human resources in a strategic manner.” By formulating a human resource portfolio that visualizes the quantity

and quality of the current and future human resources needed, and by securing human resources for the areas that we will focus on strengthening in the future, we aim to solve our management strategy issues, grow our employees, and strengthen our organization.

<Basic Principle 3> is to “promote the active participation of diverse human resources and flexible work styles.” We are committed to meeting the needs of an increasingly diverse society and improving employee and customer satisfaction by promoting further reforms in work styles and diversity, with the aim of becoming a company where employees of various backgrounds can work in a comfortable environment and where each and every employee can make full use of his or her abilities with peace of mind.

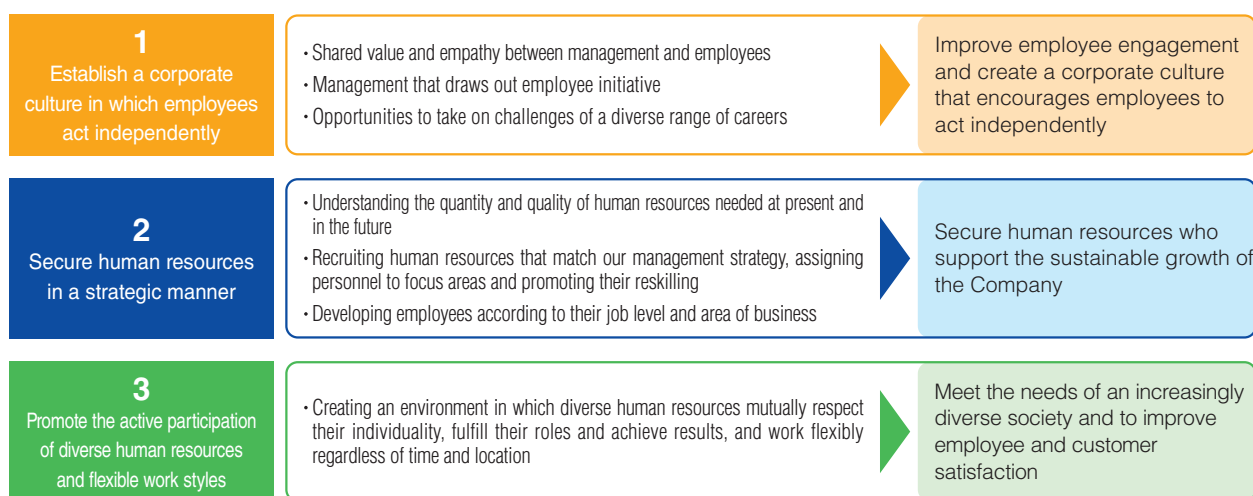
As a future challenge, we believe it is necessary to further foster a sense of unity throughout the Company with the transition to a new sales structure in the fiscal year ended March 31, 2023. In order for all employees to work together to implement various initiatives based on our basic philosophy, we have further embodied our management philosophy of “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” and formulated “Thank you for being here” as a common value on which all employees base their day-to-day thoughts, decisions and actions. We will work toward further reform of our corporate culture by working toward human capital management based on our three basic principles and shared values, aiming to become a company where each and every employee can think and act independently on his or her own initiative, and grow with the Company while feeling a sense of fulfillment.

## Our Vision

We aim to achieve sustainable growth by enhancing our competitiveness, becoming a company trusted and chosen by our customers, and providing insurance services that impress customers. To this end, we believe it is essential to secure diverse human resources who can act independently and deliver high value-added results.

In order to realize this vision, we have newly established the “Three Basic Principles of Human Capital Management” to boost human capital management.

### Three Basic Principles of Human Capital Management



The “Three Basic Principles of Human Capital Management” are linked to our management strategy, and we aim to realize our management strategy and increase our corporate value by promoting the following initiatives in line with this philosophy.

### [Basic Principle 1] Establish a Corporate Culture in Which Employees Act Independently

#### Stimulate communication between management and employees

To stimulate communication between management and employees, we are developing measures for information dissemination from management, information dissemination from employees, and mutual understanding between management and employees, and between the Head Office and front lines.

**Main initiatives**

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



Meetings for exchange of opinions between the management, Head Office and Retail Service Division for increasing customer contact points

#### Management that draws out employee initiative

In addition to ensuring validity and objectivity in personnel evaluations, we hold human resource development meetings to discuss each employee’s development policy, etc., based on the employee’s own career-related wishes.

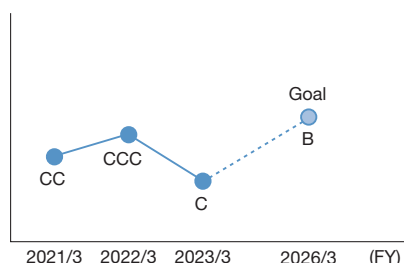
Furthermore, by clarifying the roles required of managers and improving management methods through the introduction of coaching training, we are encouraging employees to act independently.

## Support for Diverse Career Formation

We have introduced a career challenge system that allows employees to take on the challenge of new tasks in a job or environment away from their current one for the purpose of encouraging autonomous growth. This system allows employees to take on new tasks on their own, improve their skills and broaden their perspectives in that area, thereby enhancing their ability to solve problems through new ideas, and also promotes mutual understanding between organizations by stimulating personnel exchanges.

## ES Surveys

In order to objectively assess employee engagement, we carry out the engagement score (ES) survey twice a year to identify issues and problems related to the workplace environment at each site and make ongoing improvements. We set a target of achieving “B” or above on average of other companies in the fiscal year ending March 31, 2026.



Although the engagement score improved in the fiscal year ended March 31, 2022 due to initiatives including the revitalization of internal communication, this score declined year on year in the fiscal year ended March 31, 2023. We believe this is due to challenges in building company-wide cohesion and a sense of unity, as approximately 13,000 employees, equivalent to half of all employees post-transition, newly joined the Company as a result of the transition to the new Japan Post Insurance sales system starting in April 2022. Going forward, we aim to improve engagement by continuing to revitalize communication between management and employees through front-line meetings, which are currently being conducted, and by continuing to work on a mechanism to utilize employee opinions in management through Direct Suggestions to the President.




(Note) C is the 9th from the top of all 11 levels, CC is the 8th from the top, CCC is the 7th from the top and B is the 6th from the top.

## [Basic Principle 2] Secure Human Resources in a Strategic Manner

As a tool to support the business expansion and transformation of each division from the organizational and human resource perspectives, we are developing a human resources portfolio that visualizes the quantity and quality of the human resources needed at present and in the future. This will enable us to identify the human resources required for each department and organization, and to strategically secure human resources through recruitment, placement of the right person in the right position, and training based on this understanding.

Development of human resources portfolio	To support the business expansion and transformation of each division from human resource perspectives, we visualize the quantity and quality of human resources needed at present and in the future, identify areas of focus for strengthening and the types of human resources needed in the future, and strategically implement recruitment, placement of the right people in the right positions, and training based on gaps between the current situation and the future.
Recruitment	<p>Actively recruit the following specialized personnel</p> <ul style="list-style-type: none"> <li>● New graduate hires: Actuaries<sup>(Note)</sup>, professionals in the asset management, IT and digital areas</li> <li>● Hiring of experienced personnel: External specialists who can make an immediate impact in areas such as asset management, sales, IT/digital, etc.</li> </ul> <p>(Note) Professionals who use methods such as probability and statistics to evaluate uncertain future events and perform actuarial work and risk management.</p>
Human resource development in the digital field	<ul style="list-style-type: none"> <li>• In order to systematically develop human resources in the digital field, implement a separate development curriculum for each type of human resources (A curriculum has been prepared for managers, planning staff, development staff, and others)</li> <li>• Prepare training lineup that is unique and tailored to our business operations, while utilizing the common training programs of the Japan Post Group</li> <li>• Establish an environment in which employees can learn necessary skills and knowledge by pairing them with experienced employees, incorporating knowledge from outside the Company, and providing on-the-job training (OJT) in the course of actual work.</li> <li>• In the future, we will build a framework for continuously producing digital human resources and accelerate the promotion of digital transformation</li> </ul>



Developing next generation leaders	<p>We implement employee training tailored to each level, with an eye to the future by establishing a next-generation leader development program for the purpose of strategically developing employees in the context of a long-term plan to continuously produce management leaders who will support the Company's growth.</p> <p><b>Overview of the Next Generation Leader Development Program</b></p>									
	<table border="1"> <tr> <td>Management positions</td> <td>  <p><b>Management Leadership Development Program</b></p> </td> <td> <p>We provide employees who are candidates for management leadership positions with strategic assignments and selective training to strengthen management skills, based on career paths with a view to promotion to management leadership positions.</p> </td> </tr> <tr> <td>Executive positions</td> <td> <p><b>Core Human Resource Development Program</b></p> </td> <td> <p>We conduct training and other programs to "improve management skills and management literacy" and "raise awareness among young and mid-career employees."</p> </td> </tr> <tr> <td>General employees</td> <td> <p><b>Basic Program</b></p> </td> <td> <p>We implement training programs by year for the purpose of "forming a foundation of business skills."</p> </td> </tr> </table>	Management positions	 <p><b>Management Leadership Development Program</b></p>	<p>We provide employees who are candidates for management leadership positions with strategic assignments and selective training to strengthen management skills, based on career paths with a view to promotion to management leadership positions.</p>	Executive positions	<p><b>Core Human Resource Development Program</b></p>	<p>We conduct training and other programs to "improve management skills and management literacy" and "raise awareness among young and mid-career employees."</p>	General employees	<p><b>Basic Program</b></p>	<p>We implement training programs by year for the purpose of "forming a foundation of business skills."</p>
	Management positions	 <p><b>Management Leadership Development Program</b></p>	<p>We provide employees who are candidates for management leadership positions with strategic assignments and selective training to strengthen management skills, based on career paths with a view to promotion to management leadership positions.</p>							
Executive positions	<p><b>Core Human Resource Development Program</b></p>	<p>We conduct training and other programs to "improve management skills and management literacy" and "raise awareness among young and mid-career employees."</p>								
General employees	<p><b>Basic Program</b></p>	<p>We implement training programs by year for the purpose of "forming a foundation of business skills."</p>								
Deployment	<p>As a result of transforming our business model through means such as streamlining back-office operations, including document screening and data entry of billing details at branches and service centers, we will appropriately reskill them and gradually shift them to divisions that handle customer service.</p>									

**[Basic Principle 3] Promote the Active Participation of Diverse Human Resources and Flexible Work Styles**

We are committed to creating a diverse and vibrant organization, respecting the human rights of all people involved in our business activities, ensuring a safe and comfortable work environment, and creating a rich workplace where individual employees can exercise their independence and creativity.

**Promoting Expanding Roles of Female Employees**

We are creating an environment in which employees can play an active role regardless of gender by providing career development support training for female employees in management candidate positions, mid- to long-term career development support for female employees through networking among employees, training on unconscious bias, and other programs.

▶ Please refer to pages 78 and 80 for the ratio of female managers.



Social gathering for female employees in corporate sales (more than 100 people attended, including web participation)

**Support for Balancing Work with Childcare and Nursing Care**

To ensure that employees can continue to work with peace of mind while raising children or caring for family members, we are working on thorough implementation of a return-to-work program for employees who have taken childcare leave and hold seminars to support employees in balancing work and childcare. In addition, a "Work-Life Balance Guidebook" that describes various support systems for childcare and nursing care has been created for the entire Japan Post Group to promote understanding and awareness among employees.

▶ Please refer to pages 78 and 80 for the rate of taking childcare leave.



Guidebooks and handbooks related to childcare and nursing care common to the Japan Post Group

**Promoting Telework**

We promote telework as an option for flexible work styles. In addition to formulating a telework handbook (internal rules) to promote management and smooth communication during telework, we are also working to improve hardware, such as enhancing storage service functions.

### Promoting Support and Employment for People with Disabilities

We actively promote the employment of people with disabilities, recognizing that fairly evaluating their work skills and providing work opportunities for a diverse population is a part of our corporate social responsibility. Moreover, we support the retention of employees with disabilities in the workplace by holding regular dialogues and roundtable discussions with them, establishing a dedicated consultation service, and assigning leaders who promote the employment of people with disabilities to lead these efforts.

▶ Please refer to page 78 for the ratio of employees with disabilities.



Employees with disabilities engaged in administrative support work on the "Administrative Support Team" within the Diversity Promotion Office

### LGBT Friendly

In order to create a company friendly to LGBT, we have been certified as Gold in the PRIDE INDEX for six consecutive years through ongoing efforts in training to deepen understanding of diverse genders and promotion measures to expand LGBT allies who consider LGBTQ+ as an involved party.



Our trademarked LGBT ALLY logo

### Promotion of Health Management

In line with the policy that physical and mental health is important for each and every employee to fully demonstrate his or her abilities and work vigorously, we have established the Japan Post Group Health Management Promotion System. We work on measures to maintain and promote health, such as curbing long working hours, health guidance to prevent and improve lifestyle-related diseases, and mental health care.

#### Japan Post Group Health Management Promotion System



#### Japan Post Group Declaration on Health

The Japan Post Group believes that the foundation of our management lies first and foremost in the physical and mental well-being of our employees in order to realize our Management Philosophy, which aims for the happiness of our customers and employees.

The employees will personally maintain and enhance their "healthy minds and bodies" and the Japan Post Group will work to build work environments that support such endeavors.

Furthermore, each individual employee will take full advantage of his or her skills and work energetically and, in turn, aim to realize the happiness of the customers.

With the aim of curbing the number of employees who are unable to work normally due to health issues, we have set KPIs over the medium term to evaluate the status of employee health-related initiatives.

#### Japan Post Group Health Management KPI

	Group goals for FY2025/3	FY2023/3 Japan Post Insurance results
Percentage of employees requiring medical care 1 and 2	1% or less	0.78%
Escape rate for specific health guidance	23% or more	24.00%

### TOPICS: Japan Post Group Personnel Policy

The Group Human Resources Policy has been formulated as a basic direction to realize the management and human resources strategies based on the JP Vision 2025, the Medium-Term Management Plan of the Japan Post Group. The policy identifies four elements that the Group should focus on: "pride and fulfillment" as the goal, three axes for achieving the goal, "recognizing each other's differences," "enhancing capabilities," and "demonstrating strengths," and identifies specific indicators and targets for each of these elements.

Key Indicators and Targets	Consolidated results of 4 Group companies (FY2023/3)
Periodic quantitative assessment of employee "pride and satisfaction"	—
Average number of childcare leave days taken by male employees: over one month	30.5 days
Ratio of female managers at head offices: 30% (by FY2031/3)	—
Establishment of new indicators for the right person in the right place	—
Average number of days off taken per year: 18 days or more	18.9 days

# ERM and Capital Policy

## Message from the officer in charge

We aim to achieve sustainable growth and increase corporate value while ensuring the soundness of business operations.



**ONISHI Toru**  
Deputy President Representative Executive Officer,  
responsible for Corporate Planning Department

Based on the concept of ERM, we aim to achieve sustainable growth and improve corporate value while ensuring the soundness of our business operations through measures such as heightening risk sensitivity. In the Medium-Term Management Plan (FY2021–FY2025), we are aiming for EV growth (RoEV) of 6% to 8%, which exceeds the assumed cost of capital. In FY2022, we set a target range (appropriate level 150% to 220%) for ESR (economic value-based solvency ratio) based on the new capital regulations (economic value-based capital regulation) that will be introduced from FY2025. We will continue to work on disciplined ERM and capital policies.

## Recognition of the Environment and Basic Strategy

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

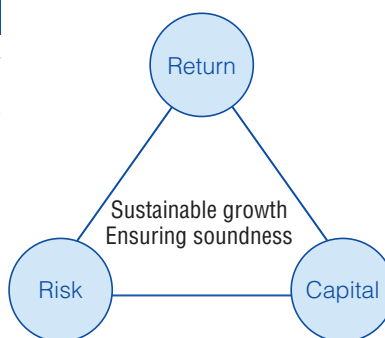
On top of that, we will position returning profits to shareholders as an important measure for management effectiveness. We will secure revenues while maintaining financial soundness based on ERM, aiming to steadily return profits to shareholders.

## Key Initiatives

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

### Improvement of return against risk

- Develop insurance services to satisfy protection needs of customers of all generations and shift to a portfolio centering on protection-type products
- Engage in deeper and more sophisticated asset management to maximize return against risk
- Invest in DX while promoting improved efficiency in business operation



### Improvement of capital efficiency

- Aim for growth exceeding estimated capital costs in the medium- to long-term (RoEV of 6% to 8%<sup>(Note)</sup> Assumed capital cost ratio: around 6%)
- Pay due consideration to costs and quality in the capital composition and maintain soundness of the financial base
- Aim for an increase in per-share dividends and never reduce dividends, in principle, during the Medium-Term Management Plan
- Aim for an average total payout ratio from 40% to 50% in the medium term

Note: A value obtained by excluding the "difference between the economic assumption and actual results" from the EV variance factors.

### Maintaining financial soundness

- Establish and maintain the minimum financial soundness and the assessment criteria (Maintain financial soundness: The minimum solvency margin ratio of 400%, the standard solvency margin ratio of 600%, and ESR (economic solvency ratio) of 150%)
- Aim for the medium- to long-term stability and improvement of ESR while refining measurement methods in anticipation of the introduction of the new solvency regulations
- Implement responses to the introduction of the new solvency regulations, including controlling interest rate risks

## Risk Appetite Statement

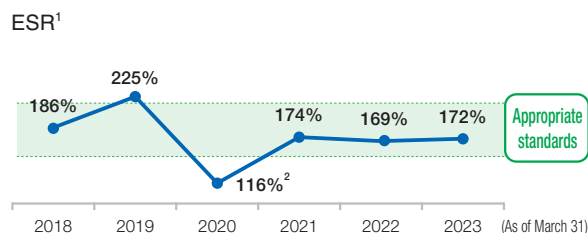
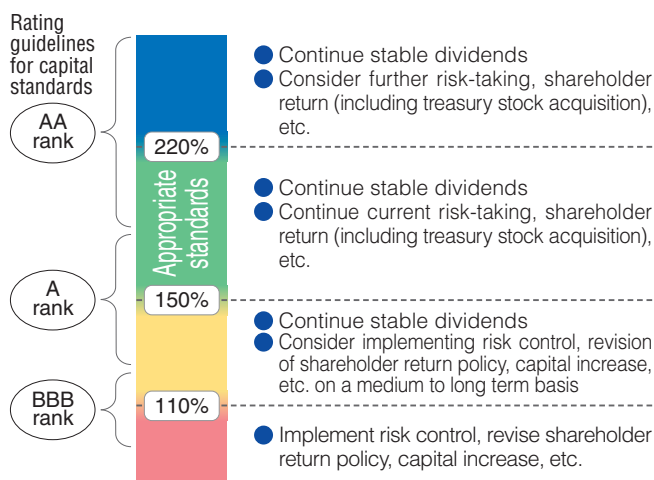
The Risk Appetite Statement stipulates our risk-taking policies in terms of which risks to take in order to achieve our goals. We categorize our risk appetite into “qualitative risk appetite” and “quantitative risk appetite.”

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

## ESR target range

In order to clarify capital evaluation and increase the transparency of risk-taking (risk elimination), shareholder return, etc., the Company established appropriate ESR standards (target range) and management behavior corresponding to the said standards.

Bearing rating guidelines for capital standards in mind, we set an appropriate standard of 150 to 220% in order to secure a capital standard of A rank higher and aim for a capital standard equivalent to AA rank for the medium to long term.



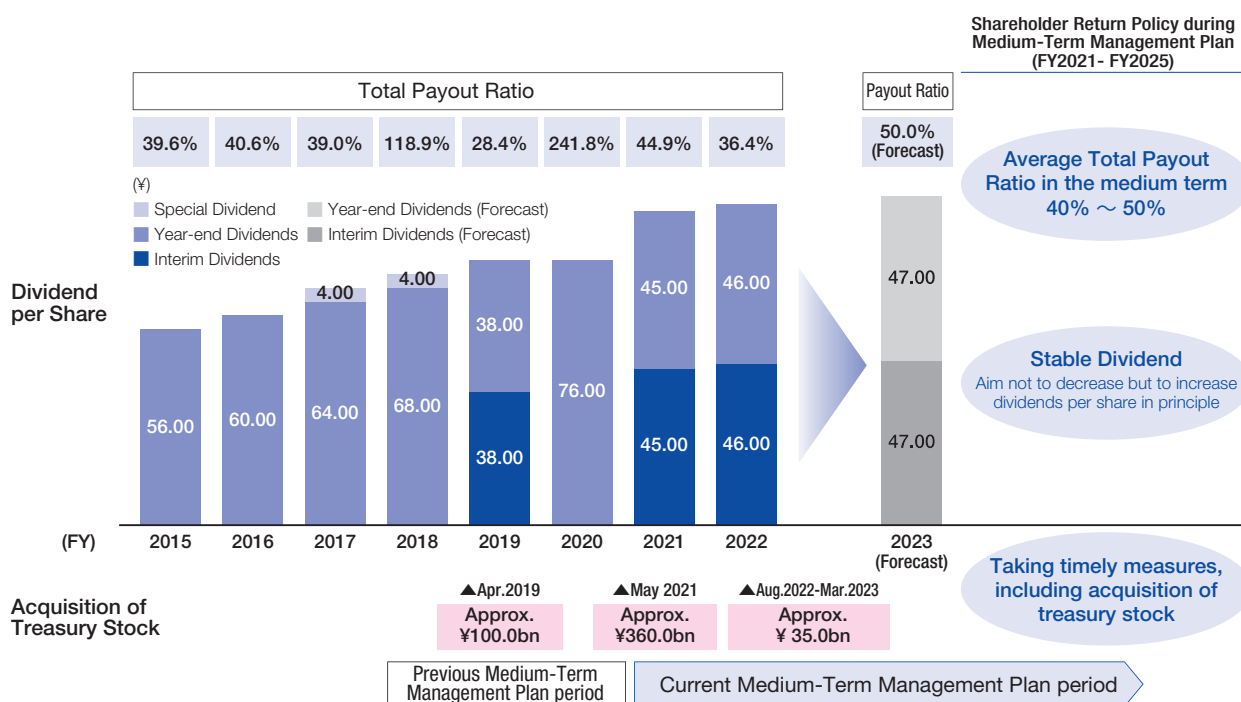
Notes: 1. Figures for March 31, 2021 and onwards are the amounts after the change in the ESR measurement model.  
 2. Capital amount decreased and risk amount increased due to changes in the assumed EV operating costs.



