Items Disclosed on the Internet Concerning the Convocation Notice of the 16th Ordinary General Meeting of Shareholders

JAPAN POST INSURANCE Co., Ltd.

Pursuant to laws and regulations, and the provision of Article 15 of the Articles of Incorporation, consolidated statement of changes in net assets, notes to the consolidated financial statements, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements are disclosed through postings on our website (https://www.jp-life.japanpost.jp/en/index.html).

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Changes in Net Assets (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	**500,000**	**405,044**	**901,390**	**(397)**	**1,806,036**
Changes in the fiscal year					
Cash dividends			(60,742)		(60,742)
Net income attributable to Japan Post Insurance			158,062		158,062
Purchases of treasury stock				(358,882)	(358,882)
Disposals of treasury stock				37	37
Cancellation of treasury stock		(358,887)		358,887	—
Transfer from retained earnings to capital surplus		358,887	(358,887)		—
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	**—**	**—**	**(261,567)**	**42**	**(261,524)**
Balance at the end of the fiscal year	**500,000**	**405,044**	**639,822**	**(355)**	**1,544,511**

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	**1,031,384**	**573**	**3,480**	**1,035,438**	**2,841,475**
Changes in the fiscal year					
Cash dividends					(60,742)
Net income attributable to Japan Post Insurance					158,062
Purchases of treasury stock					(358,882)
Disposals of treasury stock					37
Cancellation of treasury stock					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity in the fiscal year	(157,619)	(573)	(693)	(158,887)	(158,887)
Net changes in the fiscal year	**(157,619)**	**(573)**	**(693)**	**(158,887)**	**(420,411)**
Balance at the end of the fiscal year	**873,764**	**—**	**2,786**	**876,551**	**2,421,063**

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

(Basis for Preparation of the Consolidated Financial Statements)

1. Scope of Consolidation
   (1) Number of consolidated subsidiaries: 1
   Name of consolidated subsidiary: JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.
   (2) Number of non-consolidated subsidiaries: 0

2. Application of the Equity Method
   (1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method: 0
   (2) Number of affiliates accounted for under the equity method: 0
   (3) Number of non-consolidated subsidiaries and affiliates not accounted for under the equity method: 0
   (4) Affiliates not accounted for under the equity method
   Japan Post Investment Corporation and four other companies have been excluded from the scope of application of the equity method, as they have become insignificant as a whole, with minimal influence on the consolidated financial statements, in terms of net income or loss (an amount corresponding to ownership), retained earnings (an amount corresponding to ownership) and other items.

3. Fiscal Year-end Date of the Consolidated Subsidiary
   The consolidated subsidiary has the same fiscal year-end date as that of consolidated financial statements.

(Notes to the Consolidated Balance Sheet)

1. Significant Accounting Policies
   (1) Valuation Criteria and Methods for Securities
   Securities including cash and deposits as well as monetary claims bought which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:
   1) Held-to-maturity Bonds
   Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.
   2) Policy-reserve-matching Bonds
   In accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (JICPA Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.
   3) Stocks of subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method
   Stocks of subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method are carried at cost using the moving-average method.
   4) Available-for-sale Securities
   (i) Available-for-sale Securities other than stocks, etc. with no market price
   Available-for-sale securities other than stocks, etc. with no market price are carried at their market price at the end of the fiscal year. Cost of securities sold is calculated using the moving-average method.
   (ii) Stocks, etc. with no market price
   Stocks, etc. with no market price are carried at cost using the moving-average method.
   Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Methods for Significant Depreciable Assets

1) Tangible Fixed Assets (excluding leased assets)

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

(i) Buildings:	2-60 years
(ii) Other tangible fixed assets:	2-20 years

2) Intangible Fixed Assets (excluding leased assets)

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

3) Leased Assets

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

(4) Recognition of Significant Reserves

1) Reserve for Possible Loan Losses

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

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

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

2) Reserve for Insurance Claims and Others

With regard to policies that have been discovered through investigations to have likely caused disadvantages to customers in a way that was not in line with their intentions, reserve for insurance claims and others is provided in the projected amount of insurance claims and others arising due to future policy termination measures, etc. to compensate customers for their disadvantages, based on the past record of efforts to address such disadvantages.

