Materials for the 17th Ordinary General Meeting of Shareholders Other Items for Electronic Provision (Items Omitted in the Paper-based Documents Delivered to Shareholders)

The 17th Fiscal Year (from April 1, 2022 to March 31, 2023)

Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

Notes to the Consolidated Financial Statements as of and for the Fiscal Year Ended March 31, 2023

Non-Consolidated Financial Statements

Non-Consolidated Statement of Changes in Net Assets

Notes to the Non-Consolidated Financial Statements as of and for the Fiscal Year Ended March 31, 2023

JAPAN POST INSURANCE Co., Ltd.

This document includes the items that are not provided in the paper-based documents delivered to shareholders who have requested the delivery of paper-based documents in accordance with the provisions of relevant laws and regulations and Article 15 of the Company's Articles of Incorporation.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Changes in Net Assets (From April 1, 2022 to March 31, 2023)

(Millions of yen)

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

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	**873,764**	—	**2,786**	**876,551**	**2,421,063**
Changes in the fiscal year					
Cash dividends					(35,896)
Net income attributable to Japan Post Insurance					97,614
Purchases of treasury stock					(35,739)
Disposals of treasury stock					12
Net changes in items other than shareholders' equity in the fiscal year	(75,851)	4,607	(431)	(71,675)	(71,675)
Net changes in the fiscal year	**(75,851)**	**4,607**	**(431)**	**(71,675)**	**(45,685)**
Balance at the end of the fiscal year	**797,912**	**4,607**	**2,354**	**804,875**	**2,375,377**

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

(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) Major non-consolidated subsidiaries

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

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

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method: 0

(2) Number of affiliates accounted for under the equity method: 0

(3) Non-consolidated subsidiaries and affiliates not accounted for under the equity method

Japan Post Insurance NEXT Partners Co., Ltd., Spring Investment Limited Partnership and affiliates (Japan Post Investment Corporation, MKAM Co., Ltd. and others) and have been excluded from the scope of application of the equity method, as they are insignificant as a whole, with minimal influence on the consolidated financial statements, in terms of net income or loss (an amount corresponding to ownership), retained earnings (an amount corresponding to ownership) and other items.

3. Fiscal Year-end Date of the Consolidated Subsidiary

The consolidated subsidiary has the same fiscal year-end date as that of consolidated financial statements.

(Notes to the Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

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

1) Held-to-maturity Bonds

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

2) Policy-reserve-matching Bonds

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

3) Stocks of subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method

Stocks of subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method are carried at cost using the moving-average method.

4) Available-for-sale Securities

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

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

(ii) Stocks, etc. with no market price

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

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

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Methods for Significant Depreciable Assets

1) Tangible Fixed Assets (excluding leased assets)

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

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

2) Intangible Fixed Assets (excluding leased assets)

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

3) Leased Assets

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

(4) Recognition of Significant Reserves

1) Reserve for Possible Loan Losses

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

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

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

2) Reserve for Management Board Benefit Trust

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

(5) Employees’ Retirement Benefits Accounting

1) Method for Attributing Expected Benefits to Periods

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

2) Method for Recognizing Actuarial Differences and Prior Service Cost

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

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

(6) Reserve for Price Fluctuations

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

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

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

(8) Significant Hedge Accounting

1) Methods for Hedge Accounting

The Company and its subsidiary (the "Group") applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10, July 4, 2019; hereinafter referred to as "Financial Instruments Accounting Standard"), and also applies deferred hedge accounting through interest rate swaps to hedge interest rate risk for a portion of its insurance liabilities in accordance with the "Accounting and Auditing Treatment on the Application of the Financial Instruments Accounting Standard to the Insurance Industry" (JICPA Industry Committee Practical Guidelines No. 26).

2) Hedging Instruments and Hedged Items

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

(ii) Hedging instrument: Interest rate swaps
Hedged item: Insurance liabilities

3) Hedging Policies

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

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by ratio analysis which compares market fluctuations of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments.

(9) Policy Reserves

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

Among the policy reserves, insurance premium reserves are calculated based on the following procedures. The amount includes additional policy reserves accumulated for the portion of the reinsurance contracts issued to the 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 "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Fair Value Measurement Implementation Guidance") from the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Implementation Guidance into the future. Accordingly, while the moving-average method was previously adopted for mutual funds with no transaction price on the market, from the fiscal year ended March 31, 2023, the fair value method based on the market price as of the consolidated balance sheet date is adopted.