## Shareholder Return

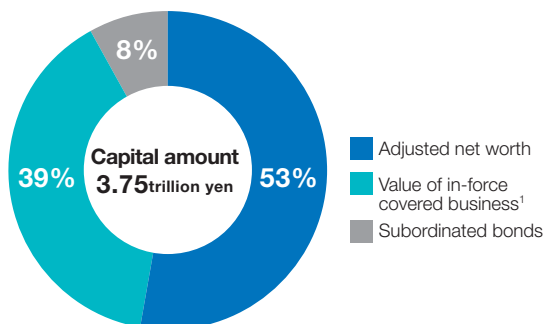
We recognize that the distribution of profit to shareholders is an important policy of management, and distributes profits to shareholders stably, while securing management soundness.

Specifically, with regard to shareholder dividends, we in principle aim not to decrease but to increase dividend per share for the period of the Medium-Term Management Plan up to FY2025, while considering earning prospects and financial soundness. Furthermore, with the primary aim of returning profits to shareholders flexibly, we will strive to achieve an average total payout ratio from 40% to 50% in the medium term by engaging in the agile acquisition of treasury stock and other means.



## Capital and Risk Amount (as of March 31, 2023)

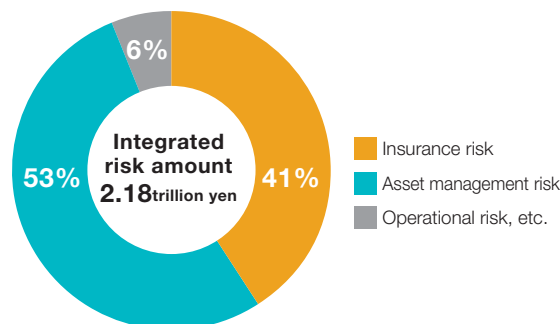
### Capital amount



- Aim for EV growth exceeding estimated cost of shareholder's equity in the long term by securing stable profit (RoEV<sup>2</sup> 6% to 8%)

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

### Integrated risk amount<sup>3</sup>



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

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

# Risk Management Systems

## Outline of Risk Management Systems

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

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

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

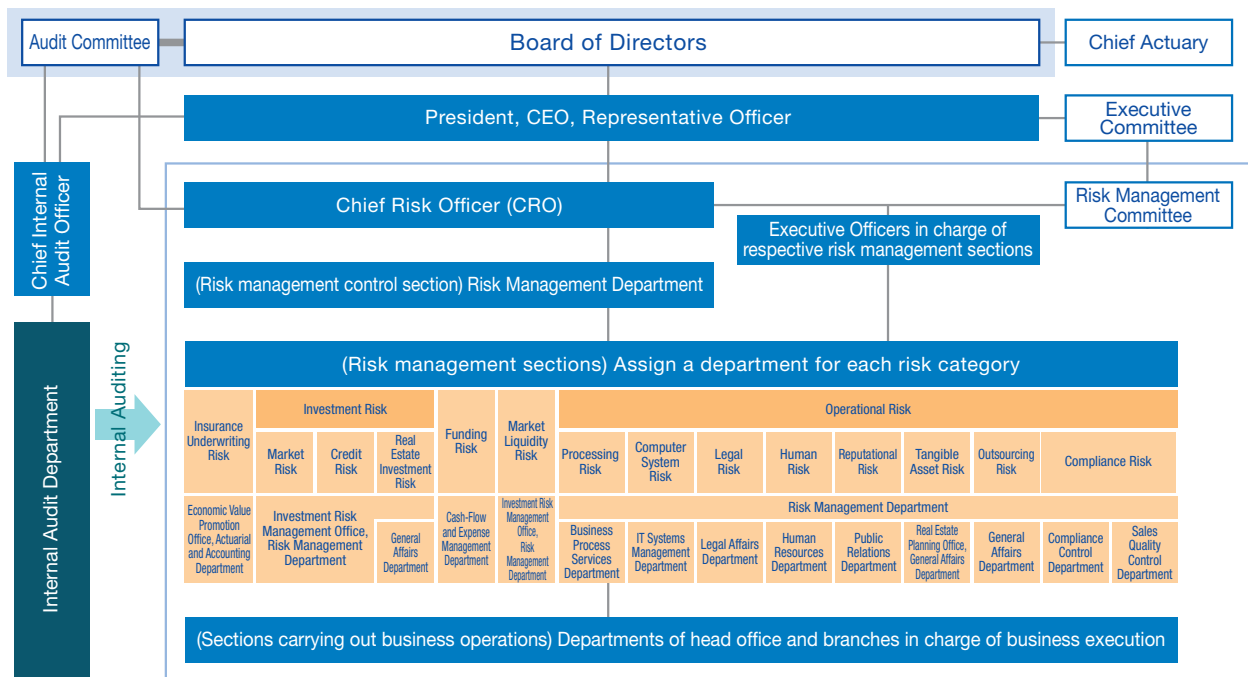
Each of the Executive Officers in charge of risk management sections operate and upgrade the systems for managing their respective assigned risks by ascertaining the presence, types and profile of risk, as well as the risk management techniques and systems as prescribed by the Basic Risk Management Policy.

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

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

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

### Risk Management Structure



## Principal Risk Categories and Definitions

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

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

## Implementation of Stress Tests

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

In establishing stress scenarios we undertake the following:

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

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

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

# Outline of the Corporate Governance Structure

## Basic Concept of Corporate Governance

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

**Basic Policy Regarding Corporate Governance**  
[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate\\_governance/corporate\\_governance.html](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/corporate_governance.html)

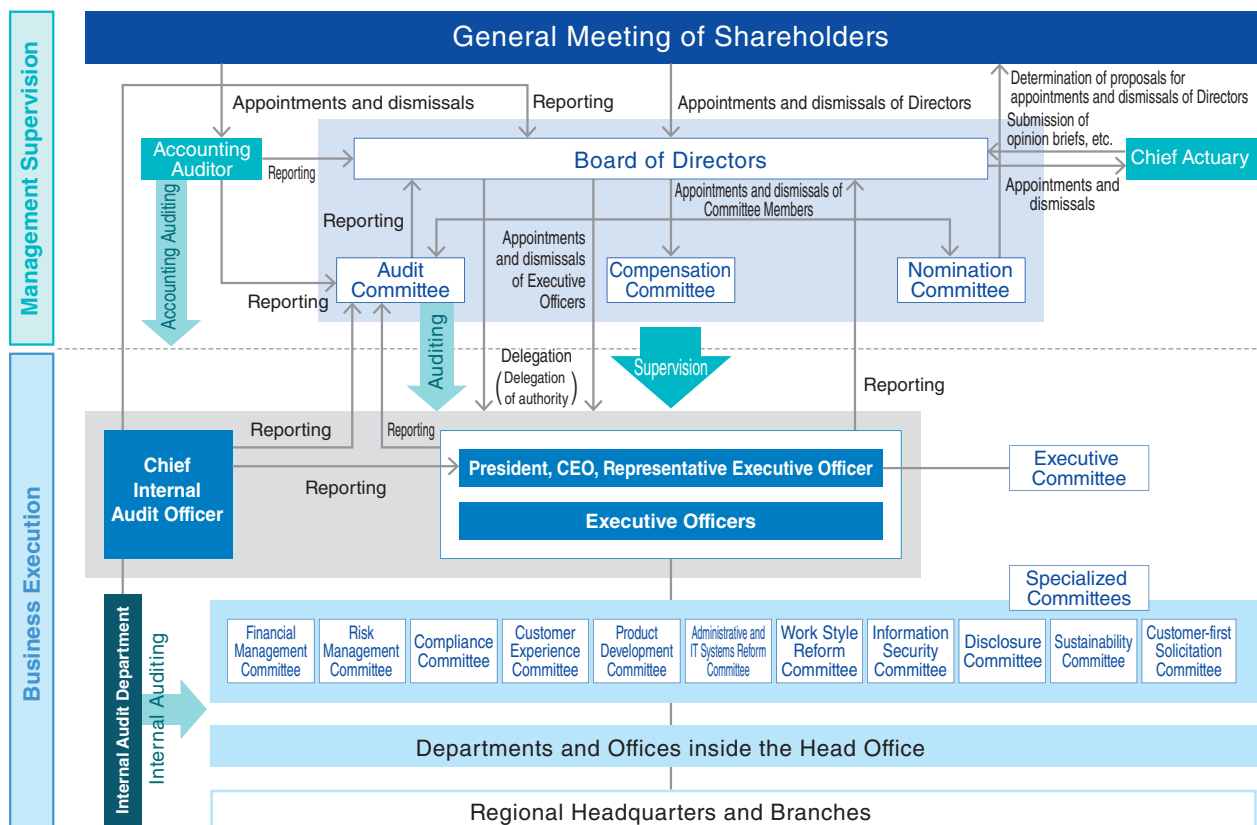
### (Basic Concept of Corporate Governance)

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

## Outline of the Corporate Governance Structure

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

### Corporate Governance Structure





## Board of Directors (Management Supervision)

The Board of Directors of the Company determines matters such as the basic management policy of the Company, segregation of duties of Executive Officers and the fundamental policy for establishment of internal control systems and has the authority of supervising the execution of duties by Executive Officers. Meanwhile, the Board of Directors promotes the development of a framework that enables supervision of management from the external and broader perspective by appointing lawyers and corporate managers as Outside Directors. The three committees, the Nomination Committee, the Audit Committee and the Compensation Committee, have been established to fully utilize external views on the management of the Company and ensure the transparency and fairness of decision-making of the management. The specific roles of these committees are as follows:

<ul style="list-style-type: none"> <li>● <b>Nomination Committee</b> The committee determines proposals for general meetings of shareholders concerning the election and dismissal of Directors. Committee Chair: HARADA Kazuyuki (Outside Director) Members: TANIGAKI Kunio, MASUDA Hiroya, SUZUKI Masako (Outside Director), YAMAZAKI Hisashi (Outside Director)</li> <li>● <b>Audit Committee</b> The committee audits the execution of duties by Directors and Executive Officers, prepares audit reports, determines the content of proposals regarding the election and dismissal of the accounting auditor to be submitted to general meetings of shareholders and approves the compensation for the accounting auditor. Committee Chair: SUZUKI Masako (Outside Director) Members: NARA Tomoaki, TONOSU Kaori (Outside Director), TOMII Satoshi (Outside Director), OMACHI Reiko (Outside Director)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Compensation Committee</b> The committee formulates compensation policies for Directors and Executive Officers and determines detailed compensation for each individual. Committee Chair: TOMII Satoshi (Outside Director) Members: MASUDA Hiroya, HARADA Kazuyuki (Outside Director), SHINGU Yuki (Outside Director)</li> </ul>
--	--

(Membership composition as of July 1, 2023)

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

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

▣ **Nomination Criteria for Candidates for Directors**

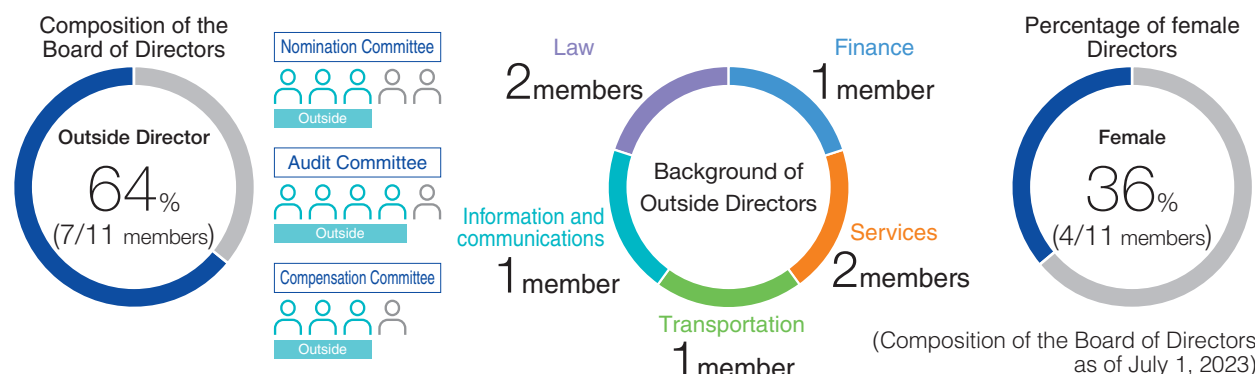
[https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/criteria\\_directors.pdf](https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/criteria_directors.pdf)

▣ **Designation Criteria for Independent Officers**

[https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/independent\\_officers.pdf](https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/independent_officers.pdf)

## Composition of the Board of Directors

The Company’s Board of Directors has a high level of independence and diversity, with a majority (7 out of 11 members) of Outside Directors from a wide range of backgrounds and including four female Directors.



## Skills Matrix for Directors

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

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

Name	TANIGAKI Kunio	ONISHI Toru	NARA Tomoaki	MASUDA Hiroya	SUZUKI Masako	HARADA Kazuyuki	YAMAZAKI Hisashi	TONOSU Kaori	TOMII Satoshi	SHINGU Yuki	OMACHI Reiko
Corporate management <sup>1</sup>	●	●	●	●	●	●	●	●	●	●	
Financial affairs/ Accounting	●	●	●						●		
Legal/ Risk management/ Compliance	●	●	●	●	●	●	●	●	●	●	●
Human resources/ Human resources development	●	●	●	●	●	●	●	●		●	
Sales/Marketing	●	●			●	●				●	
ICT/DX <sup>2,3</sup>		●	●		●			●		●	
Community/Society	●	●	●	●	●	●	●	●	●	●	●
Finance/Insurance	●	●	●	●				●	●		●
Asset management			●						●		●

Notes: 1. We consider the “corporate management” skill item to include areas such as organizational management necessary for supervising management.

2. ICT is an acronym for Information and Communication Technology and collectively refers to technology relating to information and communications.

3. DX, or Digital Transformation, refers to transforming a company’s products, services, and business models based on the needs of customers and society as a whole, using data and digital technology in response to drastic changes in the business environment, while changing its operations, organizations, processes, and corporate culture and climate to establish a competitive advantage.

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

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

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

The operations of the Board of Directors and the committees in the fiscal year ended March 31, 2023 were as follows.

<p>■ Board of Directors</p> <p>Number of meetings held: <b>14</b>      Attendance rate: <b>100%</b>      Average length of meeting: <b>1 hour and 22 minutes</b></p> <p>Major matters resolved by Board of Directors in the fiscal year ended March 31, 2023</p> <ul style="list-style-type: none"> <li>● Capital and business alliance in domestic real estate asset management business with Mitsui &amp; Co., Ltd.</li> <li>● Revision of FY2022 consolidated results forecast</li> <li>● Management Plan for the fiscal year ending March 31, 2024</li> </ul>		
<p>■ Nomination Committee</p> <p>Number of meetings held: <b>4</b></p>	<p>■ Audit Committee</p> <p>Number of meetings held: <b>17</b></p>	<p>■ Compensation Committee</p> <p>Number of meetings held: <b>6</b></p>

## Evaluation of the Effectiveness of the Board of Directors

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

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

[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate\\_governance/effectiveness\\_evaluation.html](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/effectiveness_evaluation.html)

### Process for evaluating effectiveness of the Board of Directors for the fiscal year ended March 31, 2023

Formulation of evaluation items for the survey

<b>01</b>	<b>Survey conducted</b> (February 2023)	All ten Directors were surveyed regarding the Board of Directors for the fiscal year ended March 31, 2023
-----------	--	---

Compilation of surveys

<b>02</b>	<b>Evaluation and analysis</b> (March 2023)	The survey results and opinions received were evaluated and analyzed, and outcomes and issues were identified
-----------	--	---

<b>03</b>	<b>Discussion at meeting of Outside Directors</b> (March 30, 2023)	The evaluation and analysis, as well as measures to address issues in the future, were discussed at a meeting of Outside Directors
-----------	---	--

Drafting of resolution proposal

<b>04</b>	<b>Resolution by the Board of Directors</b> (April 17, 2023)	Based on 01-03, the Board of Directors made a resolution on the results of the evaluation of their effectiveness for the fiscal year ended March 31, 2023, including future action plans of Directors
-----------	---	---

[Main evaluation items on survey]  
Eleven items in total

- (1) **Composition, operation, etc. of the Board of Directors and committees**  
Number of members, diversity, qualities and focused operation (whether the necessary matters are submitted, whether time is invested into important matters, etc.) of the Board of Directors and committees, etc.
- (2) **Recognition of tasks and improvement measures related to the operation of the Board of Directors**  
Set up for a wide range of projects using deliberation items and social gatherings, and holding meetings to exchange opinions with frontline employees, etc.
- (3) **Self-evaluation**  
Self-evaluation of the roles and responsibilities of each Director, etc.

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

#### Initiatives for FY2023/3 and their evaluation

The Company evaluated that the effectiveness of the Board of Directors in FY2023/3 was ensured and improved by implementing the following initiatives. Through the above survey, etc., we received meaningful suggestions to further improve effectiveness, which will be reflected in our efforts for FY2024/3.

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

#### Initiatives for FY2024/3 based on the effectiveness evaluation

- To systematically set up projects to discuss the medium to long-term management direction and outlook for changes in the environment
- To expand opportunities to exchange opinions with frontline employees, including service center staff
- To set up (expand) opportunities for exchanging opinions among Outside Directors and exchanging opinions with Executive Officers
- To make thorough efforts to improve materials, such as structuring materials with a focus on key points

## Executive Compensation

### Compensation Policies for Directors and Executive Officers

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

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

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

#### ☐ Compensation Policies for Directors and Executive Officers by Individual

[https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/compensation\\_policies.pdf](https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/compensation_policies.pdf)

### Amount of Compensation for Directors and Executive Officers (fiscal year ended March 31, 2023)

Total Compensation, etc., Total Compensation, etc. by Type, and Number of Eligible Directors/Executive Officers by Officer Category

Category	Total compensation, etc. (Millions of yen)	Total compensation, etc. by type (Millions of yen)			Number of eligible Directors/Executive Officers (Persons)
		Fixed compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (excluding Outside Directors)	27	27	—	—	1
Outside Directors	61	61	—	—	7
Executive Officers	797	671	126	—	31

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

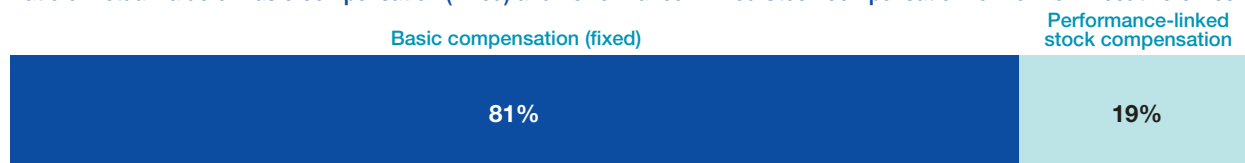
2. The amount recorded as performance-linked stock compensation is the amount recorded in the fiscal year ended March 31, 2023. In principle, we record the amount assumed to have been incurred during the fiscal year at the end of every fiscal year as an allowance and reverse these allowances at the time of officers' retirement (payment). The finalized amount could differ from the recorded amount of allowances.

3. No bonuses are paid.

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

[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate\\_governance/corporate\\_governance.html](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/corporate_governance.html)

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



Notes: 1. Basic compensation (fixed) is calculated based on the actual payment in the fiscal year ended March 31, 2023.

2. Performance-linked stock compensation is calculated by multiplying the points granted based on the actual performance in the fiscal year ended March 31, 2023 by the stock price on the date of point grant for those in office and by the stock price on the date of retirement for those retiring.



## Internal Control Systems (Business Execution)

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

### Outline of Organization and Systems

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

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

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

### Initiatives for Internal Control

We have resolved the “Fundamental Policy for Establishment of Internal Control Systems” at a meeting of the Board of Directors as a fundamental policy related to the establishment of a system for ensuring proper operations (revised on March 25, 2020).

Pursuant to the aforementioned policy, the Company is striving to establish appropriate internal control systems, including the development of the following systems:

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

### Internal Audit System

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

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

# Directors and Executive Officers (As of July 1, 2023)

## Directors



**TANIGAKI Kunio**

Director and President, CEO, Representative Executive Officer

Number of shares of the Company held 1,500 shares  
Number of years and months in office as a Director - years  
Status of attendance at the Board of Directors  
- % (-/- meetings)

**Significant concurrent positions:**

Director of Japan Post Holdings Co., Ltd.