3) Reserve for Management Board Benefit Trust

To provide for the granting of shares of the Company to Executive Officers of the Company in accordance with the Stock Benefit Rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(5) Employees' Retirement Benefits Accounting

1) Method for Attributing Expected Benefits to Periods

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

2) Method for Recognizing Actuarial Differences and Prior Service Cost

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 lives for employees in the fiscal year of incurrence.

(6) Reserve for Price Fluctuations

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

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

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

(8) Significant Hedge Accounting

1) Methods for Hedge Accounting

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

2) Hedging Instruments and Hedged Items

Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds

3) Hedging Policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments.

(9) Policy Reserves

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

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

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

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

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

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

2. Changes in Accounting Policies

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Financial Instruments Accounting Standard, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future. Accordingly, while the fair value method based on the average market price over the month preceding the consolidated balance sheet date was previously adopted for stocks with market price included in available-for-sale securities, from the fiscal year ended March 31, 2022, the fair value method based on the market price as of the consolidated balance sheet date is adopted.

3. Unadopted Accounting Standards, etc.

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

(1) Outline

The method of calculation of the fair value of mutual funds and the handling of the notes thereto, and the handling of notes on the fair value of investments in partnerships, etc. reported in the net amount equivalent to equity in the balance sheet have been determined.

(2) Scheduled Date of Adoption

Scheduled to be adopted from the beginning of the fiscal year ending March 31, 2023.

(3) Impact of Adoption of the Accounting Standard

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

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

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

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

(1) Outline of the Transaction

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

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

(2) Shares of the Company Held by Trust

Shares of the Company held by Trust are recorded as treasury stock under the category of net assets at book value in the Trust (excluding accompanying expenses). Book value of such treasury stock at the end of the fiscal year ended March 31, 2022 was ¥330 million, while the number of such treasury stock was 140,000 shares.

5. Matters Regarding Financial Instruments were as follows:

(1) Matters Regarding Status of Financial Instruments

1) Policy for handling financial instruments

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

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

2) Features and risks of financial instruments

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

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

3) Risk management framework for financial instruments

(i) Management of market risk

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

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

(ii) Management of credit risk

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

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

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

4) Additional notes concerning the fair value of financial instruments

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

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

(2) Fair Values of Financial Instruments

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

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

(Millions of yen)

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

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

(*2) In the column of "Net unrealized gains (losses)," the difference between the consolidated balance sheet amount after deduction of reserve for possible loan losses and the fair value is provided.

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

(*4) Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in [ ] brackets.

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

(Millions of yen)

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

(*1) Trust asset components that are mutual funds are not subject to fair value disclosure in accordance with Paragraph 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019; hereinafter referred to as “Fair Value Measurement Implementation Guidance”), and trust asset components that are investments in partnership are not subject to fair value disclosure in accordance with Paragraph 27 of the Fair Value Measurement Implementation Guidance.

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

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

Note 2: Redemption schedule of monetary claims and securities with maturities

(Millions of yen)

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

Note 3: Redemption schedule of bonds payable

(Millions of yen)

	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Japanese corporate bonds	-	-	-	-	-	300,000
Total	-	-	-	-	-	300,000

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

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

Level 1 Fair Values: Fair values measured using observable inputs that are quoted prices for identified assets or liabilities in active markets

Level 2 Fair Values: Fair values measured using observable inputs other than those included within Level 1

Level 3 Fair Values: Fair values measured using unobservable inputs

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

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

(Millions of yen)

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

(*1) In accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, mutual funds are not included in the above table. The consolidated balance sheet amount for mutual funds is ¥3,569,216 million.

(*2) Net receivables and payables arising from derivative transactions are stated at net values, and if the values are payable, they are indicated in [ ] brackets.

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

(Millions of yen)

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

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

Assets

Monetary claims bought

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

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

Money held in trust

Among trust asset components that are securities, the fair value of stocks is based on the price quoted by the exchange for shares, and the fair value of mutual funds is based on net asset value. In accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, transitional treatment is applied to fair value for mutual funds and no level is assigned. For trust asset components that are not securities, book value is used as fair value as their fair value approximates book value.

