

UNOFFICIAL TRANSLATION

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

November 11, 2022
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Six Months Ended September 30, 2022**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; SENDA Tetsuya, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022).

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1. Business Highlights

(1) Policies in Force and New Policies

▪ Policies in Force

(Thousands of policies, billions of yen, %)

As of	March 31, 2022		September 30, 2022			
	Number of policies	Policy amount	Number of policies		Policy amount	
				% of March 31, 2022 total		% of March 31, 2022 total
Individual insurance	14,740	42,283.8	14,215	96.4	40,579.4	96.0
Individual annuities	850	1,242.7	753	88.6	1,101.1	88.6
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

▪ New Policies

(Thousands of policies, billions of yen, %)

Six months ended September 30	2021				2022					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies		Net increase by conversion		% of September 30, 2021 total	% of September 30, 2021 total	New policies	Net increase by conversion	
Individual insurance	83	281.2	281.2	0.0	150	180.8	410.4	145.9	410.4	0.0
Individual annuities	0	0.0	0.0	-	0	326.7	0.2	271.5	0.2	-
Group insurance	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-

Notes: 1. Number of policies includes policies after conversion.

2. Policy amounts for individual annuities are the total of the accumulated contribution payment as of the date of annuity payment commencement.

(2) Annualized Premiums

▪ Policies in Force

(Billions of yen, %)

As of	March 31, 2022	September 30, 2022	
			% of March 31, 2022 total
Individual insurance	2,584.3	2,465.1	95.4
Individual annuities	301.8	268.3	88.9
Total	2,886.2	2,733.4	94.7
Medical coverage, living benefits and other	339.8	330.2	97.2

▪ New Policies

(Billions of yen, %)

Six months ended September 30	2021	2022	
			% of September 30, 2021 total
Individual insurance	22.9	32.7	143.0
Individual annuities	0.0	0.0	248.0
Total	22.9	32.8	143.0
Medical coverage, living benefits and other	1.0	2.9	296.9

- Notes: 1. Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.
2. Medical coverage, living benefits and other includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).
3. New policies include net increase by conversion.

2. Investment Overview for the Six Months Ended September 30, 2022 (General Account)

(1) Investment Environment

During the first half of the fiscal year ending March 31, 2023, the Japanese economy made a moderate recovery due primarily to a recovery in personal consumption accompanying the relaxation of restrictions on activities and a recovery in capital investment against a backdrop of solid corporate performance, but recovery has been slow due to the renewed spread of COVID-19 in Japan and a slowdown in overseas economies caused by monetary tightening policies by central banks around the world. The U.S economy recovered moderately due to a favorable employment environment and solid corporate income, but there was a sense of slowdown affected by aggressive monetary tightening policies against a backdrop of rising prices. Regarding the European economy, recovery in the service sector ran its course and activities in the manufacturing industry stagnated due to supply and demand factors such as persistently high energy prices and monetary tightening, resulting in a slowdown.

Under these economic circumstances, the investment environment of the Company was as follows.

Domestic Bond Market

The domestic long-term yield temporarily rose to the 0.25% level in June due to the expectations of changes in the Bank of Japan's accommodative monetary policies, but the yield fell to 0.16% in August due to the Bank of Japan maintaining its accommodative monetary policies and showing a willingness to curb yield rises, as well as a downward trend in overseas long-term yields. Afterwards, it rose due to a rise in overseas long-term yields, and was around 0.24% at the end of September.

Domestic Stock Market

The Nikkei Stock Average fell to the ¥25,000 level in June owing to growing concerns about an economic slowdown as European and American central banks tightened monetary policies one after another to curb inflation. After that, it rose to the ¥29,000 level in August against a backdrop of receding fears of excessive interest rate hikes in the U.S. and the depreciation of the yen. However, interest rates continued to be raised aggressively by European and American central banks, and concerns about deterioration in the economy and corporate performance caused by rising overseas yields led to a decline, causing the Nikkei Stock Average to fall to the ¥25,000 level at the end of September.

Foreign Exchange Markets

Regarding the USD/JPY exchange rate, it was on an upward trend due to the difference in the direction of monetary policies in Japan and the U.S. and the deterioration of Japan's trade balance. In late September, the Japanese government intervened to sell the dollar and buy the yen, but the upward trend continued, reaching the upper ¥144 level at the end of September.