**Past experience, positions and responsibilities**

Apr. 1984 Joined the Ministry of Posts and Telecommunications  
Jan. 2006 Senior General Manager of Japan Post Holdings Co., Ltd.  
Oct. 2007 Senior General Manager of General Affairs/Human Resources Department of Japan Post Holdings Co., Ltd.  
Jun. 2008 Executive Officer and Senior General Manager of Corporate Planning Department of Japan Post Holdings Co., Ltd.  
Jun. 2009 Managing Executive Officer and Senior General Manager of Corporate Planning Department of Japan Post Holdings Co., Ltd.  
Jan. 2013 Senior Managing Executive Officer of Japan Post Holdings Co., Ltd.  
Jun. 2016 Deputy President, Executive Officer of the Company  
Jan. 2017 Deputy President, Executive Officer of Japan Post Co., Ltd.  
Apr. 2019 Senior Managing Executive Officer of Japan Post Holdings Co., Ltd.  
Nov. 2021 Deputy President, Executive Officer of Japan Post Bank Co., Ltd.  
Jun. 2023 Director and President, CEO, Representative Executive Officer of the Company (current position)  
Jun. 2023 Director of Japan Post Holdings Co., Ltd. (current position)



**ONISHI Toru**

Director and Deputy President, Representative Executive Officer

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

**Significant concurrent positions:**

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

**Past experience, positions and responsibilities**

Apr. 1990 Joined the Ministry of Posts and Telecommunications  
Apr. 2008 Senior General Manager of Corporate Planning Department Public Relations and Research Office of the Company  
Apr. 2009 General Manager of Corporate Planning Department of the Company  
Jul. 2009 Senior General Manager of Legal Affairs Department of the Company  
Jan. 2010 General Manager of Human Resources Department of the Company  
Jun. 2012 General Manager of Corporate Planning Department of the Company  
Jul. 2013 Senior General Manager of Corporate Planning Department of the Company  
Jun. 2015 Executive Officer, Senior General Manager of Corporate Planning Department and Senior General Manager of Affiliated Business Office of the Company  
Apr. 2018 Executive Officer, Senior General Manager of Kinki Regional Headquarters of the Company  
Jul. 2019 Executive Officer of the Company  
Apr. 2020 Director of JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., LTD.  
Jun. 2020 Managing Executive Officer of the Company  
Jun. 2023 Director and Deputy President, Representative Executive Officer of the Company (current position)  
Jun. 2023 Managing Executive Officer of Japan Post Holdings Co., Ltd. (current position)



**NARA Tomoaki**

Director

Number of shares of the Company held 5,100 shares  
Number of years and months in office as a Director 2 years  
Status of attendance at the Board of Directors  
100% (14/14 meetings)

**Significant concurrent positions:**

None

**Past experience, positions and responsibilities**

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



**MASUDA Hiroya**

Director

Number of shares of the Company held - shares  
Number of years and months in office as a Director 3 years  
Status of attendance at the Board of Directors  
100% (14/14 meetings)

**Significant concurrent positions:**

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

**Past experience, positions and responsibilities**

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



**SUZUKI Masako**

Outside Director

Number of shares of the Company held 3,700 shares  
Number of years and months in office as a Director 7 years  
Status of attendance at the Board of Directors  
100% (14/14 meetings)

**Significant concurrent positions:**

Outside Audit & Supervisory Board Member of Unite and Grow Inc.  
Outside Director of NIPPON SIGNAL CO., LTD.

**Past experience, positions and responsibilities**

Jul. 1983 Joined Temporary Center Inc.  
Apr. 1999 Executive Officer of Pasona Inc.  
Sept. 2004 Senior Managing Director of Pasona Inc.  
Dec. 2007 Senior Managing Director of Pasona Group Inc.  
Jun. 2010 Director, Vice President of Benefit One Inc.  
Aug. 2010 Director of Pasona Group Inc.  
May 2012 Auditor of Benefit one Health care Inc.  
Jan. 2016 President and Representative Director of Benefit one Health care Inc.  
Jun. 2016 Director of the Company (current position)  
Jun. 2018 Director, Executive Vice President of Benefit One Inc.  
Jul. 2019 Executive Advisor of Pasona Group Inc.  
Dec. 2019 President and Representative Director of Pasona Force Inc.  
Mar. 2023 Outside Audit & Supervisory Board Member of Unite and Grow Inc. (current position)  
Jun. 2023 Outside Director of NIPPON SIGNAL CO., LTD. (current position)



**HARADA Kazuyuki**

Outside Director

Number of shares of the Company held - shares  
Number of years and months in office as a Director 5 years  
Status of attendance at the Board of Directors  
100% (14/14 meetings)

**Significant concurrent positions:**

Chairman of the Board, Representative Director of Keikeyu Corporation  
President and Representative Director of Yokohama Shintoshi Center Corporation

**Past experience, positions and responsibilities**

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



**YAMAZAKI Hisashi**

Outside Director

Number of shares of the Company held 1,500 shares  
Number of years and months in office as a Director 3 years  
Status of attendance at the Board of Directors  
100% (14/14 meetings)

**Significant concurrent positions:**

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

**Past experience, positions and responsibilities**

Apr. 1974 Assistant Judge, Osaka District Court  
Apr. 1995 Presiding Judge, Tokyo District Court  
Dec. 2000 Chief, Training and Research Institute for Family Court Probation Officers  
Dec. 2002 Chief, Family Bureau, General Secretariat, Supreme Court  
Dec. 2005 Chief Judge, Maebashi District Court  
Feb. 2007 Chief Judge, Yokohama Family Court  
Dec. 2008 Presiding Judge, Tokyo High Court  
Aug. 2009 Chief Judge, Tokyo Family Court  
Feb. 2011 President, Sapporo High Court  
Mar. 2013 Commissioner, Japan Fair Trade Commission  
Aug. 2016 Registered as attorney-at-law of Kikuchi Sogo Law Office (current position)  
Jul. 2017 Supervisory Board Member, National Federation of Agricultural Cooperative Associations (current position)  
Jun. 2018 Outside Director of Sumitomo Corporation (current position)  
Jun. 2020 Director of the Company (current position)



**TONOSU Kaori**

Outside Director

Number of shares of the Company held - shares  
Number of years and months in office as a Director 1 year  
Status of attendance at the Board of Directors  
100% (11/11 meetings)

**Significant concurrent positions:**

Outside Director of Internet Initiative Japan Inc.

**Past experience, positions and responsibilities**

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



**TOMII Satoshi**

Outside Director

Number of shares of the Company held 100 shares  
Number of years and months in office as a Director 1 year  
Status of attendance at the Board of Directors 100% (11/11 meetings)

**Significant concurrent positions:**

Chairman of DBJ Investment Advisory Co., Ltd.  
Outside Audit & Supervisory Board Member of Fuji Oil Company, Ltd.

**Past experience, positions and responsibilities**

Apr. 1985 Joined The Japan Development Bank May 2010 Executive Officer, Head of Strategic Finance Group of Development Bank of Japan Inc. Jun. 2011 Managing Executive Officer, Head of Strategic Finance Group of Development Bank of Japan Inc. Apr. 2012 Managing Executive Officer, Head of Growth & Cross Border Investment Group of Development Bank of Japan Inc. Jun. 2012 Managing Executive Officer, General Manager of Investment Division, Head of Growth & Cross Border Investment Group of Development Bank of Japan Inc. Mar. 2014 Managing Executive Officer, General Manager of Investment Division, Head of Growth & Cross Border Investment Department of Development Bank of Japan Inc. Oct. 2014 Managing Executive Officer, General Manager of Investment Division of Development Bank of Japan Inc. Jun. 2015 Director, Managing Executive Officer, Chief Investment Officer of Development Bank of Japan Inc. Jun. 2016 Outside Member of the Board of World Co., Ltd. Apr. 2019 Director of Japanese Association of Turnaround Professionals (current position) Jun. 2020 Chairman of DBJ Investment Advisory Co., Ltd. (current position) Jun. 2022 Director of the Company (current position) Jun. 2023 Outside Audit & Supervisory Board Member of Fuji Oil Company, Ltd. (current position)



**SHINGU Yuki**

Outside Director

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

**Significant concurrent positions:**

Director of Future Corporation  
President and Chief Executive Officer of Future Architect, Inc.

**Past experience, positions and responsibilities**

Apr. 1994 Joined City Ascom Co., LTD. Feb. 1998 Joined Established Future System Consulting Corp. Oct. 2014 Joined Microsoft Japan Co., Ltd. Apr. 2017 Joined Future Corporation Apr. 2017 Executive Officer of Future Architect, Inc. Mar. 2019 Director of Future Corporation (current position) Mar. 2019 President and Chief Executive Officer of Future Architect, Inc. (current position) Jun. 2023 Director of the Company (current position)



**OMACHI Reiko**

Outside Director

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

**Significant concurrent positions:**

Attorney-at-law

**Past experience, positions and responsibilities**

Apr. 2000 Registered as attorney-at-law (current position) Apr. 2000 Joined Mitsui, Yasuda, Wani & Maeda (later reorganized into Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters) Jun. 2003 Seconded to the Counselor's Office of the Ministry of Justice's Civil Affairs Bureau of Japan (as a government official with a fixed term contract) Jul. 2006 Returned to Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters May 2014 Joined Ito & Mitomi (currently Morrison & Foerster LLP), Of Counsel (current position) Jun. 2023 Director of the Company (current position)

## Executive Officers

President, CEO, Representative Executive Officer  
**TANIGAKI Kunio**

Deputy President Representative Executive Officer  
**ONISHI Toru**

Deputy President Representative Executive Officer  
**SHIMA Toshitaka**

Senior Managing Executive Officer  
**HIRONAKA Yasuaki**

Senior Managing Executive Officer  
**TACHIBANA Atsushi**

Senior Managing Executive Officer  
**KUME Takeshi**

Managing Executive Officer  
**KOIE Junko**

Managing Executive Officer  
**SAKAMOTO Hidekazu**

Managing Executive Officer  
**HARUNA Takayuki**

Managing Executive Officer  
**IIDA Takashi**

Managing Executive Officer  
**YOKOYAMA Masamichi**

Managing Executive Officer  
**MIYAZAWA Hitoshi**

Executive Officer  
**MURO Takashi**

Executive Officer  
**IMAIZUMI Michinori**

Executive Officer  
**TAGUCHI Yoshihiro**

Executive Officer  
**SHIGEMATSU Jun**

Executive Officer  
**YOSHIDA Syouchi**

Executive Officer  
**KIMURA Yoshihisa**

Executive Officer  
**HAMASAKI Rika**

Executive Officer  
**HANDA Shuji**

Executive Officer  
**IZUMI Mamiko**

Executive Officer  
**ADACHI Tamami**

Executive Officer  
**IWATA Kazuhiko**

Gender composition of Directors and Executive Officers: 24 male and 8 female (25% of Directors and Executive Officers are female)

## Outside Director Roundtable Discussion

Unity between management and employees.  
Becoming a company selected by customers



**TONOSU Kaori**  
Outside Director

**SUZUKI Masako**  
Outside Director

**TOMII Satoshi**  
Outside Director

What are the necessary initiatives and vision for Japan Post Insurance to achieve sustainable growth? Outside Directors exchanged opinions on Japan Post Insurance's strengths and vision for the future, as well as their assessment of the ongoing corporate transformation.

### Accumulating the results of reform step by step

**Q** FY2022 was the second year of the Medium-Term Management Plan (FY2021-FY2025) and the first year of the new Japan Post Insurance sales system. Please tell us your impressions looking back on the past year.

**SUZUKI:** In FY2022, we welcomed approximately 13,000 new employees, including Japan Post consultants (employees who mainly visit customers' homes). Although there were major changes in the environment, I feel that employees have embraced the direction of the Company, and that Japan Post and Japan Post Insurance are working together to stand by our customers.

**TONOSU:** Over the past year, I was impressed by the way the management tried to communicate honestly with employees. There may have been some confusion due to the new system, but after the past solicitation quality

problem, I can see positive and cheerful opinions from employees, so I'm feeling a positive change.

**TOMII:** Japan Post Insurance is a huge organization, so I was impressed by how the President himself frequently visited the front lines and focused on picking up on the issues there. I believe that if the executives and management continue such honest efforts it will lead to successful reforms.

**Q** What kind of discussions and actions has the Board of Directors conducted in response to the issues that have emerged over the past year?

**SUZUKI:** We held a lot of discussions about what we should do to be trusted and selected by our customers. For example, by digging deep into issues from complaints from customers, we discussed how to lead it to a concrete



response in a way that is close to the front lines. Just looking at the numbers does not lead to improvements in the true sense, so we have deepened our mutual understanding through extensive discussions with those in executing departments as we made our response.

**TONOSU:** In terms of customer trust, we also discussed DX to improve CX. Concrete discussions progressed on what can be done to further improve customers convenience and efficient business operations of front line employees, and trial measures also emerged from these discussions.

## A year of deepening mutual understanding between the management and employees

**Q** Japan Post Insurance focuses on activities to foster a sense of unity and trust between the management and employees. Please tell us what you felt from this.

**SUZUKI:** At Japan Post Insurance, the management and employees hold meetings to exchange opinions. I think it's wonderful that a huge organization like this provides opportunities for the management and frontline employees to communicate directly. Although there may be many opinions that have not yet been fully discussed, I think it would be good to devise more ways to spread a sense of security among employees so that they can express their opinions directly to the management.

**TONOSU:** I was impressed to see the employees openly talking about their thoughts, both good and bad. As an Outside Director, I had the opportunity to talk directly with people on the front lines, which was very good for deepening my understanding of the company. It renewed my belief that the Board of Directors should also consider how to solve the problems employees face.

**TOMII:** I believe that the fact that Outside Directors are provided with the opportunity to interact with people on the front line reflects the company's earnest desire to increase the transparency of its management and its hope to get people to understand the company's inner workings. I was surprised that people didn't hesitate to discuss topics they would normally discuss in a round-about way, and for that reason, I feel that Directors must take the expectations of the front line very seriously.

**Q** Director TONOSU and Director TOMII were appointed as Outside Directors in June 2022. How did your impression of the Company change after taking office?

**TONOSU:** I have gone to several post offices as a customer to complete some procedures. My impression was that each one of these post offices offered kind service, and gave very easy to understand

explanations from the customer's point of view. When I spoke directly with employees about this kind of customer service after taking office, I learned that each and every employee is using their own ingenuity on the front line to provide customer-first service. With our new sales system, we have been able to accumulate such ingenuity internally from the front line, and I expect that utilizing it will lead to further growth.

**TOMII:** The impression I got after taking office was that we are working toward various reforms more dynamically than I had imagined. I also felt that Japan Post Insurance is a company with a strong desire to contribute to the community and its customers. This is a wonderful thing, and I have always been conscious of the balance between profitability and public benefit, as I myself have worked at government-affiliated financial institutions. Japan Post Insurance is also a listed company, so I feel that it is necessary for sustainable growth to emphasize a balance between the two, while at the same time enhancing our sense of profitability.

## Nationwide business base and diverse human resources are our greatest assets

**Q** What do you think are our Company's strengths from an objective point of view?

**SUZUKI:** I think our greatest strength lies in our nationwide network. When about 20,000 employees start moving along the same vector, we can exert a considerable amount of power. However, when you are inside a company, quite often you may not notice such good qualities of yourself. Japan Post Insurance has many employees who are honest and highly motivated, and I hope that each and every employee will recognize their company's strengths and build strong horizontal connections, so the strength of individuals will drive the company.

**TONOSU:** Just like Director SUZUKI, I also believe that having a nationwide customer base is a great asset. In addition, I think we should also take advantage of being a member of the Japan Post Group as a strength. I believe that if we aim to be a comprehensive consultant that can solve customers' problems not limited to insurance and security, and when cooperation within the group progresses, then we can



truly become the best company in Japan. It is necessary to return to our management philosophy and clarify our stance of being close to each and every customer's life, and we should be confident that we have the skills to realize this on the front line.

**TOMII:** I think one of our great strengths is that despite being a company with a long history, our team is made up of diverse management with different backgrounds. There is also the fact that we are a global institutional investor with an asset portfolio of ¥60 trillion. We have enough influence to change the world, and we believe that there are great opportunities.

## Realization of a corporate culture in which each employee thinks and acts independently

**Q** Creating an open workplace is also important for the further growth of the company. What is your impression of the corporate culture reforms that Japan Post Insurance is promoting, and what do you expect in the future?

**SUZUKI:** Corporate culture cannot be changed overnight. Management and employees must move in the same direction while realizing measures one by one. The free exchange of opinions is becoming more active within the Company, and I would like to develop a personnel system that rewards people who work hard.

**TONOSU:** I believe the goal of corporate culture reforms should be that even if there is no system like the "Direct Suggestions to the President of Japan Post Insurance" with which employees directly give opinions and suggestions to the President, it would be ideal to be able to have constructive discussions on a daily basis within the organization. To that end, I think it is important for each employee to interpret the management philosophy in their own way and speak with their own words. These don't have to be fancy words. What kind of issues do you want to solve in one year or three years, such as wanting to help elderly customers use digital tools more conveniently? I believe that simply having this kind of awareness will strengthen the organization and lead to a corporate culture that focuses on the customer.



**TOMII:** Even if the corporate culture changes once, it can be thrown back. The important thing is that the top

management does not waver. A successful company does not waver at its core, even if the president changes. I often hear the story that the awareness of the middle management does not change. It is important to make sure that all employees understand that the management and executives are serious by conveying a consistent and repeated message. I believe that it is our job as Outside Directors to support this.

## A bright future for Japan Post Insurance. To be the company selected by customers

**Q** Finally, as an Outside Director, please tell us about the future prospects and what you expect of Japan Post Insurance.

**SUZUKI:** This year is the second year since the launch of our new sales system. I would like all employees to have the spirit of achieving the goals of the Company, and to create an atmosphere in which we all work together to achieve our goals.


**TONOSU:** Just like Director SUZUKI, I also think this will be an important year for the Company. I hope that the management team will continue to say without hesitation that this is an extremely important year for Japan Post Insurance. As an Outside Director, I would like to continue to say what I need to say for the sake of the Company and, by extension, our customers, even if they don't like what I have to say.

**TOMII:** I feel the same way. In addition, strict governance is the basis for conducting activities without wavering, and ensuring thorough corporate governance is our role as Outside Directors, who act as supervisors. On the other hand, I think that we must consider the issue of the future of our Company from a long-term perspective. For example, regarding IT, Director TONOSU's specialty, companies are competing to find out how to link technological advances to insurance products. If we do not demonstrate our originality, including product development, we will lose our appeal as a company. I hope that we can achieve future growth and development of the Company by not only resolving immediate issues, but also planting seeds that will lead to sustainable growth.



# Engagement with Shareholders and Investors

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

 Disclosure Policy

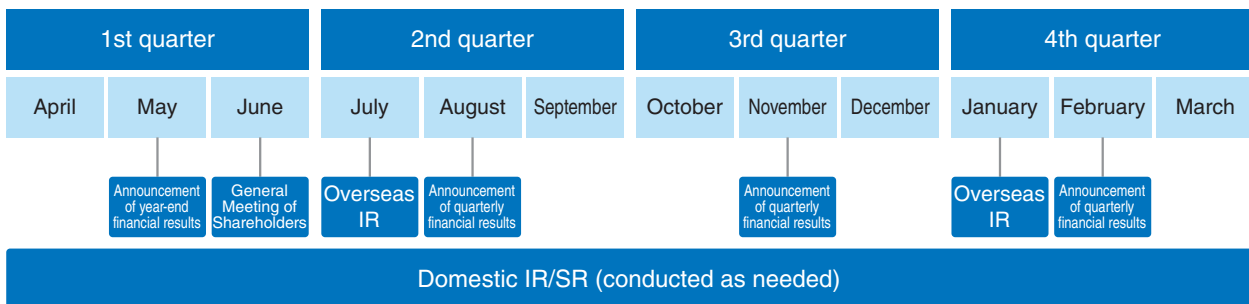
<https://www.jp-life.japanpost.jp/IR/en/information/policy.html>

## IR and SR Activities

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

During the fiscal year ended March 31, 2023, from the perspective of preventing the spread of COVID-19, we held a total of three online company information sessions for individual investors, viewed by numerous individuals. After the announcement of quarterly financial results, our management team holds conference calls and financial results briefings for institutional investors in Japan and overseas to explain management strategies and financial conditions, as well as dialogues on ESG and other topics. We also participate in conferences for institutional investors organized by securities companies.

### IR Schedule



 IR website

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

### Details of the General Meeting of Shareholders held this year

Date	June 19, 2023
Meeting duration	32 minutes
Number of attending shareholders	93
Mailing date of Convocation Notice	June 1, 2023
Start date of measures for electronic provision	May 22, 2023

Every year, we hold the General Meeting of Shareholders, giving top priority to enhancing communication with shareholders and improving their convenience.

Regarding the provision of materials for the General Meeting of Shareholders prior to the holding of the 17th Ordinary General Meeting of Shareholders, as in the past, we endeavored to send and disclose the materials as early as possible so that shareholders would have enough time to carefully review the proposals and we accepted questions in advance on our website. In addition, we have taken advantage of a system for electronic provision of materials under the revised Companies Act to enhance content related to sustainability and other topics.

As for exercise of voting rights, we participate in the virtual platform recommended by the Tokyo Stock Exchange, which allows institutional investors to exercise voting rights electronically, and we have adopted a system that allows shareholders to easily exercise voting rights by scanning a 2D code with a smartphone, etc.