The fair value of money held in trust is primarily classed in Level 1 based on the level of its components.

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

Securities

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

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

If it is calculated with appraised values obtained from brokers and other third parties, and material, unobservable inputs are used, fair value is classed in Level 3.

The fair value of mutual funds is based on net asset value. In accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, transitional treatment is applied to fair value for mutual funds and no level is assigned.

Securities are described in “(4) Securities” in accordance with the purpose of the holdings.

Loans

For policy loans and those included in loans to the Management Network of Postal Life Insurance Contracts, book values are used as fair values because amounts are limited to the values of corresponding cash surrender value and their fair value approximates book value considering their short maturities and interest conditions. For industrial and commercial loans with floating interest rates, whose future cash flows follow market interest rates, book value is used as fair value as their fair value approximates book value.

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

The fair value of loans is classed in Level 3.

Liabilities

Bonds payable

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

Derivative transactions

Derivative transactions are over-the-counter currency-related transactions (forward foreign exchange) for which there are no published quoted prices, but their fair value is classed in Level 2 because it is calculated using observable inputs, primarily exchange rates, etc.

Note 2: Information regarding the fair value of financial instruments carried at fair value in the consolidated balance sheet that is classed in Level 3

1) Quantitative information regarding material, unobservable inputs

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

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

(Millions of yen)

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

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

(*2) 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.

(*3) This is the transfer from Level 3 fair value to Level 2 fair value, due to observable data becoming available for the foreign securities in question. The transfer was conducted at the beginning of the period.

3) Explanation of fair value valuation process

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

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

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

(4) Securities

1) Held-to-maturity Bonds

(Millions of yen)

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

2) Policy-reserve-matching Bonds

(Millions of yen)

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

3) Available-for-sale Securities

(Millions of yen)

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

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

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

(Millions of yen)

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

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

(Millions of yen)

	Sales	Gains	Losses
Bonds	824,713	1,056	13,317
Japanese government bonds	592,415	982	12,384
Japanese local government bonds	91,010	32	119
Japanese corporate bonds	141,287	41	813
Stocks	58,005	8,005	3,071
Foreign securities	655,411	11,079	24,243
Foreign bonds	654,798	11,079	24,239
Other foreign securities	612	-	4
Other securities	119,524	-	10,475
Total	1,657,654	20,142	51,108

(5) Money Held in Trust

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

(Millions of yen)

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

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

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

(6) Derivative Transactions

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

Currency-related derivatives (Millions of yen)

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

2) Derivative transactions to which the hedge accounting is applied

Currency-related derivatives (Millions of yen)

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

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

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

(2) The outline of the risk management policy of policy-reserve-matching bonds is as follows:

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

1) Postal Life Insurance Contracts (all insurance policies)
2) Japan Post Insurance life insurance contracts (general) (all insurance policies)
3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

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

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

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

Definitions for each of the respective loans are as follows:

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

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

Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans or quasi-bankrupt loans.

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

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

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

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

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

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

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

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

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

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

14. Assets pledged as collateral consisted of the following:

Securities	¥4,253,107 million

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

Payables under repurchase agreements	¥2,570,899 million
Payables under securities lending transactions	¥2,236,696 million

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

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

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

15. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as "reserve for outstanding claims-ceded"), as of March 31, 2022 was ¥525 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as "policy reserves-ceded") as of March 31, 2022 were ¥907 million.

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

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

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

17. The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements, and derivative transactions. The fair value of such securities held in hand was ¥601,181 million as of March 31, 2022.

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

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

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

20. Matters related to retirement benefits are as follows:

(1) Outline of retirement benefits

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

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

(2) Defined benefit plans

1) Changes in retirement benefit obligations

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

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

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

3) Retirement benefit costs

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

4) Adjustments for retirement benefits

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

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

5) Accumulated adjustments for retirement benefits

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

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

6) Actuarial assumptions

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

Discount rate	0.3 to 0.7%

21. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥29,331,229 million and are provided at amounts calculated based on the statement of calculation procedures for the Company’s insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005).