Regarding the EUR/JPY exchange rate, due to the difference in the direction of monetary policies in Japan and Europe, the euro rose to the ¥144 level in June, but due to persistently high price increases and concerns about a global economic slowdown, it fell to the ¥134 level in August. Afterwards, it reached the ¥142 level at the end of September as the European Central Bank continued to raise interest rates sharply and strengthened their efforts to curb inflation.

(2) Investment Policies

The Company's operations are based on the concept of asset liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and others. Specifically, the approach is to match assets with liabilities, with a focus on yen-denominated interest-bearing assets with high affinity to the characteristics of liabilities. With this approach the Company aims to earn stable profits while mitigating interest rate risk.

Moreover, the Company makes an effort to increase revenues through the investment of "return-seeking assets" (which we previously referred to as "risk assets") such as foreign securities and stocks under appropriate risk management.

(3) Performance Overview

[Assets]

As of September 30, 2022, total assets of the Company amounted to ¥64,746.6 billion, a decrease of ¥2,428.2 billion from ¥67,174.8 billion at the end of the previous fiscal year.

The balance of return-seeking assets including stocks and foreign securities decreased, mainly due to sales caused by an expected increase in hedging costs associated with the rise in overseas yields.

For domestic corporate and government bonds, the Company invested primarily in long-term and super long-term bonds, in view of their value as assets that secure stable income. However, the amounts of these bonds decreased due to redemption, etc.

For loans, the Company provided loans including loans to the Organization for Postal Savings, Postal Life Insurance and Post Office Network (hereinafter referred to as the “Management Network”), syndicated loans, loans to local governments and policy loans. The amount of loans decreased due to the repayment of loans to the Management Network.

[Investment Income and Expenses]

For the six months ended September 30, 2022, investment income of the Company decreased by ¥5.1 billion from the previous corresponding period to ¥556.1 billion, mainly due to a decrease in gains on money held in trust, despite an increase in gains on sales of securities.

Investment expenses increased by ¥98.0 billion from the previous corresponding period to ¥117.0 billion, mainly due to an increase in losses on sales of securities.

As a result, investment income and expenses amounted to ¥439.1 billion, a decrease of ¥103.1 billion from the previous corresponding period.

3. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2022		September 30, 2022	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,305.0	1.9	1,211.8	1.9
Receivables under resale agreements	2,120.1	3.2	1,597.1	2.5
Receivables under securities borrowing transactions	-	-	-	-
Monetary claims bought	39.5	0.1	38.3	0.1
Trading account securities	-	-	-	-
Money held in trust	4,521.9	6.7	4,654.0	7.2
Securities	53,418.5	79.5	51,709.8	79.9
Corporate and government bonds	46,747.9	69.6	45,817.2	70.8
Domestic stocks	425.5	0.6	389.8	0.6
Foreign securities	4,332.5	6.4	3,892.4	6.0
Foreign corporate and government bonds	4,181.5	6.2	3,732.0	5.8
Foreign stocks and other securities	150.9	0.2	160.3	0.2
Other securities	1,912.5	2.8	1,610.2	2.5
Loans	4,251.9	6.3	3,920.1	6.1
Real estate	80.5	0.1	79.7	0.1
Deferred tax assets	1,005.3	1.5	1,093.9	1.7
Other	432.1	0.6	442.0	0.7
Reserve for possible loan losses	(0.3)	(0.0)	(0.3)	(0.0)
Total	67,174.8	100.0	64,746.6	100.0
Foreign currency-denominated assets	5,466.7	8.1	5,339.9	8.2

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

(2) Increase/Decrease in Assets

(Billions of yen)

Six months ended September 30	2021	2022
Cash, deposits, call loans	(160.6)	(93.2)
Receivables under resale agreements	1,844.4	(522.9)
Receivables under securities borrowing transactions	(2,585.0)	-
Monetary claims bought	(100.9)	(1.2)
Trading account securities	-	-
Money held in trust	214.6	132.0
Securities	(608.8)	(1,708.6)
Corporate and government bonds	(599.9)	(930.6)
Domestic stocks	19.1	(35.6)
Foreign securities	(34.2)	(440.0)
Foreign corporate and government bonds	(29.5)	(449.4)
Foreign stocks and other securities	(4.6)	9.3
Other securities	6.2	(302.2)
Loans	(367.7)	(331.8)
Real estate	(0.0)	(0.8)
Deferred tax assets	(35.3)	88.5
Other	(29.5)	9.8
Reserve for possible loan losses	0.0	(0.0)
Total	(1,829.1)	(2,428.2)
Foreign currency-denominated assets	106.3	(126.7)