On the day of the General Meeting of Shareholders, we provide an environment where shareholders who have difficulty coming to the meeting can watch the proceedings streamed live on the Internet. In our business reports, we use video materials to provide easy-to-understand explanations, striving to ensure that shareholders can understand our management and businesses.

We also enhance mutual understanding by answering questions received in advance and by holding a Q&A session with shareholders.

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

# Compliance

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

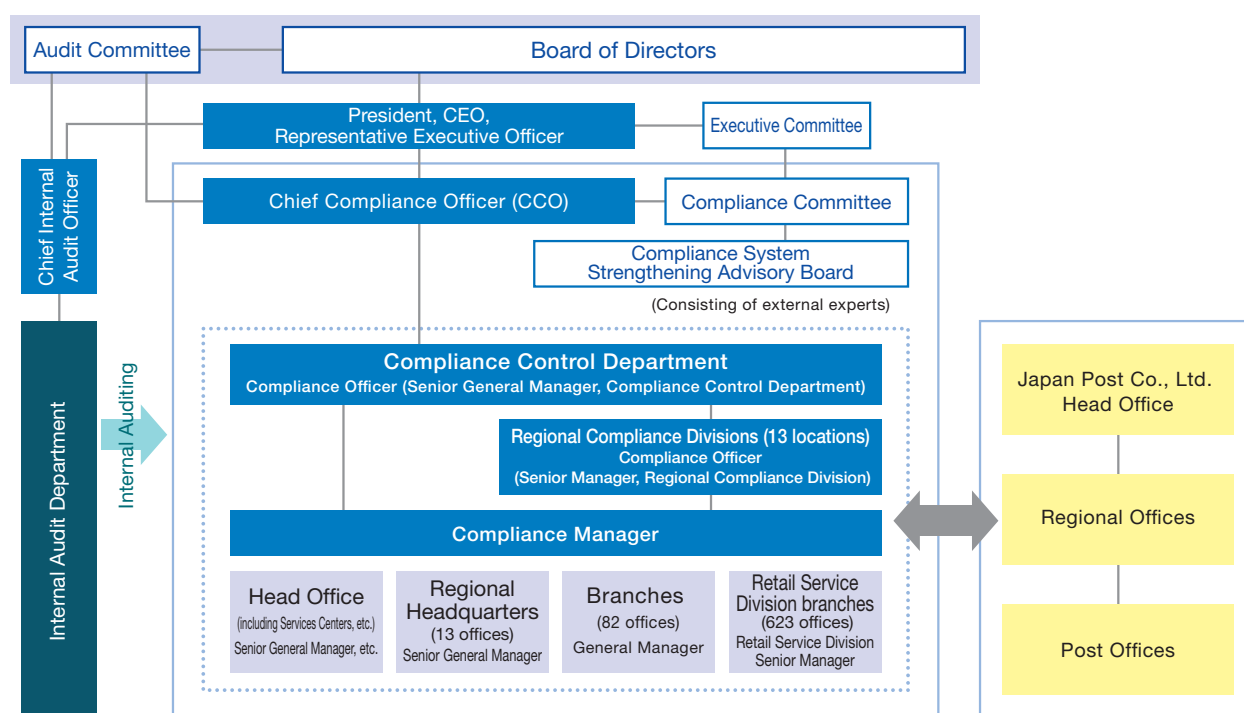
To realize our goal of becoming the “No.1 Japanese insurance company selected by customers,” Company-wide efforts are undertaken to achieve thorough implementation of compliance.

## Compliance Policies

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

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

## Compliance Promotion System



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

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



## Implementing Compliance Education

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

## Whistleblowing System

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

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

## Measures related to Anti-Money Laundering, Combating the Financing of Terrorism, and Countering Proliferation Financing

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

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

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

## Initiatives for Protecting Personal Information

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

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

### Japan Post Insurance Privacy Policy (in Japanese)

[https://www.jp-life.japanpost.jp/policy/privacy/pcy\\_prv\\_statement.html](https://www.jp-life.japanpost.jp/policy/privacy/pcy_prv_statement.html)

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

[https://www.jp-life.japanpost.jp/policy/privacy/pcy\\_prv\\_object.html](https://www.jp-life.japanpost.jp/policy/privacy/pcy_prv_object.html)

## Response to Cybersecurity

Recognizing the risk of cyberattacks as a material risk, we have designated the Chief Compliance Officer as our CISO<sup>1</sup>, and implement multi-layered risk management that combines defense and detection mechanisms under the leadership of our CISO.

In terms of systems, we have established the CSIRT<sup>2</sup>, an organization that conducts activities in preparation for cyberattacks in ordinary times and emergencies. The CSIRT gathers information in collaboration with external specialized organizations, and works on the development of emergency response procedures for IT systems that need to respond to the threat of cyberattacks. In addition to regular cyber drills, we conduct internal training and drills for executives and employees to continuously improve our response capabilities in the event of a cyberattack.

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

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

## Elimination of Antisocial Forces

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

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

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

# Education for Sales Personnel and Insurance Solicitation Agents

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

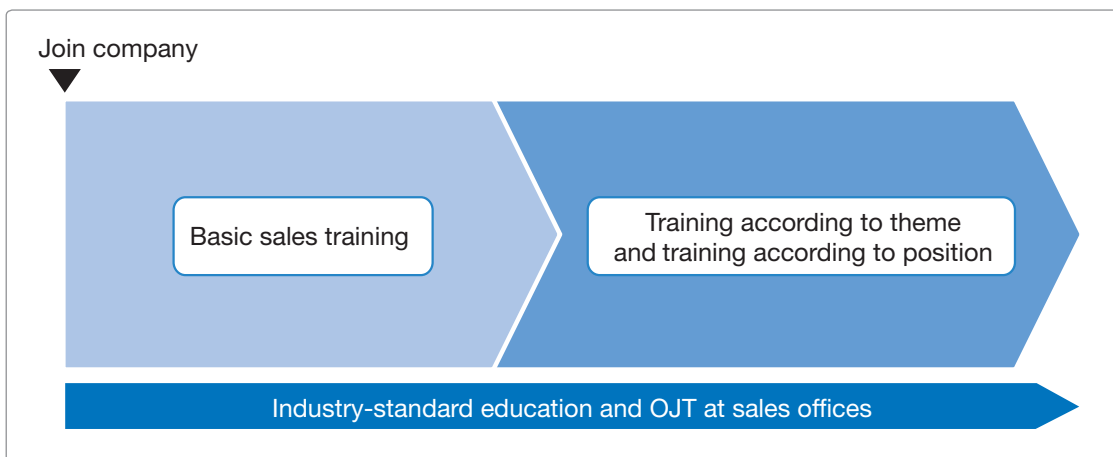
## Sales Personnel

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

### Overview of Education

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

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

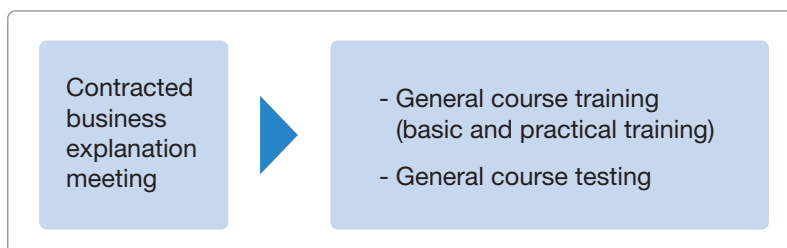


## Insurance Solicitation Agents

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

### Overview of Training

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

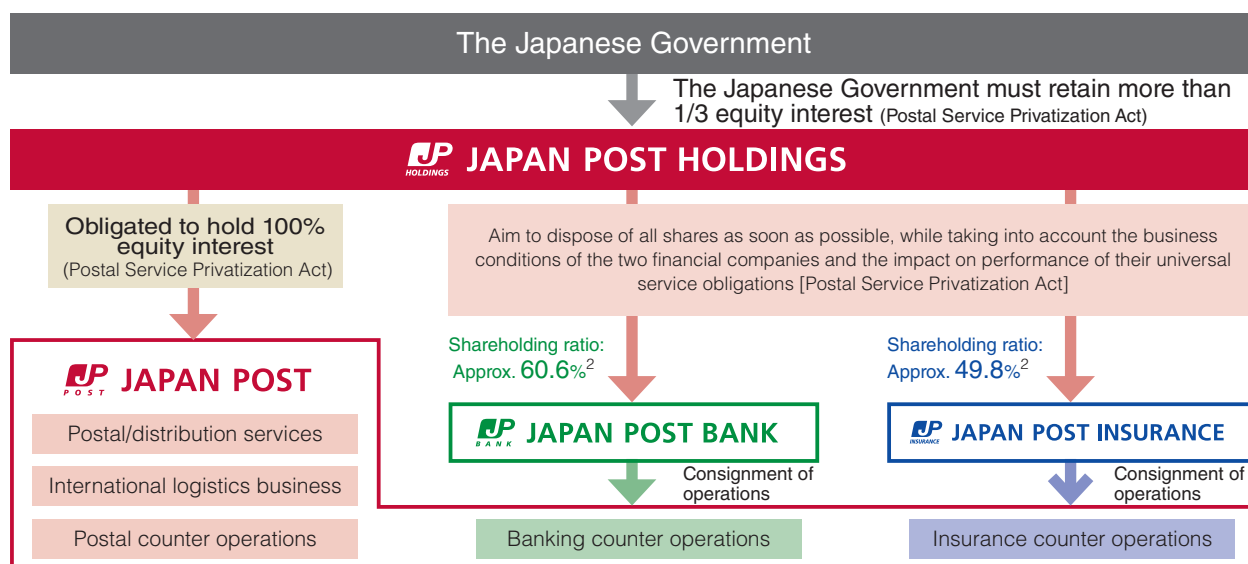


# Our Position within the Japan Post Group

## Structure of the Japan Post Group

The life insurance business, carried out by Japan Post Insurance, is one of the three main businesses of the Japan Post Group.

In view of its universal service obligation, Japan Post Holdings aims to dispose of its entire equity interest in Japan Post Insurance and Japan Post Bank as soon as possible, in accordance with the Postal Service Privatization Act.<sup>1</sup>



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

2. Ratio of the number of shares held to the total number of issued shares excluding treasury shares.

## Additional Restrictions Under the Postal Service Privatization Act

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

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

Notes: 1. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister for Internal Affairs and Communications

2. Designated date: The earlier of (i) the disposal of 50% or more of Japan Post Holdings' equity interest in the Company and the determination by the Prime Minister and the Minister for Internal Affairs and Communications that the additional restriction does not apply to the Company and (ii) the disposal of Japan Post Holdings' entire equity interest in the Company

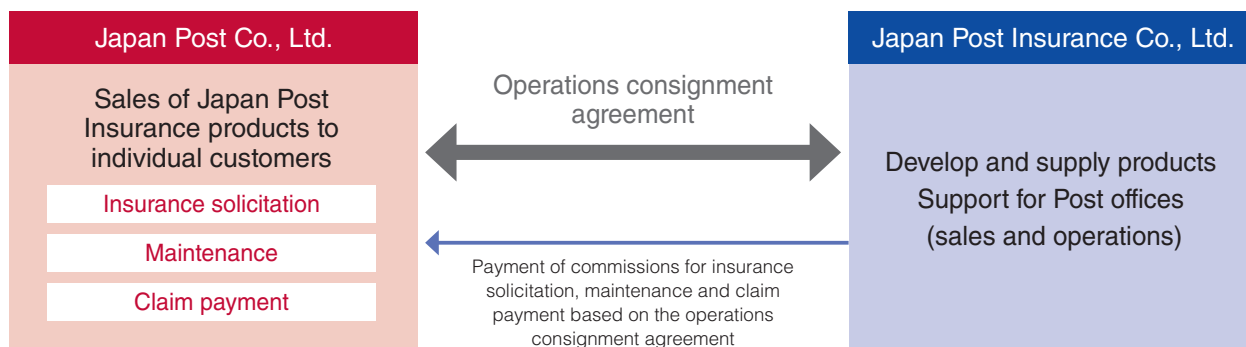
3. Regulations under the Insurance Business Act will continue.



## Provision of Services through Post Offices

The Company has entered into an operations consignment agreement with Japan Post Co., which has a nationwide network of post offices, and sells life insurance through post offices across Japan.

The Company pays Japan Post Co. commissions for insurance solicitation, maintenance and claim payment based on the operations consignment agreement.



### Commissions for insurance solicitation, maintenance and claim payment

#### ○ Commissions for insurance solicitation

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

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

#### ○ Commissions for maintenance and claim payment

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

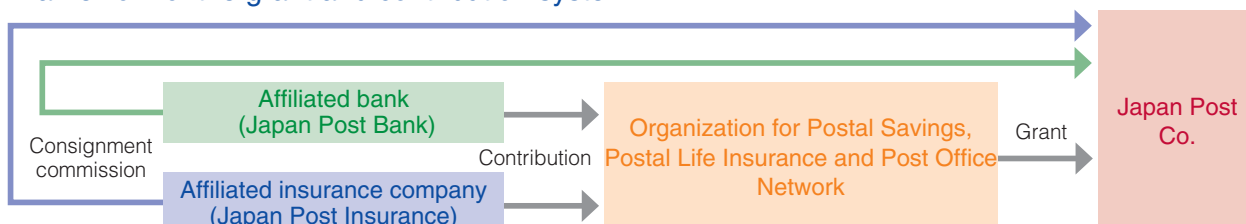
Commissions include a commission proportional to the number of policies in force, the number of post offices, etc. (basic commission), and a commission for the maintenance of policies in force (incentive commission).

## Overview of the Grant and Contribution System

The Act to Partially Revise the Act on the Management Organization for Postal Savings and Postal Life Insurance was enacted on December 1, 2018.

From the fiscal year ended March 31, 2020, the basic expenses required for the maintenance of the post office network will be covered by the funds provided to Japan Post Co. from the Organization for Postal Savings, Postal Life Insurance and Post Office Network using the contributions from Japan Post Insurance and Japan Post Bank.

### Framework of the grant and contribution system

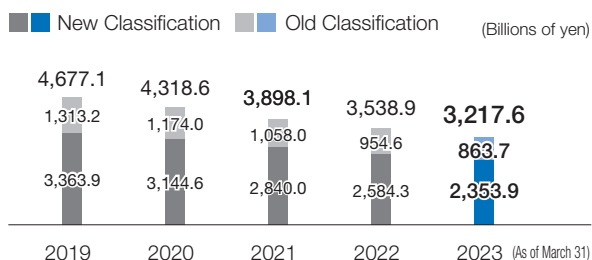


# Financial and Non-Financial Highlights

## Financial Highlights

### Annualized Premiums from Policies in Force (Individual Insurance)

¥3,217.6 billion

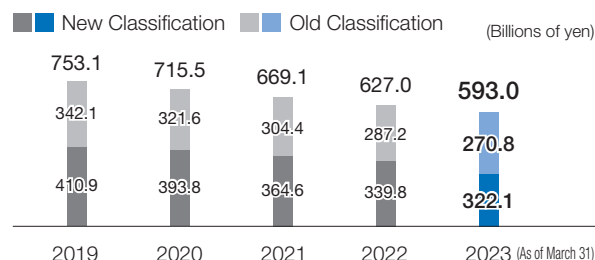


As of March 31, 2023, annualized premiums from policies in force (individual insurance) amounted to ¥3,217.6 billion including reinsured Postal Life Insurance Policies (insurance), a 9.1% decrease year on year.

Notes: 1. "New Classification" indicates policies in force underwritten by Japan Post Insurance, whereas "Old Classification" indicates Postal Life Insurance Policies that we received from the Management Network in the form of reinsurance.  
2. The annualized premiums under "Old Classification" are calculated based on the same methods used for "New Classification."

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

¥593.0 billion

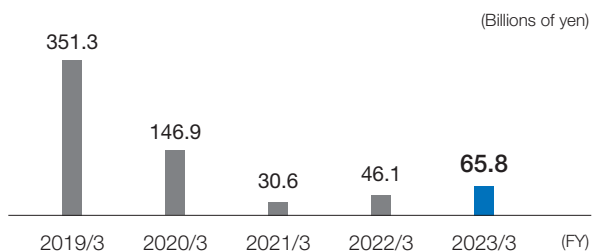


As of March 31, 2023, annualized premiums from policies in force (third-sector insurance) amounted to ¥593.0 billion including reinsured Postal Life Insurance Policies, a 5.4% decrease year on year.

Note: "Third-sector insurance" includes annualized premiums corresponding to medical benefits (including hospitalization and surgery benefits).

### Annualized Premiums from New Policies (Individual Insurance)

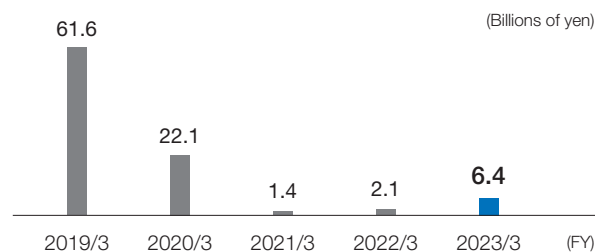
¥65.8 billion



During the fiscal year ended March 31, 2023, annualized premiums from new policies (individual insurance) amounted to ¥65.8 billion, a 42.7% increase year on year.

### Annualized Premiums from New Policies (Third-Sector Insurance)

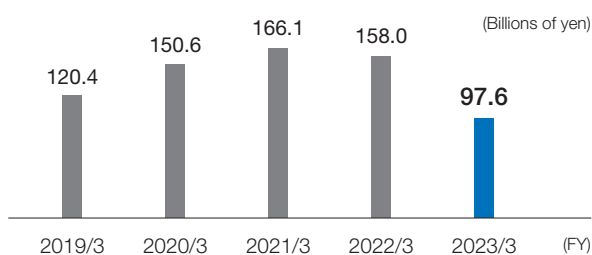
¥6.4 billion



During the fiscal year ended March 31, 2023, annualized premiums from new policies (third-sector insurance) amounted to ¥6.4 billion, a 196.3% increase year on year due to the start of sales of a new medical care rider.

### Net Income (Consolidated)

¥97.6 billion

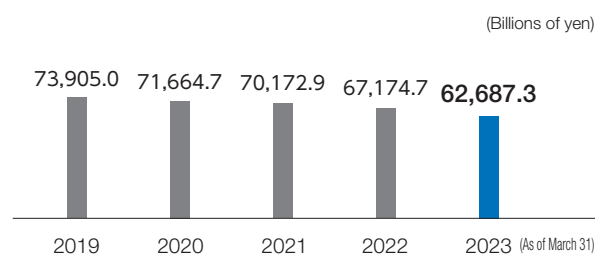


Net income in the fiscal year ended March 31, 2023 decreased ¥60.4 billion (38.2%) year on year to ¥97.6 billion.

Note: Net income attributable to Japan Post Insurance

### Total Assets (Consolidated)

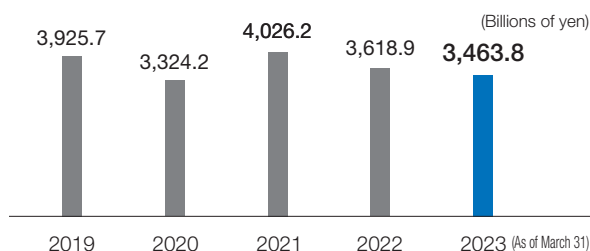
¥62,687.3 billion



We manage insurance premiums entrusted from customers and hold assets such as securities in order to provide for payments of insurance claims and others. Total assets as of March 31, 2023 amounted to ¥62,687.3 billion.

### Embedded Value (EV)

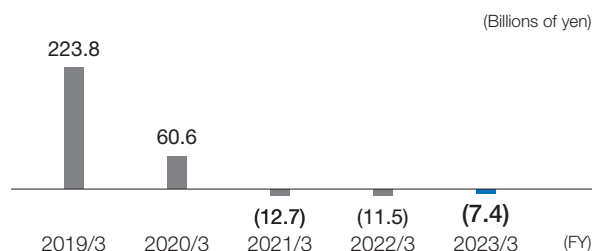
**¥3,463.8 billion**



Embedded value (EV) is one of the corporate value indicators for life insurance companies. Our EV as of March 31, 2023 was ¥3,463.8 billion, a ¥155.0 billion decrease year on year, mainly due to a decrease in unrealized gains on foreign bonds in line with rising overseas interest rates.

### Value of New Business

**¥(7.4) billion**



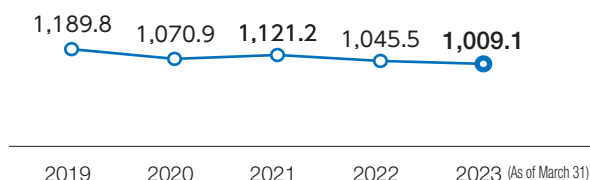
The value of new business is the present value of future profits expected from new business. The value of new business was negative because certain operating expenses were necessary for acquiring new policies regardless of the scale of sales efforts, while the volume of new policies was small in the fiscal year ended March 31, 2023.

Note: Please see pages 80-81 and 192-194 for the details of EV and the value of new business.

### Consolidated Solvency Margin Ratio

**1,009.1%**

(%)

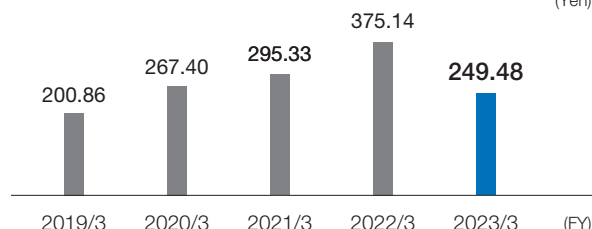


Our consolidated solvency margin ratio as of March 31, 2023 remained high at 1,009.1%, significantly exceeding 200%, the criterion of prompt corrective action by the regulatory agency.