In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥1,203,243 million and ¥695,157 million, respectively, for the category of the reinsurance.

22. “Other liabilities” in the consolidated balance sheet includes ¥39,991 million of deposits from the Management Network. Deposits from the Management Network refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid as of the fiscal year ended March 31, 2022.

(Notes to the Consolidated Statement of Income)

1. Significant Accounting Policies

(1) Recognition of insurance premiums

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

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

(2) Recognition of insurance claims and others

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

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

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

3. Net income per share was ¥375.14.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the period, for the purpose of calculating net income per share.

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

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

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

6. Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of the reinsurance due to the reinsurance contracts with the Management Network, was ¥54,849 million for the fiscal year ended March 31, 2022.

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

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

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

(*1) The decrease of 162,906 thousand shares in the number of shares issued was attributable to the cancellation of shares of treasury stock based on the resolution at the Board of Directors meeting held on July 28, 2021.

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

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

(*4) The decrease of 162,922 thousand shares in the number of treasury stock was attributable to the cancellation of 162,906 thousand shares of treasury stock based on the resolution at the Board of Directors meeting held on July 28, 2021 and the granting of 15 thousand shares via the BBT.

2. Stock Acquisition Rights Including Those Owned by the Company

Not applicable.

3. Information on Dividends

(1) Dividends Paid

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

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

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

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

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

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

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-Consolidated Statement of Changes in Net Assets (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for reduction entry of real estate	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	**500,000**	**405,044**	**—**	**405,044**	**64,761**	**5,286**	**831,986**	**902,034**
Changes in the fiscal year								
Cash dividends					12,148		(72,890)	(60,742)
Net income							157,885	157,885
Purchases of treasury stock								
Disposals of treasury stock								
Cancellation of treasury stock			(358,887)	(358,887)				
Reversal of reserve for reduction entry of real estate						(259)	259	—
Transfer from retained earnings to capital surplus			358,887	358,887			(358,887)	(358,887)
Net changes in items other than shareholders' equity in the fiscal year								
Net changes in the fiscal year	—	—	—	—	12,148	**(259)**	**(273,633)**	**(261,744)**
Balance at the end of the fiscal year	**500,000**	**405,044**	**—**	**405,044**	**76,909**	**5,026**	**558,353**	**640,289**

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

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

(Notes to the Non-Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

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

1) Held-to-maturity Bonds

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

2) Policy-reserve-matching Bonds

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

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

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

4) Available-for-sale Securities

(i) Available-for-sale Securities other than stocks, etc. with no market price

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

(ii) Stocks, etc. with no market price

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

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

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Method for Fixed Assets

1) Tangible Fixed Assets (excluding leased assets)

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

(i) Buildings: 2-60 years
(ii) Other tangible fixed assets: 2-20 years

2) Intangible Fixed Assets (excluding leased assets)

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

3) Leased Assets

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

(4) Recognition of Reserves

1) Reserve for Possible Loan Losses

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

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

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

2) Reserve for Insurance Claims and Others

With regard to policies that have been discovered through investigations to have likely caused disadvantages to customers in a way that was not in line with their intentions, reserve for insurance claims and others is provided in the projected amount of insurance claims and others arising due to future policy termination measures, etc. to compensate customers for their disadvantages, based on the past record of efforts to address such disadvantages.

3) Reserve for Employees' Retirement Benefits

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

(i) Method for Attributing Expected Benefits to Periods

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

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

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 lives for employees in the fiscal year of incurrence.

4) Reserve for Management Board Benefit Trust

To provide for the granting of shares of the Company to Executive Officers of the Company in accordance with the Stock Benefit Rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(5) Reserve for Price Fluctuations

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

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

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

(7) Hedge Accounting

1) Methods for Hedge Accounting

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

2) Hedging Instruments and Hedged Items

Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds

3) Hedging Policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments.

(8) Policy Reserves

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

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

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

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

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

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

(9) Employees' Retirement Benefits Accounting

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

2. Changes in Accounting Policies

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Financial Instruments Accounting Standard, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future. Accordingly, while the fair value method based on the average market price over the month preceding the non-consolidated balance sheet date was previously adopted for stocks with market price included in available-for-sale securities, from the fiscal year ended March 31, 2022, the fair value method based on the market price as of the non-consolidated balance sheet date is adopted.