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

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

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

(1) Outline of the Transaction

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

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

(2) Shares of the Company Held by Trust

Shares of the Company held by Trust are recorded as treasury stock under the category of net assets at book value in the Trust (excluding accompanying expenses). Book value of such treasury stock at the end of the fiscal year ended March 31, 2023 was ¥1,057 million, while the number of such treasury stock was 475 thousand shares.

4. Matters Regarding Financial Instruments were as follows:

(1) Matters Regarding Status of Financial Instruments

1) Policy for handling financial instruments

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

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

2) Features and risks of financial instruments

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

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

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

3) Risk management framework for financial instruments

(i) Management of market risk

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

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

(ii) Management of credit risk

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

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

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

4) Additional notes concerning the fair value of financial instruments

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

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

(2) Fair Values of Financial Instruments

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

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

(Millions of yen)

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

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

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

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

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

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

Note 1: The amounts carried on the consolidated balance 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)	100,288
Securities	57,000
Unlisted stocks (*2)	11,522
Investments in partnership (*3)	45,478
Total	157,288

(*1) Trust asset components that are investments in partnership are not subject to fair value disclosure in accordance with Paragraph 24-16 of the Fair Value Measurement Implementation Guidance.

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

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

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

(Millions of yen)

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

Note 3: Redemption schedule of bonds payable

(Millions of yen)

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

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

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

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

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

Level 3 Fair Values: Fair values measured using unobservable inputs

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

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

(Millions of yen)

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

(*1) In accordance with Paragraph 24-3 and 24-9 of the Fair Value Measurement Implementation Guidance, mutual funds that apply treatments that consider net asset value to be the fair value are not included in the above table. The consolidated balance sheet amount for mutual funds to which the treatment in Paragraph 24-3 is applied is ¥976,210 million, and the consolidated balance sheet amount for mutual funds to which the treatment in Paragraph 24-9 is applied is ¥168,115 million.

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

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

(Millions of yen)

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

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

Assets

Monetary claims bought

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

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

Money held in trust

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

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

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

Securities

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

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

If it is calculated with appraised values obtained from brokers and other third parties, and material, unobservable inputs are used, fair value is classed in Level 3. In addition, for mutual funds with no transaction price on the market, in cases where there are no material restrictions that would require market participants to compensate for the risk associated with cancellation or repurchase requests, the net asset value is used as the fair value and they are classed in Level 2.

Moreover, securities are described in "(4) Securities" in accordance with the purpose of the holdings.

Loans

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

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

The fair value of loans is classed in Level 3.

Liabilities

Bonds payable

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

Derivative transactions

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

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

1) Quantitative information regarding material, unobservable inputs

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

2) Changes in net valuation gain/loss recognized in gain/loss for the fiscal year ended March 31, 2023

(Millions of yen)

	Balance at the beginning of the fiscal year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale, issuance, and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value	Balance at the end of period	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of financial instruments held on consolidated balance sheet date (*)
		Recorded in gain/loss (*)	Recorded in Other comprehensive income (loss)					
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

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

3) Explanation of fair value valuation process

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

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

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

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

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

(Millions of yen)

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

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

(Millions of yen)

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

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

[Items that require a certain amount of time for cancellation, etc. ¥976,210 million]

(4) Securities

1) Held-to-maturity Bonds

(Millions of yen)

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

2) Policy-reserve-matching Bonds

(Millions of yen)

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

3) Available-for-sale Securities

(Millions of yen)

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

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

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

(Millions of yen)

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

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

(Millions of yen)

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

6) Securities for which losses on valuation were recognized

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

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

(5) Money Held in Trust

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

(Millions of yen)

	Consolidated balance sheet amount	Cost	Difference	Those for which the consolidated balance sheet amount exceeds cost	Those for which the consolidated balance sheet amount does not exceed cost
Specified money held in trust	4,672,032	3,376,790	1,295,241	1,364,388	(69,147)

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

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

(6) Derivative Transactions

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

Currency-related derivatives (Millions of yen)

Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net Valuation Gain/Loss
OTC	Forward foreign exchange				
	Sold	17,678	-	(182)	(182)
	U.S. dollars	17,678	-	(182)	(182)
Total		-	-	-	(182)

2) Derivative transactions to which the hedge accounting is applied

(i) Currency-related derivatives (Millions of yen)

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

(ii) Interest-related derivatives (Millions of yen)

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

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

(1) The consolidated balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥8,075,012 million and ¥8,237,638 million, respectively.