### Earnings per Share (EPS)

**¥249.48**

(Yen)

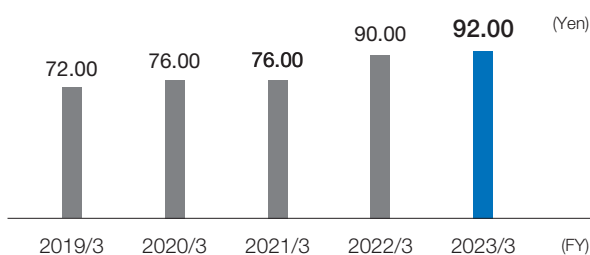


During the fiscal year ended March 31, 2023, earnings per share amounted to ¥249.48, a ¥125.66 decrease year on year.

Note: Figures for EPS are stated on a consolidated basis.

### Dividend per Share (DPS)

**¥92.00**



The dividend per share for the fiscal year ended March 31, 2023 was ¥92.

### Credit Ratings

As of June 1, 2023

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

**AA-**

Insurance Claims Paying Ability

Japan Credit Rating Agency, Ltd. (JCR)

**AA**

Ability to Pay Insurance Claims Rating

Standard & Poor's (S&P)

**A+**

Insurer Financial Strength Ratings

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

## Non-Financial Highlights

### Customer Satisfaction

79%



2019/3 2020/3 2021/3 2022/3 2023/3 (FY)

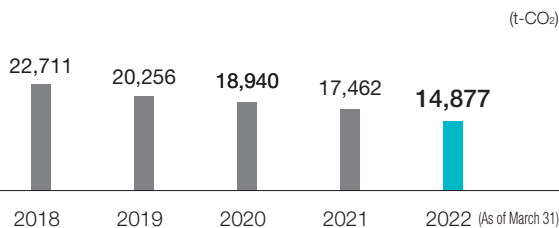
We conduct a Customer Satisfaction Survey (Customer Feedback Survey) to improve services based on customers' evaluations.

Note: The satisfaction level was evaluated on a five-point scale of "satisfied," "somewhat satisfied," "not satisfied or dissatisfied," "somewhat dissatisfied," and "dissatisfied," and the total ratio of customers who answered "satisfied" and "somewhat satisfied" is shown.

In FY2020/3, the Customer Satisfaction Survey was not performed as we concentrated our efforts on insurance claim surveys and other initiatives.

### Carbon Dioxide (CO<sub>2</sub>) Emissions

14,877 t-CO<sub>2</sub>



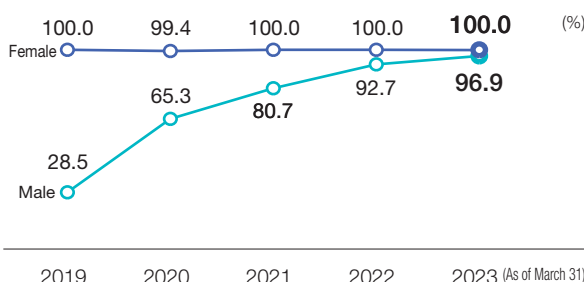
During the fiscal year ended March 31, 2022, CO<sub>2</sub> emissions were 13,277t-CO<sub>2</sub> from our facilities and 1,600t-CO<sub>2</sub> from vehicles, amounting to total emissions of 14,877t-CO<sub>2</sub>. As efforts to reduce CO<sub>2</sub> emissions, we are improving the operation of lighting and airconditioning systems at our facilities and promoting a switch to eco-friendly vehicles such as hybrid vehicles.

Notes: 1. Emissions from facilities and vehicles of all organizations within Japan Post Insurance.  
2. CO<sub>2</sub> emissions in FY2023/3 are being tabulated at the time of publication of this report.

### Rate of Taking Childcare Leave

Female:100%

Male:96.9%



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

### [Reference] NPS® ["NPS® Benchmark Study, Life Insurance Division (2019-2022)" by NTTCom Online Marketing Solutions]

(55.1)



2019 2020 2021 2022 (As of April 1)

Score as of April 1, 2022 has recovered to near the level before the solicitation quality issues occurred. Scores are expected to rise in the fiscal year ending March 31, 2024 onwards due to the effects of the transition to the new Japan Post Insurance sales system and various measures.

Note: NPS® is an abbreviation for "Net Promoter Score" and a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc. (currently NICE Systems, Inc.).

### Ratio of Female Managers at the Head Offices

15.5%



2022 2023 (As of April 1)

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

Note: Partial amendments have been made to the calculation procedures from FY2023/3 (excluding for the employees assigned from other companies).

### Ratio of Employees with Disabilities (for the Entire Japan Post Group)

2.42%



2020 2021 2022 (FY)

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

Note: Ratio of employees with disabilities (for the entire Japan Post Group) represents the number employed by all six companies in the Japan Post Group as of June 1 of each fiscal year.



# External Evaluation and Support for Initiatives

## External Evaluation

We have been awarded the following evaluations by promoting ESG related initiatives, such as improving customer experience value and establishing an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself.

				
FTSE4Good Index Series	FTSE Blossom Japan Index	Certified Health and Productivity Management Outstanding Organization	Platinum Kurumin	PRIDE INDEX
				
Tomonin	Eruboshi Certification	Top Hundred Telework Pioneers	DX Certification Program	Sports Yell Company

## Support for Initiatives

We are enhancing our efforts to realize a sustainable society by supporting various sustainability-related initiatives.

				
United Nations Global Compact	Women's Empowerment Principles (WEPs)	Task Force on Climate-related Financial Disclosures (TCFD)	Taskforce on Nature-related Financial Disclosures (TNFD)	Principles for Responsible Investment (PRI)
				
Advance	CDP	Climate Action 100+	PCAF	Japan Climate Initiative (JCI)
				
Japan Impact-driven Financing Initiative	Social Impact Management Initiative (SIMI)	Japan Stewardship Initiative (JSI)	COOL CHOICE	

## Major Financial and Non-Financial Data

Financial data	As of/For the years ended March 31	2014	2015	2016	2017
Results of operations and financial position					
Ordinary income	¥	11,234.1	¥ 10,169.2	¥ 9,605.7	¥ 8,659.4
Ordinary profit		462.7	492.6	411.5	279.7
Core profit		482.0	515.4	464.2	390.0
Spread (positive/negative spread)		54.2	66.9	97.4	78.5
Core profit attributable to life insurance activities		427.8	448.4	366.8	311.4
Net income		62.8	81.3	84.8	88.5
Capital stock		500.0	500.0	500.0	500.0
Number of shares issued (Thousands of shares)		20,000	20,000	600,000	600,000
Total assets		87,092.8	84,915.0	81,545.1	80,336.7
Contingency reserve		2,588.7	2,498.7	2,374.8	2,254.0
Reserve for price fluctuations		614.2	712.1	782.2	788.7
Securities		69,377.9	66,276.2	63,609.9	63,485.2
Major financial soundness indicators					
Consolidated solvency margin ratio (%)		1,625.1	1,644.2	1,570.3	1,290.6
Economic solvency ratio (ESR) (%)		—	179	167	176
Status of policies					
Annualized premiums from policies in force (individual insurance)		5,393.9	5,182.5	5,031.4	4,979.6
Annualized premiums from policies in force (third-sector insurance)		768.6	748.0	738.7	736.1
Annualized premiums from new policies (individual insurance)		439.0	457.8	485.3	507.9
Annualized premiums from new policies (third-sector insurance)		49.1	41.1	49.5	55.7
Corporate value					
EV		3,386.8	3,613.7	3,151.0	3,355.6
Value of new business		185.1	154.9	192.7	36.8
Per share indicators					
Earnings per share (EPS) (Yen)		3,140.11	4,066.16		
		104.67	135.54	141.50	147.71
Dividend per share (DPS) (Yen)		840.43	1,226.38	56.00	60.00
(of which, interim dividend per share)		[—]	[—]	[—]	[—]

Non-financial data	As of/For the years ended March 31	2019	2020	2021	2022	2023
Number of employees (Persons)		7,617	7,638	7,645	7,545	19,148
Male (Persons)		4,307	4,270	4,233	4,147	14,759
Female (Persons)		3,310	3,368	3,412	3,398	4,389
Ratio of female managers (%)		12.1	11.9	12.1	9.1	10.2
Average age (Age)		39.0	39.4	39.9	40.5	43.6
Male (Age)		41.8	42.1	42.7	43.2	45.0
Female (Age)		35.3	35.9	36.5	37.3	38.9
Average years of service (Years)		14.7	15.0	15.4	15.9	18.3
Male (Years)		17.5	17.8	18.3	18.7	19.6
Female (Years)		11.0	11.5	11.8	12.5	13.8
Number of foreign employees (Persons)		4	4	4	5	9
Monthly average amount of overtime per employee (Hours)		8.4	8.9	7.1	8.6	7.1
Rate of taking paid leave (%)		87.7	93.9	90.6	89.8	97.1
Rate of taking childcare leave (%)		64.5	81.7	90.6	97.0	97.9
Return-to-work rate of employees who took childcare leave (%)		98.2	97.7	96.8	98.0	98.7
Number of employees who returned to work (Persons)		162	169	210	243	368
Number of employees who took nursing care leave (Persons)		6	14	10	6	26
Status of retention of new employees (after 3 years) (%)		84.4	87.2	86.0	86.8	87.3
Wage difference between men and women (%)		—	—	—	—	73.0
Regular workers (%)		—	—	—	—	71.5
Non-regular workers (%)		—	—	—	—	78.2

(Billions of yen unless specifically indicated)

	2018	2019	2020	2021	2022	2023
¥	7,952.9	¥ 7,916.6	¥ 7,211.4	¥ 6,786.2	¥ 6,454.2	¥ 6,379.5
	309.2	264.8	286.6	345.7	356.1	117.5
	386.1	377.1	400.6	421.9	429.7	192.3
	65.8	58.4	80.4	76.3	133.3	94.0
	320.3	318.7	320.1	345.6	296.4	98.2
	104.4	120.4	150.6	166.1	158.0	97.6
	500.0	500.0	500.0	500.0	500.0	500.0
	600,000	600,000	562,600	562,600	399,693	399,693
	76,831.2	73,905.0	71,664.7	70,172.9	67,174.7	62,687.3
	2,114.3	1,962.7	1,797.3	1,611.3	1,690.9	1,701.8
	916.7	897.4	858.3	904.8	972.6	889.9
	60,130.9	58,451.5	55,870.5	55,273.6	53,417.5	49,841.4
	1,131.8	1,189.8	1,070.9	1,121.2	1,045.5	1,009.1
	186	225	116	205	169	172
	4,859.5	4,677.1	4,318.6	3,898.1	3,538.9	3,217.6
	750.9	753.1	715.5	669.1	627.0	593.0
	376.2	351.3	146.9	30.6	46.1	65.8
	59.2	61.6	22.1	1.4	2.1	6.4
	3,743.3	3,925.7	3,324.2	4,026.2	3,618.9	3,463.8
	226.7	223.8	60.6	(12.7)	(11.5)	(7.4)
	174.21	200.86	267.40	295.33	375.14	249.48
	68.00	72.00	76.00	76.00	90.00	92.00
	[—]	[—]	[38.00]	[—]	[45.00]	[46.00]

- Notes: 1. The financial data represent consolidated figures. However, core profit, number of shares issued, status of policies and dividend per share represent non-consolidated figures. Furthermore, net income represents net income attributable to Japan Post Insurance.
2. 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 and spread (positive/negative spread) are calculated based on different standards for the fiscal years ended March 31, 2014 through 2021 and the fiscal year ended March 31, 2022 onwards.
3. The total number of shares issued is truncated to the nearest thousand.
4. The Company implemented a 30:1 stock split effective August 1, 2015. The lower rows of the fiscal years ended March 31, 2014 and 2015 for EPS have been calculated assuming the stock split was implemented on April 1, 2013.
5. The Company cancelled its treasury stock on May 31, 2019, reducing the total number of shares issued by 37,400 thousand shares.
6. The Company cancelled its treasury stock on August 20, 2021, reducing the total number of shares issued by 162,906 thousand shares.
7. The Company cancelled its treasury stock on May 8, 2023, reducing the total number of shares issued by 16,501 thousand shares.
8. The consolidated solvency margin ratios have been calculated in accordance with the provisions set forth in Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and in the public notification No. 23 issued by the Financial Services Agency in 2011.
9. In the calculation of the consolidated solvency margin ratio from March 31, 2016 onwards, the total amount of solvency margin was partially amended in accordance with the Cabinet Office Ordinance No. 16 of 2016. Accordingly, the consolidated solvency margin ratios on March 31, 2014 through 2015, and March 31, 2016 onwards were calculated based on different standards.
10. The economic solvency ratio (ESR) is the capital amount based on economic value divided by the integrated risk amount based on economic value and is one of the indicators that represents the financial soundness of life insurance companies (Figures are based on the Company's internal model; 99.5% confidence level). The Company shifted to a new ESR measurement model in the fiscal year ended March 31, 2022.
11. 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.
12. Annualized premiums from policies in force include reinsured Postal Life Insurance Policies (for individual insurance, limited to Postal Life Insurance Policies (insurance)).
13. Third-sector insurance includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).
14. In the calculation of EV and the value of new business for the fiscal year ended March 31, 2015 onwards, an approach which utilizes the ultimate forward rate is applied as the extrapolation method of interest rates at longer durations of the risk-free rates (an approach in which the forward rates for the last year of the market data onwards are assumed to be the same is used for the fiscal year ended March 31, 2014 and before).
15. The value of new business for the fiscal year ended March 31, 2016 onwards is calculated as the difference between the EV calculated on the basis of the profit and loss for all in-force covered business including new business issued, and the EV calculated on the basis of the profit and loss for all in-force covered business if no new business had been issued (the value of new business for the fiscal year ended March 31, 2015 and before is calculated on the basis of the profit and loss for new business on a stand-alone basis).
16. The Company established a Board Benefit Trust (BBT) in the fiscal year ended March 31, 2017. Shares of the Company held in the trust, which was recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the fiscal year, for the purpose of calculating EPS.
17. The number of employees excludes employees assigned to other companies by Japan Post Insurance but includes employees assigned to Japan Post Insurance by other companies. The figures exclude non-regular employees (including indefinite-term employees based on the indefinite-term employment conversion system).
18. Ratio of female managers represents the ratio as of April 1 of the following fiscal year. The ratio of the fiscal year ended April 1, 2022 fell significantly in comparison to that of the fiscal year ended April 1, 2021 due to the increase in the number of employees assigned to Japan Post Insurance from Japan Post Co., Ltd. in conjunction with the shift to the new Japan Post Insurance sales system. Partial amendments have been made to the calculation procedures from the fiscal year ended April 1, 2023 (excluding for the employees assigned from other companies).
19. Average age and average years of service are based on attained ages and years of service as of March 31 of each fiscal year, and truncated to the first decimal place.
20. Average years of service represents the number of years of continuous service including years at the Ministry of Posts and Telecommunications, the Postal Services Agency (Ministry of Internal Affairs and Communications) and Japan Post.
21. The calculation method for the rate of taking paid leave has been partially changed from the fiscal year ended March 31, 2022 (excluding from the denominator, employees who took zero days of paid leave during the period due to childcare leave, leave of absence, etc).
22. Status of retention of new employees represents the retention rate of new graduates for each year after three years from their employment.
23. The wage difference between men and women is based on employees recorded on the wage ledger, and includes employees seconded from other companies and employees seconded to other companies who are paid by the Company in accordance with the terms of their secondment agreements.
24. The wage difference between men and women is based on the wage ledger and is the ratio of the average wages of female workers recorded to the average wages of male workers recorded (average annual wages = total wages / number of employees). Retirement allowances are excluded from total wages, and employees on leave are excluded from the number of employees. In addition, associate employees who have been converted to indefinite-term employment based on the system for conversion to indefinite-term employment are included in regular (indefinite) workers.
25. The main factors for regular workers in the difference in wages between men and women are (1) the low percentage of women in management positions, where salaries are higher, and (2) with regard to years of service, which is one of the major factors for higher salaries, the average length of service for men is at least approximately six years longer than for women as of April 1, 2023. The main reason for the non-regular workers is the high salaries of professional hires, which account for about 40% of the male workers. The wage standard is the same regardless of gender.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements





History .....	84
Major Businesses .....	85
Organization Chart .....	86
Paid-in Capital .....	87
Total Number of Stocks .....	87
Condition of Stocks .....	87
Principal Shareholder .....	87
Accounting Advisor .....	88
Independent Auditor .....	88
Total Number of Employees and Conditions of Employment ...	88
Average Monthly Salary (In-house employees) .....	88
Average Monthly Salary (Sales employees) .....	89
Summary of the Subsidiaries .....	89
Major Insurance Products for Individuals .....	90
Major Insurance Products for Corporate Clients ...	91
Major Riders .....	92
Maximum Amount of Insurance Coverage .....	92
Briefing on Important Matters / Provision of Literature about Disadvantageous Information .....	93
Notice of Policy Details .....	94
Management of Conflicts of Interest.....	95
Life Insurance Policyholders Protection Corporation of Japan ...	96
Principal Risk Categories and Definitions .....	98

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements

## History

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

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

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

September 2006	Established Kampo Co., Ltd. under the Postal Service Privatization Act
October 2007	Changed trade name to JAPAN POST INSURANCE Co., Ltd. in line with the commencement of the life insurance business Started Postal Life Insurance management operations under commission from the Management Network
December 2007	Obtained approval for new operations (liberalization of investment products)
June 2008	Commenced commissioned sales of life insurance products for corporate clients
July 2008	Launched <i>Sono hi kara</i> , a new hospitalization rider
July 2009	Established branches in all prefectures through the opening of the Nara Branch and Wakayama Branch
October 2011	JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (current consolidated subsidiary) became a subsidiary
April 2014	Launched <i>Hajime no Kampo</i> , an educational endowment insurance
July 2014	Commenced handling commissioned sales of cancer insurance products for American Family Life Assurance Company of Columbus <sup>1</sup>
October 2015	Launched <i>Shin Free Plan</i> (short-term premium payment), an endowment insurance
November 2015	Listed common stock on the First Section of the Tokyo Stock Exchange Commenced commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)
March 2016	Obtained approval for new operations (underwriting of reinsurance and related services) Business alliance with The Dai-ichi Life Insurance Company, Limited <sup>2</sup>
October 2017	Launched <i>Sono hi kara Plus</i> , a new medical rider Launched <i>Shin Nagaiki Kun Low Cash Value Plan</i> , a new whole life insurance (low cash value) Launched <i>Choju no Shiawase</i> , a longevity support insurance (low cash value)
April 2019	Launched <i>Kampo ni Omakase</i> , products with relaxed underwriting criteria; and an advanced medical rider Secondary offering of common stock of the Company
April 2022	Launched <i>Motto sono hi kara Plus</i> , a new medical care rider Moved from the First Section of the Tokyo Stock Exchange to the Prime Market
April 2023	Revised <i>Hajime no Kampo</i> , an educational endowment insurance

Notes: 1. The Japan branch of the U.S. corporation was established as a Japanese corporation and the business conducted by the Japan branch was succeeded to the Japanese corporation. As a result, our contract partner at the date of publication of this report is Aflac Life Insurance Japan Ltd.

2. Due to an internal transfer of management within the group of our business partner, our business alliance is with Dai-ichi Life Holdings, Inc. at the date of publication of this report.

### [Reference] History of Postal Life Insurance

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

#### New Operations after Privatization

(As of July 1, 2023)

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

- 3) Approval for the revision on the educational endowment insurance  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on September 3, 2012 and conditional approval was acquired on November 30, 2012 according to said Act. Accordingly, the revision was approved on January 24, 2014.
- 4) Approval for the sales of short-term premium payment endowment insurance  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on February 19, 2015 and approved on April 15, 2015.
- 5) Approval for commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)  
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on July 1, 2015 and approved on September 30, 2015.
- 6) Approval for the underwriting of reinsurance  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 19, 2016 and approved on March 11, 2016.
- 7) Approval for the commencement of related services  
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 19, 2016 and approved on March 11, 2016.
- 8) Approval for the revision of the whole life insurance, etc.  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on March 31, 2017 and approved on June 19, 2017.
- 9) Approval for commissioned sales of life insurance products for corporate clients (term insurance with nursing care compensation for managers)  
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on March 31, 2017 and approved on June 19, 2017.
- 10) Approval for the underwriting of new insurance  
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on October 16, 2018 and approved on December 25, 2018.
- 11) Filing of a notification on revisions to medical care riders, etc.  
Pursuant to the latter part of the provisions of Article 138-2, Paragraph 1 of the Postal Service Privatization Act, a notification on revisions to medical care riders and other matters was filed to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on November 10, 2021.
- 12) Filing of a notification on commissioned sales of life insurance products for corporate clients, etc.  
Pursuant to the latter part of the provisions of Article 138-2, Paragraph 1 of the Postal Service Privatization Act, a notification on commissioned sales of life insurance products for corporate clients, etc. was filed to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 7, 2022.
- 13) Filing of a notification on the policy renewal system, etc.  
Pursuant to the latter part of the provisions of Article 138-2, Paragraph 1 of the Postal Service Privatization Act, a notification on the policy renewal system, etc. was filed to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on June 16, 2022.
- 14) Filing of a notification on revisions to educational endowment insurance  
Pursuant to the latter part of the provisions of Article 138-2, Paragraph 1 of the Postal Service Privatization Act, a notification on revisions to educational endowment insurance was filed to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on December 8, 2022.
- 15) Submission of an application for approval for holding an investment subsidiary  
Pursuant to Article 139 of the Postal Service Privatization Act, application for approval that Japan Post Insurance NEXT Partners Co., Ltd., the Company's subsidiary becomes a company investing in venture companies was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on February 16, 2023.