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

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

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

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

(2) The outline of the risk management policy of policy-reserve-matching bonds is as follows:

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

1) Postal Life Insurance Contracts (all insurance policies)
2) Japan Post Insurance life insurance contracts (general) (all insurance policies)
3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

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

5. Securities lent under lending agreements in the amount of ¥3,172,477 million were included in "Securities" in the balance sheet as of March 31, 2022.

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

Definitions for each of the respective loans are as follows:

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

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

Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans or quasi-bankrupt loans.

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

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

8. Accumulated depreciation for tangible fixed assets as of March 31, 2022 was ¥55,533 million.

9. Total monetary claims and total monetary obligations with respect to subsidiaries and affiliates amounted to ¥263 million and ¥14,882 million, respectively.

10. Total deferred tax assets and total deferred tax liabilities were ¥1,438,585 million and ¥419,106 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥14,120 million.

Significant components of deferred tax assets include ¥1,026,908 million of policy reserves, ¥248,305 million of reserve for price fluctuations, ¥38,057 million of reserve for outstanding claims, ¥19,733 million of reserve for employees' retirement benefits, and ¥74,964 million of unrealized losses on available-for-sale securities.

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

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

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

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

12. Equities, etc. of subsidiaries and affiliates were ¥24,088 million.

13. Assets pledged as collateral consisted of the following:

Securities	¥4,253,107 million

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

Payables under repurchase agreements	¥2,570,899 million
Payables under securities lending transactions	¥2,236,696 million

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

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

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

14. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as "reserve for outstanding claims-ceded"), as of March 31, 2022 was ¥525 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as "policy reserves-ceded") as of March 31, 2022 were ¥907 million.

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

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

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

16. The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥601,181 million as of March 31, 2022.

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

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

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

19. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥29,331,229 million and are provided at amounts calculated based on the statement of calculation procedures for the Company’s insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005).

In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥1,203,243 million and ¥695,157 million, respectively, for the category of the reinsurance.

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

(Notes to the Non-Consolidated Statement of Income)

1. Significant Accounting Policies

(1) Recognition of insurance premiums

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

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

(2) Recognition of insurance claims and others

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

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

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

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

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

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

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

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

8. Net income per share was ¥374.72.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the period, for the purpose of calculating net income per share.

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

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

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

11. Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of the reinsurance due to the reinsurance contracts with the Management Network, was ¥54,849 million for the fiscal year ended March 31, 2022.

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

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

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

Conditions of transactions and policies to decide the conditions

(*) Based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group is reflected on the Company's performance, brand royalty fees are calculated by multiplying the amount of insurance policies in force as of the end of the previous fiscal year, which is a financial indicator whereupon such benefits have been reflected, by a fixed rate.

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

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

Conditions of transactions and policies to decide the conditions

(*1) The Company makes payments including commission of insurance solicitation calculated by multiplying the insurance amounts and insurance premiums of each contract by commission rates set for each class of insurance, and commission of maintenance and collection calculated by multiplying unit prices set for each type of outsourcing services, such as collection of insurance premiums and payments for insurance money, by the volume of work.

(*2) In addition to the above, from the fiscal year ended March 31, 2020, out of the expenses required for the maintenance of the post office network, the expenses necessary to ensure universal service will be covered by the funds provided to Japan Post Co., Ltd. from the Management Network using the contributions from the Company and JAPAN POST BANK Co., Ltd. as funds, with the exception of the amount to be borne by Japan Post Co., Ltd., in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network. In the fiscal year ended March 31, 2022, the contributions paid by the Company to the Management Network amounted to ¥54,005 million.

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

Type and Number of Treasury Stock

(Thousands of shares)

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

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

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

(*3) The decrease of 162,922 thousand shares in the number of treasury stock was attributable to the cancellation of 162,906 thousand shares of treasury stock based on the resolution at the Board of Directors meeting held on July 28, 2021 and the granting of 15 thousand shares via the BBT.