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

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

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

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

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

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

Definitions for each of the respective loans are as follows:

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

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

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

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

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

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

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

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

Significant components of deferred tax liabilities include ¥453,303 million of unrealized gains on available-for-sale securities.

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

11. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2023 were as follows:

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

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

13. Assets pledged as collateral consisted of the following:

Securities	¥3,499,456 million

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

Payables under repurchase agreements	¥3,740,688 million

The above securities are those sold under repurchase agreements.

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

Securities	¥133,667 million
Margin deposits for futures transactions	¥9 million
Cash collateral paid for financial instruments	¥4,094 million

14. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as “reserve for outstanding claims-ceded”), as of March 31, 2023 was ¥690 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as “policy reserves-ceded”) as of March 31, 2023 were ¥880 million.

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

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

Total number of treasury stock at the end of the fiscal year which was deducted from the calculation of net assets per share for the fiscal year ended March 31, 2023 was 475 thousand shares.

16. The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements, and derivative transactions. The fair value of such securities held in hand was ¥124,202 million as of March 31, 2023.

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

18. Matters related to retirement benefits are as follows:

(1) Outline of retirement benefits

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

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

(2) Defined benefit plans

1) Changes in retirement benefit obligations

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

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	69,331
Liability for retirement benefits recorded on the consolidated balance sheet	69,331

3) Retirement benefit costs

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

(Changes in presentation method)

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

4) Adjustments for retirement benefits

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

	(Millions of yen)
Prior service cost	(464)
Actuarial differences	(135)
Total	(600)

5) Accumulated adjustments for retirement benefits

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

	(Millions of yen)
Unrecognized prior service cost	3,256
Unrecognized actuarial differences	16
Total	3,273

6) Actuarial assumptions

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

Discount rate	0.3 to 0.7%

19. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥27,370,400 million and are provided at amounts calculated based on the statement of calculation procedures for the Company’s insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005).

In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥1,260,220 million and ¥711,298 million, respectively, for the category of the reinsurance.

20. “Other liabilities” in the consolidated balance sheet includes ¥38,647 million of deposits from the Management Network. Deposits from the Management Network refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid as of the fiscal year ended March 31, 2023.

21. Notes to significant subsequent events are as follows:

(Cancellation of Treasury Stock)

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

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

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

(Notes to the Consolidated Statement of Income)

1. Significant Accounting Policies

(1) Recognition of insurance premiums

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

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

(2) Recognition of insurance claims and others

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

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

2. The amount of provision for reserve for outstanding claims-ceded that is deducted from the calculation of provision for reserve for outstanding claims for the fiscal year ended March 31, 2023 was ¥165 million. The amount of reversal of policy reserves-ceded that is deducted from the calculation of reversal of policy reserves for the fiscal year ended March 31, 2023 was ¥27 million.

3. Net income per share was ¥249.48.

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

Average number of treasury stock during the fiscal year which was deducted from the calculation of net income per share for the fiscal year ended March 31, 2023 was 423 thousand shares.

4. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the fiscal year ended March 31, 2023 were ¥222,610 million.

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

6. Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of the reinsurance due to the reinsurance contracts with the Management Network, was ¥43,678 million for the fiscal year ended March 31, 2023.

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

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

	April 1, 2022	Increase	Decrease	March 31, 2023
Shares issued				
Common stock	399,693	-	-	399,693
Treasury stock				
Common stock	151	16,842	5	16,988

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

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

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

2. Stock Acquisition Rights Including Those Owned by the Company

Not applicable.