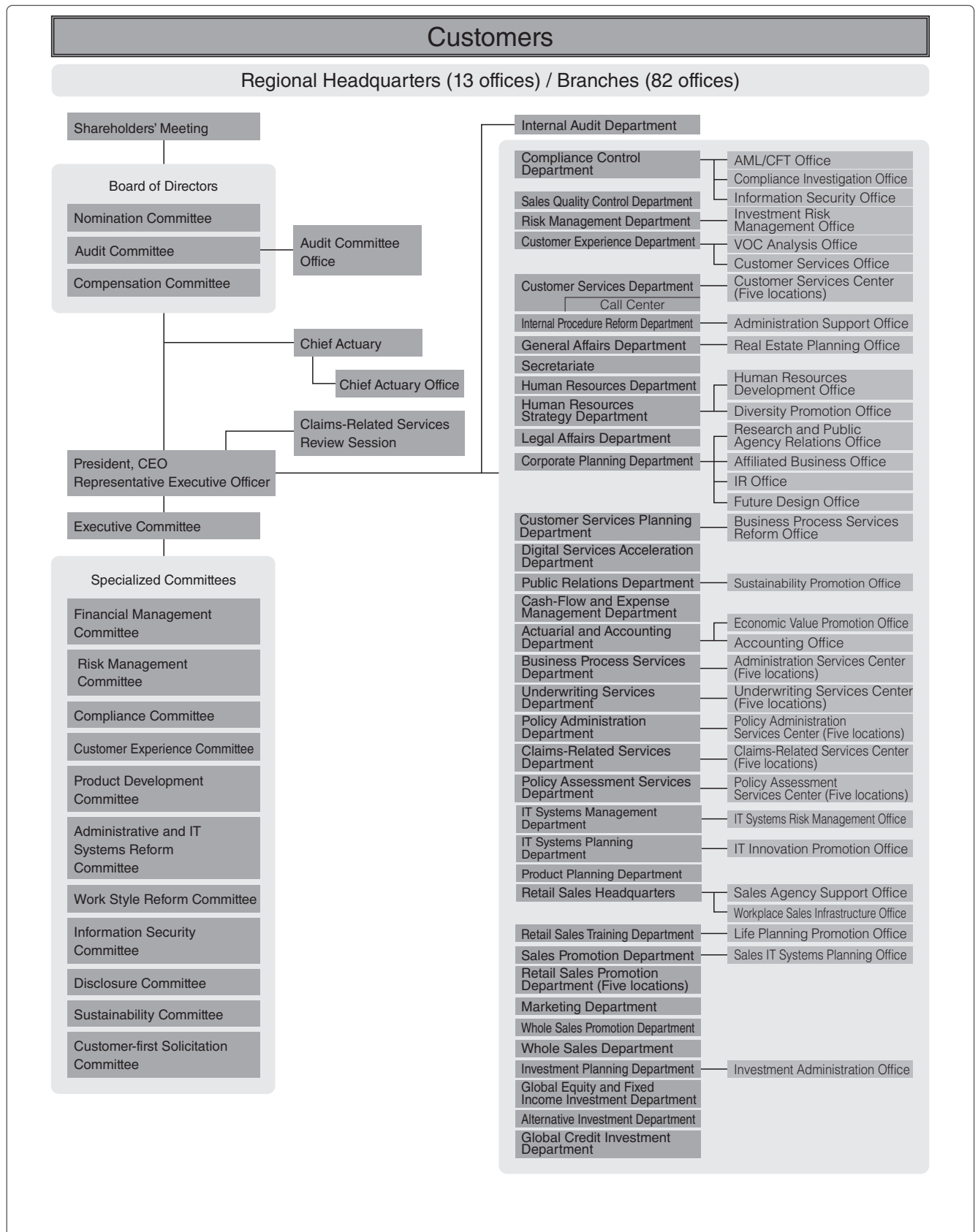
Note: Additional restrictions on new operations under the Postal Service Privatization Act were relaxed from a license system to a notification system in June 2021.

## Major Businesses

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

# Organization Chart

(As of July 1, 2023)



## Paid-in Capital

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

## Total Number of Stocks

Total number of issuable stocks	2,400,000,000
Total number of issued stocks	399,693,700
Current period shareholders	168,787

Note: Pursuant to the resolution of the Board of Directors held on April 17, 2023, the Company cancelled its treasury stock on May 8, 2023, reducing the total number of shares issued by 16,501,400 shares.

## Condition of Stocks

### (1) Class of stocks issued

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

Notes: 1. This table includes 16,512,551 shares of the treasury stock. Treasury stock does not include the 475,600 shares of the Company's stock held in the Board Benefit Trust (BBT).

2. Pursuant to the resolution of the Board of Directors held on April 17, 2023, the Company cancelled its treasury stock on May 8, 2023, reducing the total number of shares issued by 16,501,400 shares.

### (2) Major shareholders

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held	Percentage of shares held
Japan Post Holdings Co., Ltd.	190,963,900	49.84%
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,715,600	8.54%
Custody Bank of Japan, Ltd. (Trust Account)	11,383,500	2.97%
STATE STREET BANK WEST CLIENT - TREATY 505234	3,543,900	0.92%
Japan Post Insurance Employee Shareholding Association	3,368,500	0.88%
JPMorgan Securities Japan Co., Ltd.	3,319,167	0.87%
JP JPMSE LUX RE MERRILL LYNCH INTERNATI EQ CO	3,126,974	0.82%
STATE STREET BANK AND TRUST COMPANY 505103	3,064,073	0.80%
JP MORGAN CHASE BANK 385781	2,280,804	0.60%
STATE STREET BANK AND TRUST COMPANY 505225	2,117,225	0.55%

Notes: 1. Although the Company holds treasury stock of 16,512,551 shares, it is excluded from the major shareholders above.

2. Percentage of shares held is calculated excluding treasury stock (16,512,551 shares) and rounded to two decimal places. Treasury stock does not include the 475,600 shares of the Company's stock held in the Board Benefit Trust (BBT).

## Principal Shareholder

Name	Address of main place of business or sales	Paid-in capital or investment	Business outline	Date of establishment	Percentage of owned shares included in the total number of shares
Japan Post Holdings Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Business management of Japan Post Group	January 23, 2006	49.84%

Notes: Percentage of owned shares included in the total number of shares is calculated excluding treasury stock (16,512,551 shares) and rounded to two decimal places.

Treasury stock does not include the 475,600 shares of the Company's stock held in the Board Benefit Trust (BBT).



## Accounting Advisor

Not applicable.

## Independent Auditor

The Independent Auditor in the fiscal year ended March 31, 2023 was as follows.  
KPMG AZSA LLC

(Designated Limited Liability Partners, Engagement Partners)

Certified Public Accountant KANNO Masako

Certified Public Accountant SATO Eihiro

Certified Public Accountant SUDA Shunsuke

## Total Number of Employees and Conditions of Employment

(Unit: persons, years)

Category	As of the end of FY2022/3	As of the end of FY2023/3	FY2022/3	FY2023/3	As of the end of FY2022/3		As of the end of FY2023/3	
	Total	Total	Staff employed	Staff employed	Average age	Average years of service	Average age	Average years of service
In-house employees	6,417	8,120	128	152	40.8	16.2	43.2	18.9
(Male)	3,230	4,407	53	70	43.8	19.4	46.1	22.3
(Female)	3,187	3,713	75	82	37.8	12.9	39.8	14.9
Sales employees	1,128	11,028	44	84	39.0	14.3	43.9	17.8
(Male)	917	10,352	24	46	41.1	16.3	44.5	18.4
(Female)	211	676	20	38	29.4	5.6	33.8	8.1

Notes: 1. The number of employees excludes employees assigned to other companies by Japan Post Insurance Co., Ltd., but includes employees assigned to Japan Post Insurance Co., Ltd. by other companies. The figures exclude non-regular employees (including indefinite-term employees based on the indefinite-term employment conversion system).

2. Average years of service represent the number of years of continuous service including years at the Ministry of Posts and Telecommunications, the Postal Services Agency (Ministry of Internal Affairs and Communications) and Japan Post.

3. Average age and average years of service are based on attained ages and years of service as of the end of each fiscal year, and truncated to the first decimal place.

4. The number of sales employees in the Total column represents those serving at the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel), as well as managers and consultants (employees who mainly visit customers' homes) serving at the Retail Service Division at branches.

5. The number of sales employees in the Staff employed column represents those assigned to the Whole Sales Division at branches, Retail Service Division, or a specific section in the Head Office Whole Sales Department at employment.

## Average Monthly Salary (In-house employees)

(Thousands of yen)

Category	March 2022	March 2023
In-house employees	369	348

Note: Average monthly salary represents the pre-tax regular salary for March 2023, which excludes bonuses and overtime allowances.

## Average Monthly Salary (Sales employees)

(Thousands of yen)

Category	March 2022	March 2023
Sales employees	323	316

Notes: 1. Average monthly salary represents the pre-tax regular salary for March 2023, which excludes bonuses and overtime allowances.

2. Sales employees refer to those serving in the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel), as well as managers and consultants (employees who mainly visit customers' homes) serving at the Retail Service Division at branches.

## Summary of the Subsidiaries

### (1) Major Businesses and the Organizational Structure

Number of consolidated subsidiaries: One

### (2) Subsidiaries

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

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

JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. is mainly engaged in the design, development, and maintenance of software for systems that support the Company's business activities. In the fiscal year ended March 31, 2023, the second year of the five-year Medium-Term Management Plan, the subsidiary worked together with the Company under the basic policies formulated at the beginning of the year to provide new product support and implement next-generation system projects and other development projects, as well as to establish a new subsidiary, JAPAN POST INSURANCE DIGITAL SYSTEMS Co., LTD. (Note), in order to secure and develop digital human resources for the introduction of advanced technologies such as cloud operations and development.

Note: Established on May 1, 2023.

## Major Insurance Products for Individuals

(As of July 1, 2023)

	Purpose of Policy	Nickname/Product Name
Whole life insurance	For lifetime coverage	<i>Shin Nagaiki Kun</i> (flat-type) (fixed amount type whole life insurance), <i>Shin Nagaiki Kun</i> (flat-type) (low cash value) (fixed amount type whole life insurance (low cash value))
	For balanced lifetime coverage	<i>Shin Nagaiki Kun</i> (balance-type, double) (double-type whole life insurance), <i>Shin Nagaiki Kun</i> (balance-type, double) (low cash value) (double-type whole life insurance (low cash value)), <i>Shin Nagaiki Kun</i> (balance-type, fivefold) (fivefold-type whole life insurance), <i>Shin Nagaiki Kun</i> (balance-type, fivefold) (low cash value) (fivefold-type whole life insurance (low cash value))
	For lifetime coverage with perks	<i>Shin Nagaiki Kun</i> (special-type) (special whole life insurance), <i>Shin Nagaiki Kun</i> (special-type) (low cash value) (special whole life insurance (low cash value))
	For lifetime coverage for those with chronic diseases	<i>Kampo ni Omakase</i> (whole life type) (ordinary whole life insurance with relaxed underwriting criteria), <i>Kampo ni Omakase</i> (whole life type) (low cash value) (ordinary whole life insurance with relaxed underwriting criteria (low cash value))
Educational endowment insurance	For preparing for educational funds	<i>Hajime no Kampo</i> (educational endowment insurance (H24))
Endowment insurance	For coverage and benefits at maturity	<i>Shin Free Plan</i> , <i>Shin Free Plan</i> (short-term premium payment) (ordinary endowment insurance)
	For full coverage and benefits at maturity	<i>Shin Free Plan</i> (double benefit) (double-type special endowment insurance), <i>Shin Free Plan</i> (fivefold benefit) (fivefold-type special endowment insurance), <i>Shin Free Plan</i> (tenfold benefit) (tenfold-type special endowment insurance)
	For coverage and benefits at maturity for those with chronic diseases	<i>Kampo ni Omakase</i> (maturity type) (ordinary endowment insurance with relaxed underwriting criteria)
Term insurance	For large coverage with lower burden	<i>Shin Ordinary Term Insurance</i> (ordinary term insurance (R04))
Longevity support insurance	For preparing for longevity risk with surplus funds	<i>Choju no Shiawase</i> (longevity support insurance (low cash value))
Asset-formation insurance	For asset formation by workers	Asset-formation savings insurance, asset-formation housing funding insurance, asset-formation whole life annuities

# Major Insurance Products for Corporate Clients

(As of July 1, 2023)

	Nickname/Product Name
Own products	<p><b><i>Shin Free Plan (ordinary endowment insurance)</i></b>  <i>Shin Free Plan (double, fivefold and tenfold benefits) (special endowment insurance)</i>  <i>Kampo ni Omakase (maturity type) (ordinary endowment insurance with relaxed underwriting criteria)</i></p>
	<p><b><i>Shin Ordinary Term Insurance (ordinary term insurance (R04))</i></b></p>
Products sold on commission (Term insurance)	<p><b>NN Life Insurance Company, Ltd.</b>                      Quality (term insurance), Smart Term (no cash value term insurance), and Term insurance with low cash value and increasing term insurance riders</p>
	<p><b>SUMITOMO LIFE INSURANCE COMPANY</b>                      Term life insurance Emblem YOU Premium (low cash value term insurance without a dividend)</p>
	<p><b>The Dai-ichi Life Insurance Company, Limited</b>                      Success (long-term life insurance 2018), no cash value term insurance 2018, and Majesty (increasing term life insurance 2018)</p>
	<p><b>Tokio Marine &amp; Nichido Life Insurance Co., Ltd.</b>                      Term Life Insurance [without dividend], Nagawari Teiki (Term Life Insurance with special provisions for low cash value [without dividend]), Increasing Term Life Insurance with low cash value [without dividend]                      Smart Anshin Teiki (Term Life Insurance with special provision for no cash value [without dividend])</p>
	<p><b>Nippon Life Insurance Company</b>                      Nissay Long-Term Term Insurance, Long-term life coverage with period of extensive coverage for accidents insurance, Nissay Term Life Insurance, and Nissay Increasing Term Insurance</p>
	<p><b>The Neo First Life Insurance Company, Limited</b>                      Limited term security for fulfilling of accidental death term insurance</p>
	<p><b>Mitsui Sumitomo Aioi Life Insurance Company, Limited</b>                      Term Life Insurance without Dividend, Term Life Insurance (no cash value) without Dividend, and Increasing Term Life Insurance without dividend</p>
Products sold on commission (General welfare group term insurance)	<p><b>Meiji Yasuda Life Insurance Company</b>                      Revised term life insurance E (with interest dividends every five years), Revised increasing term life insurance, and Increasing term life insurance with accidental death benefit for the first 3 years (with dividends every five years)</p>
	<p><b>MetLife Insurance K. K.</b>                      General welfare group term insurance, and nonparticipating group insurance (general welfare group term insurance without a dividend)</p>
Products sold on commission (Cancer insurance)	<p><b>Aflac Life Insurance Japan Ltd.</b>                      Days 1—Cancer insurance for daily living (cancer insurance with low or no cash value 2018)                      WINGS—cancer insurance to create “living in your own way” (cancer insurance with low or no cash value 2018)                      Days 1 Plus—Cancer insurance for daily living (for policyholders of cancer insurance with no cash value 2018)</p>

Notes: 1. The company names are listed in the order of the Japanese syllabary.  
 2. The riders that can be added to the above products are limited.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements

## Major Riders

(As of July 1, 2023)

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

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

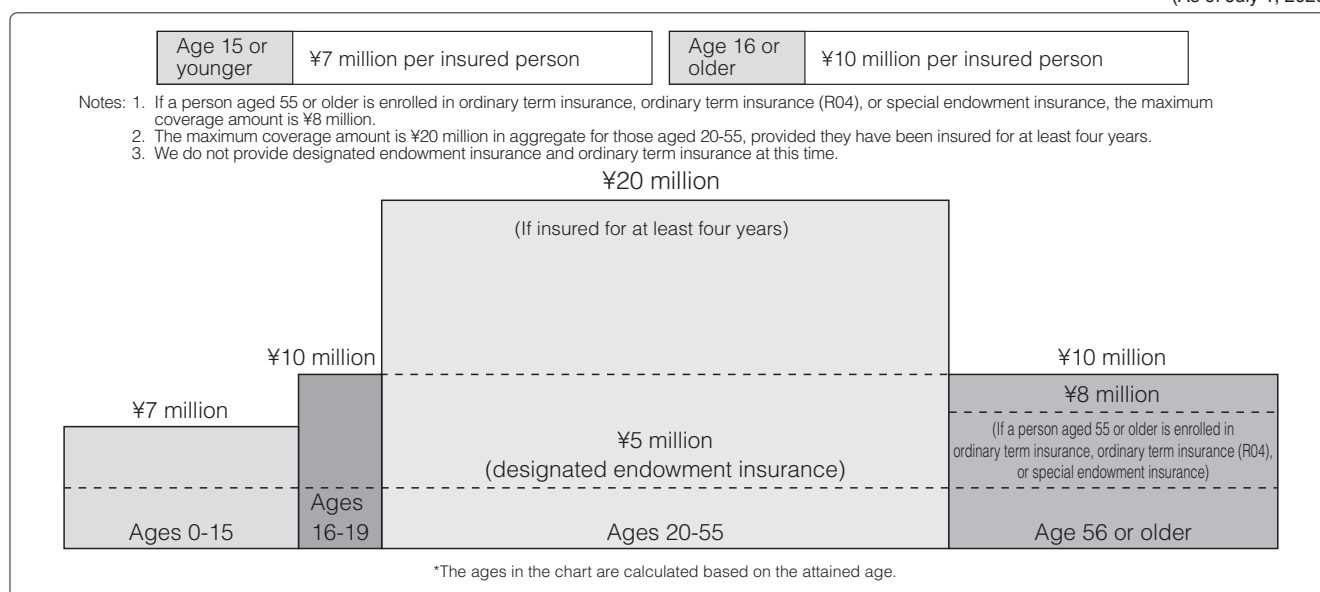
## Maximum Amount of Insurance Coverage

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

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

### Maximum Coverage Amount of the Basic Insurance Policy

(As of July 1, 2023)



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

### Maximum Coverage Amount of the Basic Annuity Policy

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

Includes the annuity amount under longevity support insurance.



## Maximum Amount of Insurance Coverage for Riders

Type of rider	Maximum amount of insurance coverage	Notes
<Accidental rider>	¥10 million in aggregate per insured person	<ul style="list-style-type: none"> <li>In addition to the maximum coverage amounts stipulated by laws and regulations, there is a certain range of limitation on the insurance amount of the rider that can be added, according to the type of basic insurance policy.</li> </ul>
Non-participating accidental rider		
<Nursing care rider>		
<Accident hospitalization rider>	¥10 million in aggregate per insured person	<ul style="list-style-type: none"> <li>The accidental rider, non-participating accidental rider and nursing care rider are under a separate heading.</li> <li>In addition to the maximum coverage amounts stipulated by laws and regulations, there is a certain range of limitation on the insurance amount of the rider that can be added, according to the type of basic insurance policy.</li> </ul>
<Illness hospitalization rider>		
<Illness and accident hospitalization rider>		
<Non-participating accident hospitalization rider>		
<Non-participating illness and accident hospitalization rider>		
<Non-participating injury medical care rider>		
<Non-participating general medical care rider>		
<Non-participating general medical care rider with relaxed underwriting criteria>		
Non-participating injury medical care rider (R04)		
Non-participating general medical care rider (R04)		
Non-participating general medical care rider with relaxed underwriting criteria (R04)		
Non-participating advanced medical care rider		

We do not provide the above riders in parentheses (“<””) now.

## Maximum Amount of Total Insurance Premiums Payable

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

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

## Briefing on Important Matters/Provision of Literature about Disadvantageous Information

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

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

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

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

## Notice of Policy Details

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

Starting from May 2023, a list of policies held and details of policies have been made into a booklet in this Notice, so that customers can easily confirm the content of the policy such as coverage of the insurance policy held, the premiums paid, the policyholder dividend, the status of loans to the policyholder, the bank account for the receipt of insurance benefits and other benefits, and the designation of the beneficiary of insurance benefits and registered family members.

## Management of Conflicts of Interest

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

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

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

☐ [Japan Post Group Conflicts of Interest Management Policy](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/compliance/conflicts.html)

[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate\\_governance/compliance/conflicts.html](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/compliance/conflicts.html)

## Life Insurance Policyholders Protection Corporation of Japan

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

### ● Life Insurance Policyholders Protection Corporation of Japan

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

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

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

policies <sup>(\*)3</sup> (which does not mean that the policyholder protection scheme provides 90% of the level of protection provided by the original insurance claims or annuities <sup>(\*)4</sup>).