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

(3) Investment Income

(Billions of yen)

Six months ended September 30	2021	2022
Interest and dividend income	497.8	491.5
Interest on deposits	0.0	0.0
Interest and dividends on securities	450.6	450.8
Interest on loans	6.9	6.7
Interest on loans to the Management Network	38.1	31.6
Rent revenue from real estate	-	-
Other interest and dividend income	2.1	2.2
Gains on trading account securities	-	-
Gains on money held in trust	57.4	36.6
Gains on trading securities	-	-
Gains on sales of securities	4.3	26.6
Gains on sales of Japanese government bonds and other bonds	0.3	0.3
Gains on sales of domestic stocks and other securities	3.5	10.3
Gains on sales of foreign securities	0.4	15.9
Other gains on sales of securities	-	-
Gains on redemption of securities	0.3	0.4
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	1.2	0.9
Reversal of reserve for possible loan losses	-	-
Other investment income	0.0	0.0
Total	561.3	556.1

(4) Investment Expenses

(Billions of yen)

Six months ended September 30	2021	2022
Interest expenses	1.2	1.0
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	8.5	82.7
Losses on sales of Japanese government bonds and other bonds	0.1	5.7
Losses on sales of domestic stocks and other securities	1.3	3.0
Losses on sales of foreign securities	1.4	54.1
Other losses on sales of securities	5.6	19.7
Losses on valuation of securities	-	15.6
Losses on valuation of Japanese government bonds and other bonds	-	-
Losses on valuation of domestic stocks and other securities	-	-
Losses on valuation of foreign securities	-	-
Other losses on valuation of securities	-	15.6
Losses on redemption of securities	3.7	1.1
Losses on derivative financial instruments	3.9	15.5
Losses on foreign exchanges	-	-
Provision for reserve for possible loan losses	0.0	0.0
Write-off loans	-	-
Depreciation of real estate for lease and other assets	-	-
Other investment expenses	1.5	1.0
Total	19.0	117.0

(5) Net Valuation Gain/Loss of Trading Securities

The Company does not hold securities for trading.

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

(Billions of yen)

As of	March 31, 2022					September 30, 2022				
	Book value	Fair value	Net unrealized gains (losses)		Book value	Fair value	Net unrealized gains (losses)			
			Gains	Losses			Gains	Losses		
Held-to-maturity bonds	34,126.2	38,143.1	4,016.9	4,218.5	201.6	33,428.3	36,143.6	2,715.2	3,344.9	629.6
Policy-reserve-matching bonds	8,604.7	9,106.0	501.2	593.1	91.8	8,477.4	8,681.2	203.8	491.1	287.3
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	13,658.4	14,812.6	1,154.2	1,424.2	269.9	13,729.3	14,587.2	857.9	1,604.9	746.9
Corporate and government bonds	4,043.7	4,016.9	(26.7)	19.4	46.1	4,079.6	3,911.4	(168.2)	11.8	180.0
Domestic stocks	1,853.5	2,614.5	761.0	819.8	58.8	1,850.1	2,457.9	607.8	667.4	59.5
Foreign securities	4,809.4	5,208.6	399.2	487.1	87.9	5,089.9	5,619.7	529.7	841.7	312.0
Foreign corporate and government bonds	4,096.2	4,181.5	85.2	170.7	85.4	3,826.8	3,732.0	(94.8)	213.5	308.4
Foreign stocks and other securities	713.2	1,027.1	313.9	316.4	2.5	1,263.0	1,887.6	624.6	628.2	3.5
Other securities	2,508.3	2,527.9	19.6	96.5	76.9	2,292.1	2,179.8	(112.3)	83.0	195.3
Monetary claims bought	38.3	39.5	1.1	1.1	-	37.4	38.3	0.8	0.8	-
Negotiable certificates of deposit	405.0	405.0	-	-	-	380.0	380.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	56,389.4	62,061.9	5,672.4	6,235.8	563.3	55,635.1	59,412.2	3,777.0	5,441.0	1,664.0
Corporate and government bonds	46,774.6	51,266.1	4,491.4	4,831.0	339.5	45,985.5	48,736.3	2,750.8	3,847.9	1,097.0
Domestic stocks	1,853.5	2,614.5	761.0	819.8	58.8	1,850.1	2,457.9	607.8	667.4	59.5
Foreign securities	4,809.4	5,208.6	399.2	487.1	87.9	5,089.9	5,619.7	529.7	841.7	312.0
Foreign corporate and government bonds	4,096.2	4,181.5	85.2	170.7	85.4	3,826.8	3,732.0	(94.8)	213.5	308.4
Foreign stocks and other securities	713.2	1,027.1	313.9	316.4	2.5	1,263.0	1,887.6	624.6	628.2	3.5
Other securities	2,508.3	2,527.9	19.6	96.5	76.9	2,292.1	2,179.8	(112.3)	83.0	195.3
Monetary claims bought	38.3	39.5	1.1	1.1	-	37.4	38.3	0.8	0.8	-
Negotiable certificates of deposit	405.0	405.0	-	-	-	380.0	380.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes: 1. This table includes money held in trust other than trading securities and its book value is ¥2,682.2 billion with net unrealized gains of ¥1,026.6 billion as of March 31, 2022 and ¥3,198.9 billion with net unrealized gains of ¥1,209.5 billion as of September 30, 2022.
2. Stocks, etc. with no market price and investments in partnerships are not included in this table.