3. Information on Dividends

(1) Dividends Paid

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2022	Common stock	17,985	45.00	March 31, 2022	June 16, 2022
Board of Directors' meeting held on November 11, 2022	Common stock	17,910	46.00	September 30, 2022	December 5, 2022

(*1) Total amount of dividends based on the resolution at the Board of Directors meeting held on May 13, 2022 includes ¥6 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(*2) Total amount of dividends based on the resolution at the Board of Directors meeting held on November 11, 2022 includes ¥21 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

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

Resolution	Class of shares	Total amount (Millions of yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2023	Common stock	17,626	Retained earnings	46.00	March 31, 2023	June 20, 2023

(*) Total amount of dividends includes ¥21 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-Consolidated Statement of Changes in Net Assets (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
					Other retained earnings		
	Capital stock	Legal 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**	**76,909**	**5,026**	**558,353**	**640,289**
Changes in the fiscal year							
Cash dividends				7,179		(43,075)	(35,896)
Net income						97,791	97,791
Purchases of treasury stock							
Disposals of treasury stock							
Reversal of reserve for reduction entry of real estate					(259)	259	—
Net changes in items other than shareholders' equity in the fiscal year							
Net changes in the fiscal year	—	—	—	**7,179**	**(259)**	**54,975**	**61,895**
Balance at the end of the fiscal year	**500,000**	**405,044**	**405,044**	**84,089**	**4,767**	**613,328**	**702,185**

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	**(355)**	**1,544,978**	**873,764**	—	**873,764**	**2,418,743**
Changes in the fiscal year						
Cash dividends		(35,896)				(35,896)
Net income		97,791				97,791
Purchases of treasury stock	(35,739)	(35,739)				(35,739)
Disposals of treasury stock	12	12				12
Reversal of reserve for reduction entry of real estate		—				—
Net changes in items other than shareholders' equity in the fiscal year			(75,851)	4,607	(71,243)	(71,243)
Net changes in the fiscal year	**(35,727)**	**26,168**	**(75,851)**	**4,607**	**(71,243)**	**(45,075)**
Balance at the end of the fiscal year	**(36,082)**	**1,571,147**	**797,912**	**4,607**	**802,520**	**2,373,667**

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

(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, 2023 was ¥92 million.

2) Reserve for Employees' Retirement Benefits

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

(i) Method for Attributing Expected Benefits to Periods

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

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

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

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

3) Reserve for Management Board Benefit Trust

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

(5) Reserve for Price Fluctuations

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

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

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

(7) Hedge Accounting

1) Methods for Hedge Accounting

The Company applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10, July 4, 2019; hereinafter referred to as "Financial Instruments Accounting Standard"), and also applies deferred hedge accounting through interest rate swaps to hedge interest rate risk for a portion of its insurance liabilities in accordance with the "Accounting and Auditing Treatment on the Application of the Financial Instruments Accounting Standard to the Insurance Industry" (JICPA Industry Committee Practical Guidelines No. 26).

2) Hedging Instruments and Hedged Items

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

(ii) Hedging instrument: Interest rate swaps
Hedged item: Insurance liabilities

3) Hedging Policies

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

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by ratio analysis which compares market fluctuations of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments.

(8) Policy Reserves

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

Among the policy reserves, insurance premium reserves are calculated based on the following procedures. The amount includes additional policy reserves accumulated for the portion of the reinsurance contracts issued to the 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 "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Fair Value Measurement Implementation Guidance") from the beginning of the fiscal year ended March 31,

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

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

Notes to the transactions for granting shares and others of the Company to Executive Officers of the Company through trust are omitted as they are presented in NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2023 (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 ¥8,075,012 million and ¥8,237,638 million, respectively.

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

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

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

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

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

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

Definitions for each of the respective loans are as follows:

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

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

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

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

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

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

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

10. Total deferred tax assets and total deferred tax liabilities were ¥1,509,589 million and ¥466,253 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥14,674 million.
Significant components of deferred tax assets include ¥1,021,572 million of policy reserves, ¥231,440 million of reserve for price fluctuations, ¥48,375 million of reserve for outstanding claims, ¥19,827 million of reserve for employees' retirement benefits, and ¥151,762 million of unrealized losses on available-for-sale securities.
Significant components of deferred tax liabilities include ¥453,303 million of unrealized gains on available-for-sale securities.
Deferred tax assets associated with policy reserves and reserve for price fluctuations have the effect of reducing the amount of tax burden through future taxable income over the long term.

11. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2023 were as follows:

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

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

13. Assets pledged as collateral consisted of the following:

Securities	¥3,499,456 million

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

Payables under repurchase agreements	¥3,740,688 million

The above securities are those sold under repurchase agreements.

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

Securities	¥133,667 million
Margin deposits for futures transactions	¥9 million
Cash collateral paid for financial instruments	¥4,094 million

14. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as "reserve for outstanding claims-ceded"), as of March 31, 2023 was ¥690 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as "policy reserves-ceded") as of March 31, 2023 were ¥880 million.

15. Net assets per share were ¥6,202.33.
The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders' equity, were included

in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

Total number of treasury stock at the end of the fiscal year which was deducted from the calculation of net assets per share for the fiscal year ended March 31, 2023 was 475 thousand shares.

16. The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥124,202 million as of March 31, 2023.

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

18. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥27,370,400 million and are provided at amounts calculated based on the statement of calculation procedures for the Company’s insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005).

In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥1,260,220 million and ¥711,298 million, respectively, for the category of the reinsurance.

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

20. Notes to significant subsequent events are as follows:

(Cancellation of Treasury Stock)

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

(1) Class of shares cancelled: Common stock of the Company

(2) Number of shares cancelled: 16,501,400 shares
(4.1% of the total number of shares issued before the cancellation)

(3) Date of cancellation: May 8, 2023

(Reference)

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

(Notes to the Non-Consolidated Statement of Income)

1. Significant Accounting Policies

(1) Recognition of insurance premiums

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

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

(2) Recognition of insurance claims and others

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

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

2. Total expenses from transactions with subsidiaries and affiliates amounted to ¥17,473 million.

3. Gains on sales of securities comprise domestic bonds of ¥4,480 million, domestic stocks of ¥18,830 million and foreign securities of ¥27,256 million.

4. Losses on sales of securities comprise domestic bonds of ¥17,833 million, domestic stocks of ¥6,372 million, foreign securities of ¥120,852 million and other securities of ¥32,238 million.

5. Losses on valuation of securities comprise other securities of ¥306 million.

6. Gains on money held in trust include losses on valuation of ¥6,360 million.

7. Losses on derivative financial instruments include gains on valuation of ¥4,986 million.

8. The amount of provision for reserve for outstanding claims-ceded that is deducted from the calculation of provision for reserve for outstanding claims for the fiscal year ended March 31, 2023 was ¥165 million. The amount of reversal of policy reserves-ceded that is deducted from the calculation of reversal of policy reserves for the fiscal year ended March 31, 2023 was ¥27 million.

9. Net income per share was ¥249.93.

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

Average number of treasury stock during the fiscal year which was deducted from the calculation of net income per share for the fiscal year ended March 31, 2023 was 423 thousand shares.

10. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the fiscal year ended March 31, 2023 were ¥222,610 million.

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

12. Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of the reinsurance due to the reinsurance contracts with the Management Network, was ¥43,678 million for the fiscal year ended March 31, 2023.

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

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

Type	Company name	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	Japan Post Holdings Co., Ltd.	Directly owned 49.84%	Group management Interlocking officers	Payment of brand royalty fees (*)	¥2,288 million	Accounts Payable	¥209 million

Conditions of transactions and policies to decide the conditions

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

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

Type	Company name	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Subsidiary of parent company	Japan Post Co., Ltd.	None	Insurance agency Interlocking officers	Payments for commission of agency services (*1)	¥134,846 million	Agency accounts payable	¥9,841 million

Conditions of transactions and policies to decide the conditions

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

(*2) In addition to the above, from the fiscal year ended March 31, 2020, out of the expenses required for the maintenance of the post office network, the expenses necessary to ensure universal service will be covered by the funds provided to Japan Post Co., Ltd. from the Management Network using the contributions from the Company and JAPAN POST BANK Co., Ltd. as funds, with the exception of the amount to be borne by Japan Post Co., Ltd., in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network. In the fiscal year ended March 31, 2023, the contributions paid by the Company to the Management Network amounted to ¥50,174 million.

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

Type and Number of Treasury Stock

(Thousands of shares)

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

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

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

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