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

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

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

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

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

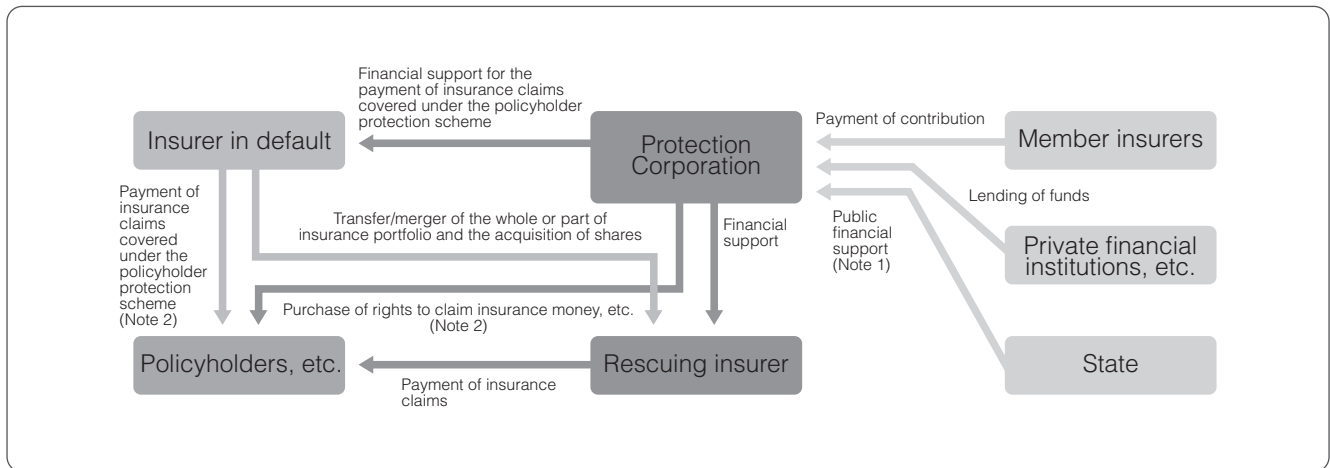
$$\text{Indemnity ratio in the high assumed interest rate policies} = 90\% - \frac{\text{[aggregate of (assumed interest rate less basic interest rate in each year in the past 5 years)]}}{2}$$

Notes: 1. The basic interest rate shall be determined by the Commissioner of the Financial Services Agency and the Minister of Finance, based on the average rate of investment returns in the past five years at life insurance companies. The current basic interest rate is 3% (information about the current basic interest rate is provided on our website).

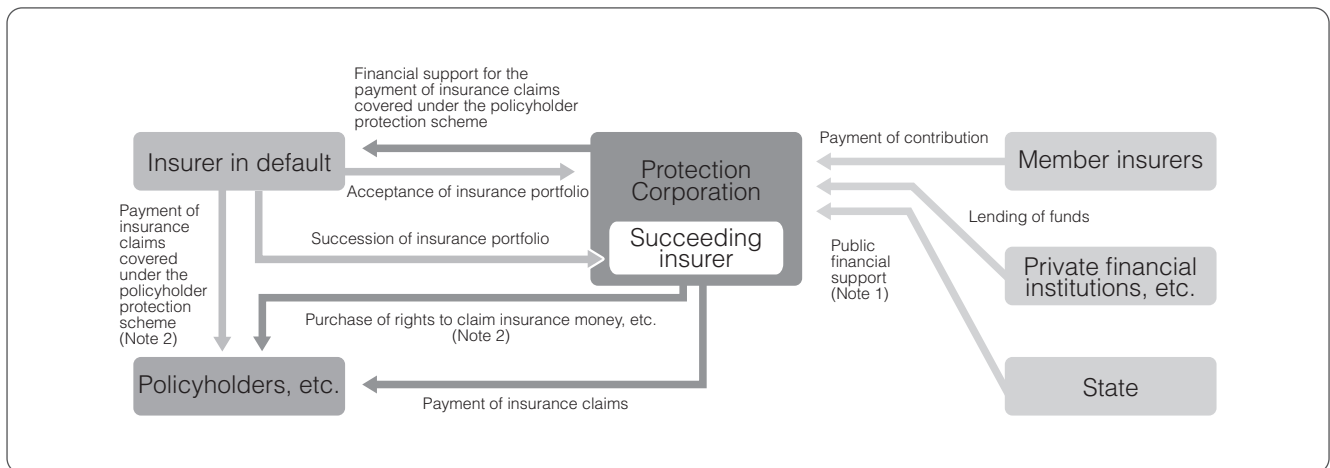
2. In the case where different assumed interest rates apply to the basic coverage and riders under one policy, each such basic coverage and rider applied by a different assumed interest rate shall be regarded as an independent insurance policy, and subject to the evaluation to determine whether it constitutes a high assumed interest rate policy. Meanwhile, in the case of a collective insurance policy such as a group insurance policy where a premium is paid by each insured individual to whom a different assumed interest rate applies, each such insured individual is considered to have taken out an independent insurance policy individually, and is subject to the evaluation regarding whether or not such independent individual policy constitutes a high assumed interest rate policy. However, in the case of defined contribution plan products, each insured individual is subject to the evaluation regarding whether or not he/she is a holder of a high assumed interest rate policy, regardless of whether he/she pays the premium.

● Illustrated Outline of the Scheme

In the case where a rescuing insurer appears



In the case where no rescuing insurer appears



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

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

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

[Reference] Government guarantee for the Postal Life Insurance Policies

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

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



## Principal Risk Categories and Definitions

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

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

### Insurance Underwriting Risk

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

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

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

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

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

### Investment Risk

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

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

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

### Funding Risk

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

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

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

## Market Liquidity Risk

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

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

## Operational Risk

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

### 1) Processing Risk

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

### 2) Computer System Risk

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

### 3) Other Operational Risk Subcategories

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

The Investment Risk Management Office of the Risk Management Department, which is the section in charge of market liquidity risk management, confirms, among other things, that sufficient liquidity assets can be secured in the event of current and future cash flow stress. The section implements the appropriate management of market liquidity risk by performing management and verification in accordance with these standards.

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

processing, as well as to supervise and educate employees.

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

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

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



# Financial Statements

1	Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 ...	104
2	Consolidated Financial Statements .....	105
3	Non-Consolidated Financial Statements .....	152
4	Status of Financial Assets (Consolidated) ...	171
5	Status of Financial Assets (Non-Consolidated) .....	173
6	Main Business Indicators .....	185
7	Indicators for Separate Accounts .....	230

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.

<b>1 Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023</b> .....	<b>104</b>	( 5 ) Policies in Force by Benefit Type.....	189
<b>2 Consolidated Financial Statements</b> .....	<b>105</b>	( 6 ) Policies in Force by Type of Policy of Individual Insurance and Individual Annuity.....	190
Consolidated Balance Sheets .....	105	( 7 ) Annualized Premiums from Policies in Force by Type of Policy of Individual Insurance and Individual Annuity .....	191
Consolidated Statements of Income .....	106	( 8 ) Embedded Value (“EV”).....	192
Consolidated Statements of Comprehensive Income .....	108	<b>6-3 Insurance Policy Indicators</b> .....	195
Consolidated Statements of Changes in Net Assets .....	109	( 1 ) Policies in Force and New Policies.....	195
Consolidated Statements of Cash Flows.....	111	( 2 ) Average Policy Amount of New Policies and Policies in Force (individual insurance).....	196
Notes to the Consolidated Financial Statements .....	113	( 3 ) Ratio of New Policies (against the policy in force at the beginning of fiscal year) .....	196
Independent Auditor’s Report .....	145	( 4 ) Ratio of Surrender and Lapse (against the policy in force at the beginning of fiscal year) ...	196
<b>3 Non-Consolidated Financial Statements</b> .....	<b>152</b>	( 5 ) Average Premium for New Policies of Individual Insurance (monthly payment agreement).....	196
Non-Consolidated Balance Sheets .....	152	( 6 ) Mortality Rates (basic policies in individual insurance) .....	196
Non-Consolidated Statements of Income .....	154	( 7 ) Ratio of Riders Filing Claim (individual insurance) .....	197
Non-Consolidated Statements of Changes in Net Assets .....	155	( 8 ) Ratio of Operating Expenses (against premium revenues).....	197
Notes to the Non-Consolidated Financial Statements.....	157	( 9 ) In the Cases Where Insurance Policies are Reinsured, Number of Principal Insurance Companies Accepting Reinsurance.....	197
Independent Auditor’s Report .....	167	(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.....	197
<b>4 Status of Financial Assets (Consolidated)</b> .....	<b>171</b>	(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.....	198
4-1 Status of Loans under the Insurance Business Act (Consolidated).....	171	(12) Amount of Reinsurance Proceeds Yet to be Recovered .....	198
4-2 Status of Insurance Claims Paying Ability of the Company and Its Subsidiaries (Consolidated Solvency Margin Ratio) .....	172	(13) Ratio of the Insurance Amount Paid Against Earned Premiums by Reason of Benefit or Class of Insurance in Third-Sector Insurance.....	198
4-3 Status of Insurance Claims Paying Ability of the Company’s Subsidiaries (Solvency Margin Ratio).....	172	<b>6-4 Accounting Data</b> .....	198
<b>5 Status of Financial Assets (Non-Consolidated)</b> .....	<b>173</b>	( 1 ) Reserve for Outstanding Claims.....	198
5-1 Status of Loans under the Insurance Business Act... ..	173	( 2 ) Policy Reserves .....	199
5-2 Loans Concerning the Trusts with Contracts Indemnifying the Principal Amounts .....	173	( 3 ) Balance of Policy Reserves .....	199
5-3 Status of Insurance Claims Paying Ability (Solvency Margin Ratio).....	174	( 4 ) Reserving Method, Reserve Ratio and Reserve Balance for Policy Reserves for Individual Insurance and Individual Annuities (by contract year) .....	199
5-4 Real Net Assets.....	174	( 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.....	200
5-5 Fair Value Information of Securities (Company Total) ...	175		
( 1 ) Fair Value Information of Securities .....	175		
( 2 ) Data on Fair Value of Money Held in Trust.....	177		
( 3 ) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting) .....	178		
5-6 Breakdown of Ordinary Profit (Core Profit).....	183		
<b>6 Main Business Indicators</b> .....	<b>185</b>		
6-1 Key Business Indicators (Non-Consolidated) .....	185		
6-2 Selected Financial Data and Other Information .....	186		
( 1 ) Policies in Force and New Policies.....	186		
( 2 ) Annualized Premiums .....	186		
( 3 ) New Policies by Product.....	187		
( 4 ) Policies in Force by Product.....	188		



( 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).....	200	(28) Overseas Loans and Investments .....	222
( 7 ) Reserve for Policyholder Dividends.....	201	(29) Yield on Overseas Loans and Investments .....	224
( 8 ) Reserves .....	201	(30) Summary of New Public-Sector Investment Underwriting and Loans .....	224
( 9 ) Provision for Reserve for Specific Foreign Loans .....	201	(31) Loan Interest Rates .....	224
(10) Capital Stock, etc. ....	202	(32) Other Assets .....	224
(11) Premiums .....	202	6-6 Fair Value Information of Securities (General Account).....	225
(12) Insurance Claims .....	203	( 1 ) Fair Value of Securities .....	225
(13) Annuities .....	204	( 2 ) Fair Value of Money Held in Trust .....	226
(14) Benefits .....	205	( 3 ) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting) .....	229
(15) Surrender Benefits .....	206	<b>7 Indicators for Separate Accounts.....</b>	<b>230</b>
(16) Depreciation and Amortization .....	207		
(17) Operating Expenses .....	207		
(18) Taxes.....	208		
(19) Lease Transactions.....	208		
(20) Borrowings by Maturity Date .....	208		
6-5 Indicators Related to Asset Management (General Account).....	209		
( 1 ) Portfolio Trends .....	209		
( 2 ) Yield .....	210		
( 3 ) Average Balance on Primary Assets .....	210		
( 4 ) Investment Income .....	211		
( 5 ) Investment Expenses.....	211		
( 6 ) Interest, Dividends and Other Income.....	212		
( 7 ) Gains on Sales of Securities .....	212		
( 8 ) Losses on Sales of Securities .....	212		
( 9 ) Losses on Valuation of Securities .....	212		
(10) Proprietary Trading Securities .....	213		
(11) Proceeds on Sales of Proprietary Trading Securities .....	213		
(12) Securities Composition.....	213		
(13) Securities by Maturity Date.....	214		
(14) Bond Term-End Balance Yield.....	215		
(15) Breakdown of Local Government Bonds by Region.....	215		
(16) Shareholdings by Industry Sector .....	216		
(17) Loans .....	217		
(18) Loans by Contractual Maturity Date .....	217		
(19) Loans to Domestic Companies by Company Size .....	218		
(20) Breakdown of Loans by Industry .....	219		
(21) Breakdown of Industrial Loans by Use.....	220		
(22) Breakdown of Loans by Region.....	220		
(23) Breakdown of Loans by Collateral.....	220		
(24) Tangible Fixed Assets.....	221		
(25) Gains on Disposal of Fixed Assets .....	221		
(26) Losses on Disposal of Fixed Assets .....	222		
(27) Depreciation on Real Estate, Movables and Other Assets Held for Leasing.....	222		

# 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<sup>(Note)</sup>.

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
<b>ASSETS:</b>			
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)
<b>Total assets</b>	<b>¥ 62,687,388</b>	<b>¥ 67,174,796</b>	<b>\$ 469,463</b>
<b>LIABILITIES:</b>			
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
<b>Total liabilities</b>	<b>¥ 60,312,010</b>	<b>¥ 64,753,732</b>	<b>\$ 451,674</b>
<b>NET ASSETS (Note 16):</b>			
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
<b>Total net assets</b>	<b>2,375,377</b>	<b>2,421,063</b>	<b>17,789</b>
<b>Total liabilities and net assets</b>	<b>¥ 62,687,388</b>	<b>¥ 67,174,796</b>	<b>\$ 469,463</b>

See accompanying notes to consolidated financial statements.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements

**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
<b>ORDINARY INCOME:</b>			
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
<b>Other ordinary income:</b>			
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
<b>ORDINARY EXPENSES:</b>			
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
<b>Provision for policy reserves and others</b>			
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
<b>Investment expenses:</b>			
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
<b>Operating expenses (Note 17)</b>	445,761	385,928	3,338
<b>Other ordinary expenses</b>	74,016	93,073	554
Total ordinary expenses	6,261,990	6,098,095	46,896
<b>Ordinary profit</b>	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
<b>EXTRAORDINARY GAINS</b> (Note 21)	¥ 82,645	¥ 5,696	\$ 619
<b>EXTRAORDINARY LOSSES</b> (Note 22)	319	68,116	2
<b>Provision for reserve for policyholder dividends</b> (Note 23)	62,067	73,113	465
<b>Income before income taxes</b>	137,829	220,579	1,032
<b>Income taxes</b> (Note 15):			
Current	33,576	101,702	251
Deferred	6,639	(39,184)	50
<b>Total income taxes</b>	40,215	62,517	301
<b>Net income</b>	¥ 97,614	¥ 158,062	\$ 731
<b>Net income attributable to non-controlling interests</b>	¥ –	¥ –	\$ –
<b>Net income attributable to Japan Post Insurance</b>	97,614	158,062	731

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

See accompanying notes to consolidated financial statements.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements



**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					
Net changes in the fiscal year	-	-	(261,567)	42	(261,524)
<b>BALANCE, MARCH 31, 2022</b>	<b>500,000</b>	<b>405,044</b>	<b>639,822</b>	<b>(355)</b>	<b>1,544,511</b>
Changes in the fiscal year:					
Cash dividends			(35,896)		(35,896)
Net income attributable to Japan Post Insurance			97,614		97,614
Purchases of treasury stock				(35,739)	(35,739)
Disposals of treasury stock				12	12
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	-	61,717	(35,727)	25,990
<b>BALANCE, MARCH 31, 2023</b>	<b>¥ 500,000</b>	<b>¥ 405,044</b>	<b>¥ 701,540</b>	<b>¥ (36,082)</b>	<b>¥ 1,570,502</b>

	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)
<b>BALANCE, MARCH 31, 2022</b>	<b>873,764</b>	<b>-</b>	<b>2,786</b>	<b>876,551</b>	<b>2,421,063</b>
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)
<b>BALANCE, MARCH 31, 2023</b>	<b>¥ 797,912</b>	<b>¥ 4,607</b>	<b>¥ 2,354</b>	<b>¥ 804,875</b>	<b>¥ 2,375,377</b>

See accompanying notes to 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 stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>BALANCE, MARCH 31, 2022</b>	\$ 3,744	\$ 3,033	\$ 4,792	\$ (3)	\$ 11,567
<b>Changes in the fiscal year:</b>					
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
<b>BALANCE, MARCH 31, 2023</b>	\$ 3,744	\$ 3,033	\$ 5,254	\$ (270)	\$ 11,761

Millions of U.S. Dollars (Note 1)

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
<b>BALANCE, MARCH 31, 2022</b>	\$ 6,544	\$ –	\$ 21	\$ 6,564	\$ 18,131
<b>Changes in the fiscal year:</b>					
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)
<b>BALANCE, MARCH 31, 2023</b>	\$ 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
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.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
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
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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				
<b>March 31</b>		<b>Consolidated balance sheet amount</b>	<b>Fair value</b>	<b>Net unrealized gains (losses)</b>	<b>Unrealized gains</b>	<b>Unrealized losses</b>
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				
<b>March 31</b>		<b>Consolidated balance sheet amount</b>	<b>Fair value</b>	<b>Net unrealized gains (losses)</b>	<b>Unrealized gains</b>	<b>Unrealized losses</b>
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				
<b>March 31</b>		<b>Consolidated balance sheet amount</b>	<b>Fair value</b>	<b>Net unrealized gains (losses)</b>	<b>Unrealized gains</b>	<b>Unrealized losses</b>
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
<b>March 31</b>						
	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
<b>March 31</b>						
	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
<b>March 31</b>						
	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)

## 3) Available-for-sale securities

(Millions of Yen)

		2023				
<b>March 31</b>		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
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 <sup>1</sup>		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				
<b>March 31</b>		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
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 <sup>2</sup>		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				
<b>March 31</b>		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
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 <sup>1</sup>		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
<b>March 31</b>	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
<b>March 31</b>	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
<b>March 31</b>	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
<b>March 31</b>	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
<b>March 31</b>	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
<b>March 31</b> 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
<b>March 31</b> 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
<b>March 31</b> 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
<b>March 31</b> 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
<b>Years ended March 31</b>			
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			
<b>March 31</b>							
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% <sup>1</sup>	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% <sup>2</sup>	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	
<b>March 31</b>					
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	2023
<b>March 31</b>		
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
<b>March 31</b>			
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:

<b>Years ended March 31</b>	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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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 <sup>1,2</sup>	
Securities	
Held-to-maturity bonds	
Policy-reserve-matching bonds	
Available-for-sale securities <sup>2</sup>	
Loans	
Policy loans	
Industrial and commercial loans <sup>3</sup>	
Loans to the Management Network <sup>3</sup>	
Reserve for possible loan losses <sup>4</sup>	
Total assets	
Bonds payable	
Total liabilities	
Derivative transactions <sup>5</sup>	
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	¥ -

## Financial Statements

(Millions of Yen)

	2022		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
<b>March 31</b>			
Monetary claims bought	¥ 39,543	¥ 39,543	¥ –
Available-for-sale securities	39,543	39,543	–
Money held in trust <sup>1</sup>	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 <sup>3</sup>	965,872	993,771	27,931
Loans to the Management Network <sup>3</sup>	3,145,103	3,343,980	198,876
Reserve for possible loan losses <sup>4</sup>	(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 <sup>5</sup>			
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)
<b>March 31</b>			
Monetary claims bought	\$ 355	\$ 355	\$ –
Available-for-sale securities	355	355	–
Money held in trust <sup>1,2</sup>	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 <sup>2</sup>	65,708	65,708	–
Loans	27,004	27,959	955
Policy loans	1,051	1,051	–
Industrial and commercial loans <sup>3</sup>	6,863	6,831	(32)
Loans to the Management Network <sup>3</sup>	19,090	20,077	987
Reserve for possible loan losses <sup>4</sup>	(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 <sup>5</sup>			
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
<b>March 31</b>			
Money held in trust <sup>1</sup>	¥ 100,288	¥ 701,479	\$ 751
Securities	57,000	27,364	427
Unlisted stocks <sup>2</sup>	11,522	4,755	86
Investments in partnership <sup>3</sup>	45,478	22,608	341
<b>Total</b>	¥ 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
<b>March 31</b>				
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
<b>Total</b>	<b>¥ 2,508,251</b>	<b>¥ 10,061,617</b>	<b>¥ 14,899,120</b>	<b>¥ 23,640,540</b>

(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
<b>March 31</b>				
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
<b>Total</b>	<b>¥ 2,796,765</b>	<b>¥ 10,135,367</b>	<b>¥ 16,757,449</b>	<b>¥ 25,053,893</b>

(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
<b>March 31</b>				
Monetary claims bought	¥ –	¥ 29,996	¥ 17,348	¥ 47,345
Money held in trust <sup>1</sup>	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 <sup>1</sup>	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 <sup>3</sup>				
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
<b>March 31</b>				
Monetary claims bought	¥ –	¥ 19,999	¥ 19,544	¥ 39,543
Money held in trust <sup>2</sup>	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 <sup>2</sup>	1,080,230	3,068,946	32,350	4,181,527
Other securities <sup>2</sup>	–	–	12,551	12,551
Total assets	¥ 5,090,486	¥ 5,675,576	¥ 99,089	¥ 10,865,151
Derivative transactions <sup>3</sup>				
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
<b>March 31</b>				
Monetary claims bought	\$ –	\$ 225	\$ 130	\$ 355
Money held in trust <sup>1</sup>	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 <sup>1</sup>	598	20,047	228	20,873
Other securities	–	12,602	84	12,686
Total assets	\$ 37,074	\$ 53,635	\$ 686	\$ 91,935
Derivative transactions <sup>3</sup>				
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
<b>March 31</b>				
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
<b>March 31</b>				
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
<b>March 31</b>				
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 <sup>1</sup>	
	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 <sup>1</sup>	Recorded in Other comprehensive income (loss) <sup>2</sup>					
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 <sup>1</sup>	
	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 <sup>3</sup>	Transfer from Level 3 fair value <sup>4</sup>		Balance at the end of the year
		Recorded in gain/loss <sup>1</sup>	Recorded in Other comprehensive income (loss) <sup>2</sup>					
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 <sup>1</sup>	
	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 <sup>1</sup>	Recorded in Other comprehensive income (loss) <sup>2</sup>					
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.

## Financial Statements

- 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) <sup>1</sup>					
¥ 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) <sup>1</sup>					
\$ 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) <sup>1</sup>					
¥ 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) <sup>1</sup>					
\$ 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)
		<b>Total</b>			<b>\$ 39</b>

## 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
		<b>Total</b>			<b>¥ 6,399</b>

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
		<b>Total</b>			<b>\$ 48</b>

## 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
<b>Total</b>	<b>¥ 28,147</b>	<b>¥ 34,964</b>	<b>\$ 211</b>

## 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 <sup>1</sup>	¥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 <sup>2</sup>	¥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 <sup>1</sup>	¥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 <sup>2</sup>	¥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

Net income
Amount not attributable to common stockholders
Net income attributable to common stock

Millions of Yen		Millions of U.S. Dollars
2023	2022	2023
¥ 97,614	¥ 158,062	\$ 731
–	–	–
¥ 97,614	¥ 158,062	\$ 731

## Years ended March 31

Average number of common stock during the fiscal year
---

Thousands of shares	
2023	2022
391,270	421,348

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

## March 31

Net assets
Amount deducted from net assets
Net assets attributable to common stock at the fiscal year-end

Millions of Yen		Millions of U.S. Dollars
2023	2022	2023
¥ 2,375,377	¥ 2,421,063	\$ 17,789
–	–	–
¥ 2,375,377	¥ 2,421,063	\$ 17,789

## March 31

Number of common stock at the fiscal year-end used for the calculation of net assets per share
--

Thousands of shares	
2023	2022
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"> <li>• IT controls over the policy reserve calculation system to ensure the accuracy of the calculation of policy reserves;</li> <li>• controls that the actuarial-related departments ensure that policy reserves are recognized completely for all of the Company’s insurance contracts;</li> <li>• 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</li> <li>• controls that the Company’s management receives the opinion report of the chief actuary to evaluate the sufficiency of policy reserves.</li> </ul> <p>(2) Assessment of the accuracy of the calculation of policy reserves</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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.</li> </ul> <p>(3) Assessment of the sufficiency of the amount of policy reserves</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• We assessed the contents of the opinion and supplementary reports of the chief actuary considering the chief actuary’s opinion, and</li> </ul>
---	--

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"> <li>• 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;</li> <li>• 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</li> <li>• We confirmed the consistency between the estimated future taxable income and the business plan.</li> <li>• 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.</li> </ul>



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
<b>ASSETS:</b>			
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)
<b>Total assets</b>	<b>¥ 62,685,230</b>	<b>¥ 67,174,848</b>	<b>\$ 469,447</b>

See accompanying notes to non-consolidated financial statements.



	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023	2022	2023
<b>LIABILITIES:</b>			
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
<b>Total liabilities</b>	<b>¥ 60,311,562</b>	<b>¥ 64,756,105</b>	<b>\$ 451,671</b>
<b>NET ASSETS:</b>			
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
<b>Total net assets</b>	<b>2,373,667</b>	<b>2,418,743</b>	<b>17,776</b>
<b>Total liabilities and net assets</b>	<b>¥ 62,685,230</b>	<b>¥ 67,174,848</b>	<b>\$ 469,447</b>

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
<b>ORDINARY INCOME:</b>			
<b>Insurance premiums and others:</b>			
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
<b>Investment income:</b>			
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
<b>Other ordinary income:</b>			
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
<b>ORDINARY EXPENSES:</b>			
<b>Insurance claims and others:</b>			
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
<b>Provision for policy reserves and others</b>			
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
<b>Investment expenses:</b>			
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
<b>Operating expenses (Note 26)</b>	444,209	384,598	3,327
<b>Other ordinary expenses:</b>			
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
<b>Ordinary profit</b>	117,652	355,762	881
<b>EXTRAORDINARY GAINS (Note 21)</b>	82,645	5,696	619
<b>EXTRAORDINARY LOSSES (Note 22)</b>	318	68,108	2
<b>Provision for reserve for policyholder dividends (Note 23)</b>	62,067	73,113	465
<b>Income before income taxes</b>	137,912	220,236	1,033
<b>Income taxes (Note 12):</b>			
Current	33,516	101,617	251
Deferred	6,604	(39,266)	49
<b>Total income taxes</b>	40,120	62,351	300
<b>Net income</b>	¥ 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			
<b>BALANCE, APRIL 1, 2021</b>	¥ 500,000	¥ 405,044	¥ -	¥ 405,044	¥ 64,761	¥ 5,286	¥ 831,986	¥ 902,034	¥ (397)	¥1,806,680	
<b>Changes in the fiscal year:</b>											
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)	
<b>BALANCE, MARCH 31, 2022</b>	<b>500,000</b>	<b>405,044</b>	<b>-</b>	<b>405,044</b>	<b>76,909</b>	<b>5,026</b>	<b>558,353</b>	<b>640,289</b>	<b>(355)</b>	<b>1,544,978</b>	
<b>Changes in the fiscal year:</b>											
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	
<b>BALANCE, MARCH 31, 2023</b>	<b>¥ 500,000</b>	<b>¥ 405,044</b>	<b>¥ -</b>	<b>¥ 405,044</b>	<b>¥ 84,089</b>	<b>¥ 4,767</b>	<b>¥ 613,328</b>	<b>¥ 702,185</b>	<b>¥ (36,082)</b>	<b>¥1,571,147</b>	

	Millions of Yen			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
<b>BALANCE, APRIL 1, 2021</b>	¥ 1,031,384	¥ 573	¥ 1,031,957	¥ 2,838,638
<b>Changes in the fiscal year:</b>				
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)
<b>BALANCE, MARCH 31, 2022</b>	<b>873,764</b>	<b>-</b>	<b>873,764</b>	<b>2,418,743</b>
<b>Changes in the fiscal year:</b>				
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)
<b>BALANCE, MARCH 31, 2023</b>	<b>¥ 797,912</b>	<b>¥ 4,607</b>	<b>¥ 802,520</b>	<b>¥ 2,373,667</b>

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				
<b>BALANCE, MARCH 31, 2022</b>	\$ 3,744	\$ 3,033	\$ –	\$ 3,033	\$ 576	\$ 38	\$ 4,181	\$ 4,795	\$ (3)	\$ 11,570
<b>Changes in the fiscal year:</b>										
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
<b>BALANCE, MARCH 31, 2023</b>	\$ 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
<b>BALANCE, MARCH 31, 2022</b>	\$ 6,544	\$ –	\$ 6,544	\$ 18,114
<b>Changes in the fiscal year:</b>				
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)
<b>BALANCE, MARCH 31, 2023</b>	\$ 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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Years ended March 31</b>			
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
<b>Tangible fixed assets:</b>							
Land	\$ -	\$ -	\$ -	\$ 323	\$ -	\$ -	\$ 323
Buildings	-	-	-	479	212	21	267
Leased assets	-	-	-	50	19	9	31
Construction in progress	-	-	-	0	-	-	0
Other	-	-	-	258	187	26	71
<b>Total tangible fixed assets</b>	-	-	-	<b>1,110</b>	<b>418</b>	<b>55</b>	<b>692</b>
<b>Intangible fixed assets:</b>							
Software	-	-	-	4,338	3,609	252	729
Other	-	-	-	0	0	0	0
<b>Total intangible fixed assets</b>	-	-	-	<b>4,339</b>	<b>3,610</b>	<b>253</b>	<b>729</b>
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
<b>Total</b>	<b>7,330,258</b>	<b>4,676,174</b>

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.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements

## 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 <sub>1</sub>		125,154	119,580
General insurance risk R <sub>5</sub>		—	—
Catastrophe risk R <sub>6</sub>		—	—
Underwriting risk of third-sector insurance R <sub>8</sub>		44,708	40,824
Small amount and short-term insurance risk R <sub>9</sub>		—	—
Anticipated yield risk R <sub>2</sub>		125,089	118,481
Minimum guarantee risk R <sub>7</sub>		—	—
Investment risk R <sub>3</sub>		957,278	961,987
Business management risk R <sub>4</sub>		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
<b>Total</b>	<b>7,330,258</b>	<b>4,676,174</b>

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.

**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 <sub>1</sub>		125,154	119,580
Underwriting risk of third-sector insurance R <sub>8</sub>		44,708	40,824
Anticipated yield risk R <sub>2</sub>		125,089	118,481
Minimum guarantee risk R <sub>7</sub>		–	–
Investment risk R <sub>3</sub>		964,350	977,926
Business management risk R <sub>4</sub>		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	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>56,389,406</b>	<b>62,061,901</b>	<b>5,672,495</b>	<b>6,235,891</b>	<b>563,395</b>	<b>53,787,289</b>	<b>57,613,350</b>	<b>3,826,060</b>	<b>5,216,865</b>	<b>1,390,805</b>
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)
<b>As of March 31, 2023</b>	<b>6,399</b>	<b>4,986</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11,385</b>
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	–	–	–	–
	<b>Total</b>				(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		-	-	-	-	-	-
	<b>Total</b>				(239,193)			<b>5,168</b>

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	
<b>Core income</b>	¥ 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
<b>Core expenses</b>	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
<b>Core profit</b> A	437,123	429,798	192,346
<b>Capital gains</b>	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
<b>Capital losses</b>	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
<b>Net capital gains (losses)</b> B	(1,710)	5,614	(63,810)
<b>Core profit including net capital gains (losses)</b> A+B	435,413	435,413	128,535
<b>Other one-time gains</b>	–	–	–
Reinsurance income	–	–	–
Reversal of contingency reserve	–	–	–
Reversal of specific reserve for possible loan losses	–	–	–
Other	–	–	–
<b>Other one-time losses</b>	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	–	–	–
<b>Other one-time profits (losses)</b> C	(79,651)	(79,651)	(10,883)
<b>Ordinary profit</b> 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.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements

## 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 [173,370]	¥ 577,413 [577,452]	314,231 [314,291]	¥ 836,665 [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.

## (8) Embedded Value (“EV”)

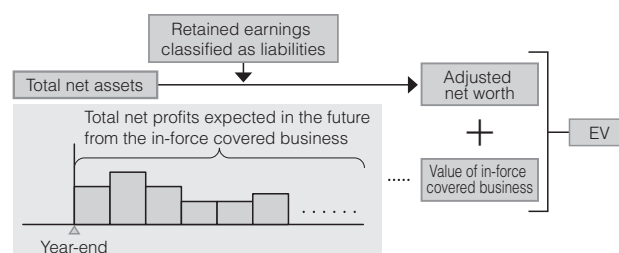
Embedded value (“EV”) is one of the corporate value indicators for life insurance companies.

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](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
<b>For the year ended March 31, 2022</b>							
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]
<b>For the year ended March 31, 2023</b>							
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
<b>Total</b>	<b>86,126</b>	<b>6,201</b>	<b>2,071</b>	<b>1,663,609</b>	<b>2,719,025</b>	<b>4,477,034</b>
For the year ended March 31, 2023						
<b>Individual insurance</b>	<b>91,782</b>	<b>7,247</b>	<b>2,007</b>	<b>1,814,036</b>	<b>–</b>	<b>1,915,073</b>
<b>Individual annuities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Group insurance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Group annuities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Asset-formation insurance, asset-formation annuities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>10</b>
<b>Other insurance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,536,833</b>	<b>2,536,833</b>
<b>Total</b>	<b>91,782</b>	<b>7,247</b>	<b>2,007</b>	<b>1,814,046</b>	<b>2,536,833</b>	<b>4,451,916</b>

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
<b>Total</b>	<b>36,848</b>	<b>3,003</b>	<b>768</b>	<b>819,845</b>	<b>9,825,086</b>	<b>10,685,550</b>
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
<b>Total</b>	<b>40,563</b>	<b>3,605</b>	<b>765</b>	<b>912,069</b>	<b>9,857,421</b>	<b>10,814,423</b>

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	–	–	–	–	–	–	–
<b>Total</b>	<b>79</b>	<b>39,082</b>	<b>25,967</b>	<b>1,925</b>	<b>70,046</b>	<b>881</b>	<b>137,982</b>
For the year ended March 31, 2023							
<b>Individual insurance</b>	<b>122</b>	<b>83,289</b>	<b>25,590</b>	<b>1,955</b>	<b>100,044</b>	<b>919</b>	<b>211,922</b>
<b>Individual annuities</b>	<b>–</b>	<b>16</b>	<b>6</b>	<b>11</b>	<b>–</b>	<b>0</b>	<b>35</b>
<b>Group insurance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Group annuities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Asset-formation insurance, asset-formation annuities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other insurance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>122</b>	<b>83,305</b>	<b>25,597</b>	<b>1,966</b>	<b>100,044</b>	<b>920</b>	<b>211,958</b>

**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	–	–	–	–	–	–	–
<b>Total</b>	<b>80</b>	<b>778,395</b>	<b>387,187</b>	<b>2,436</b>	<b>242,620</b>	<b>14,863</b>	<b>1,425,581</b>
For the year ended March 31, 2023							
<b>Individual insurance</b>	<b>92</b>	<b>2,081,668</b>	<b>396,459</b>	<b>2,693</b>	<b>313,881</b>	<b>16,047</b>	<b>2,810,840</b>
<b>Individual annuities</b>	<b>–</b>	<b>198</b>	<b>69</b>	<b>2</b>	<b>–</b>	<b>3</b>	<b>272</b>
<b>Group insurance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Group annuities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Asset-formation insurance, asset-formation annuities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other insurance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>92</b>	<b>2,081,866</b>	<b>396,528</b>	<b>2,695</b>	<b>313,881</b>	<b>16,050</b>	<b>2,811,112</b>

**(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
<b>For the year ended March 31, 2022</b>					
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
<b>Total</b>	<b>653,811</b>	<b>56,421</b>	<b>504,656</b>	<b>149,155</b>	<b>77.2</b>
<b>For the year ended March 31, 2023</b>					
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
<b>Total</b>	<b>685,123</b>	<b>41,125</b>	<b>538,269</b>	<b>146,853</b>	<b>78.6</b>

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
<b>Total</b>	<b>384,598</b>	<b>444,209</b>

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
<b>Total</b>		<b>36,603</b>		<b>33,571</b>

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
<b>As of March 31, 2022</b>							
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
<b>Total</b>	<b>4,807,595</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>300,000</b>	<b>5,107,595</b>
<b>As of March 31, 2023</b>							
<b>Bonds payable</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>300,000</b>	<b>300,000</b>
<b>Payables under repurchase agreements</b>	<b>3,740,688</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,740,688</b>
<b>Total</b>	<b>3,740,688</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>300,000</b>	<b>4,040,688</b>

## 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
<b>As of March 31, 2022</b>	<b>¥ 2,294,627</b>	<b>¥ 4,533,674</b>	<b>¥ 3,861,599</b>	<b>¥ 7,748,943</b>	<b>¥ 8,037,366</b>	<b>¥27,386,897</b>	<b>¥53,863,108</b>
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	–	–	–	–	–	–	–
<b>As of March 31, 2023</b>	<b>2,451,310</b>	<b>3,244,152</b>	<b>5,076,038</b>	<b>6,682,513</b>	<b>7,301,203</b>	<b>25,659,606</b>	<b>50,414,824</b>
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	<b>12,638</b>	<b>3.1</b>
Manufacturing				
Foods	9,549	2.2	<b>11,772</b>	<b>2.9</b>
Textiles and apparel	349	0.1	<b>1,928</b>	<b>0.5</b>
Pulp and paper	–	–	–	–
Chemicals	75,389	17.7	<b>64,531</b>	<b>15.7</b>
Pharmaceuticals	22,194	5.2	<b>26,855</b>	<b>6.5</b>
Oil and coal products	2,397	0.6	–	–
Rubber products	1,744	0.4	–	–
Glass and ceramic products	12,241	2.9	<b>11,578</b>	<b>2.8</b>
Iron and steel	–	–	–	–
Nonferrous metals	4,198	1.0	<b>5,169</b>	<b>1.3</b>
Metal products	3,691	0.9	<b>1,796</b>	<b>0.4</b>
Machinery	37,300	8.8	<b>29,598</b>	<b>7.2</b>
Electric appliances	55,719	13.1	<b>55,154</b>	<b>13.4</b>
Transportation equipment	12,173	2.9	<b>21,130</b>	<b>5.2</b>
Precision instruments	16,508	3.9	<b>11,486</b>	<b>2.8</b>
Other products	6,455	1.5	<b>3,144</b>	<b>0.8</b>
Electric power and gas	–	–	–	–
Transportation, information and communications				
Land transportation	4,432	1.0	<b>5,959</b>	<b>1.5</b>
Marine transportation	–	–	–	–
Air transportation	–	–	–	–
Warehousing and port transportation services	–	–	–	–
Information and communications	33,215	7.8	<b>33,314</b>	<b>8.1</b>
Trade and services				
Wholesale trade	31,692	7.4	<b>28,062</b>	<b>6.8</b>
Retail trade	31,195	7.3	<b>31,436</b>	<b>7.7</b>
Finance and insurance				
Banking	22,383	5.3	<b>24,386</b>	<b>5.9</b>
Securities and trading	495	0.1	<b>495</b>	<b>0.1</b>
Insurance	5,492	1.3	<b>4,230</b>	<b>1.0</b>
Other financial services	3,430	0.8	<b>2,458</b>	<b>0.6</b>
Real estate	5,942	1.4	<b>7,230</b>	<b>1.8</b>
Services	10,875	2.6	<b>15,727</b>	<b>3.8</b>
<b>Total</b>	<b>425,553</b>	<b>100.0</b>	<b>410,088</b>	<b>100.0</b>

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	-	-
<b>Total</b>	<b>4,251,956</b>	<b>3,605,832</b>

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
<b>Total industrial and commercial loans as of March 31, 2022</b>	¥ 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
<b>Total industrial and commercial loans as of March 31, 2023</b>	<b>341,084</b>	<b>1,227,279</b>	<b>597,365</b>	<b>435,422</b>	<b>386,406</b>	<b>477,919</b>	<b>3,465,477</b>
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
<b>Domestic</b>				
<b>Manufacturing</b>	¥ 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)	–	–	–	–
<b>Total</b>	<b>4,110,975</b>	<b>100.0</b>	<b>3,465,477</b>	<b>100.0</b>
<b>Overseas</b>				
Governments and public entities	–	–	–	–
Financial institutions	–	–	–	–
Commerce and industry, etc.	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total industrial and commercial loans</b>	<b>4,110,975</b>	<b>100.0</b>	<b>3,465,477</b>	<b>100.0</b>

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
<b>Total</b>	<b>4,110,975</b>	<b>100.0</b>	<b>3,465,477</b>	<b>100.0</b>

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
<b>Total</b>	<b>4,110,975</b>	<b>100.0</b>	<b>3,465,477</b>	<b>100.0</b>

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
<b>Total</b>	<b>104,977</b>	<b>7,992</b>	<b>10,705</b>	<b>8,099</b>	<b>94,165</b>	<b>55,533</b>	<b>–</b>
(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
<b>Total</b>	<b>94,165</b>	<b>8,203</b>	<b>2,562</b>	<b>7,376</b>	<b>92,429</b>	<b>55,790</b>	<b>–</b>
(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	–	–
<b>Total</b>	<b>8,418</b>	<b>–</b>
(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		–		–
<b>Total</b>		<b>3,040</b>		<b>318</b>
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
<b>Net overseas loans and investments</b>		<b>5,943,652</b>	<b>100.0</b>	<b>4,785,625</b>	<b>100.0</b>

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%	<b>0.29%</b>

**(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	<b>1,000</b>
	Subtotal	20,627	<b>1,000</b>
Total		20,627	<b>1,000</b>

**(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
<b>Total</b>	<b>659,300</b>	<b>156,363</b>

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
<b>As of March 31, 2022</b>							
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
<b>As of March 31, 2023</b>							
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)
<b>As of March 31, 2023</b>	<b>6,399</b>	<b>4,986</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,385</b>
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	2022				2023			
		Contract amount, etc.		Fair value	Net gain/loss	Contract amount, etc.		Fair value	Net gain/loss
	Type	Over one year	Over one year			Type			
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	-	-	-	-
	<b>Total</b>				(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.



**Annual Report 2023**

Published September 2023

The information in this Annual Report is as of March 31, 2023, unless expressly stated otherwise.

# **JAPAN POST INSURANCE Co., Ltd.**

Public Relations Department

OTEMACHI PLACE WEST TOWER 3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8794, Japan

URL: <https://www.jp-life.japanpost.jp/english/>



**JAPAN POST INSURANCE**