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

(Billions of yen)

As of	March 31, 2022	September 30, 2022
Equities of subsidiaries and affiliates	24.0	39.3
Available-for-sale securities	635.2	83.7
Domestic stocks	4.2	4.2
Foreign stocks	-	-
Other	630.9	79.5
Total	659.3	123.1

Notes: 1. This table includes money held in trust other than trading securities (¥630.9 billion as of March 31, 2022 and ¥79.5 billion as of September 30, 2022).

2. Net unrealized gains (losses) based on foreign exchange valuation of the foreign currency-denominated assets classified as stocks, etc. with no market price and investments in partnerships are ¥51.8 billion as of March 31, 2022.

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

(7) Fair Value of Money Held in Trust

(Billions of yen)

As of	March 31, 2022					September 30, 2022				
	Balance sheet amount	Fair value	Net unrealized gains (losses)			Balance sheet amount	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Money held in trust	3,820.4	3,820.4	-	-	-	4,570.1	4,570.1	-	-	-

- Money held in trust for trading purposes

The Company does not hold money held in trust for trading purposes.

- Assets held-to-maturity in trust/assets held for reserves in trust/other money held in trust

(Billions of yen)

As of	March 31, 2022					September 30, 2022				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Assets held-to-maturity in trust	-	-	-	-	-	-	-	-	-	-
Assets held for reserves in trust	-	-	-	-	-	-	-	-	-	-
Other money held in trust	2,793.7	3,820.4	1,026.6	1,100.9	74.2	3,360.5	4,570.1	1,209.5	1,286.5	76.9

Note: Other money held in trust, which is not subject to fair value disclosure, is ¥701.4 billion as of March 31, 2022 and ¥83.8 billion as of September 30, 2022.

4. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2022	As of September 30, 2022
		Amount	Amount
ASSETS:			
Cash and deposits		1,265,070	1,171,804
Call loans		40,000	40,000
Receivables under resale agreements		2,120,137	1,597,177
Monetary claims bought		39,543	38,312
Money held in trust		4,521,912	4,654,003
Securities		53,418,564	51,709,884
[Japanese government bonds]		[37,408,974]	[37,435,962]
[Japanese local government bonds]		[4,472,466]	[3,866,554]
[Japanese corporate bonds]		[4,866,504]	[4,514,770]
[Stocks]		[425,553]	[389,878]
[Foreign securities]		[4,332,519]	[3,892,423]
Loans		4,251,956	3,920,149
Policy loans		140,980	136,863
Industrial and commercial loans		965,872	942,055
Loans to the Management Network		3,145,103	2,841,229
Tangible fixed assets		94,165	93,091
Intangible fixed assets		98,291	96,942
Agency accounts receivable		47,287	37,945
Reinsurance receivables		3,914	4,082
Other assets		269,025	289,679
Deferred tax assets		1,005,357	1,093,935
Reserve for possible loan losses		(379)	(381)
Total assets		67,174,848	64,746,626
LIABILITIES:			
Policy reserves and others		58,196,072	56,679,325
Reserve for outstanding claims		402,608	424,702
Policy reserves		56,533,454	55,040,848
Reserve for policyholder dividends		1,260,009	1,213,774
Reinsurance payables		6,256	6,221
Bonds payable		300,000	300,000
Other liabilities		5,210,469	4,618,744
Payables under repurchase agreements		2,570,899	2,001,274
Payables under securities lending transactions		2,236,696	2,351,470
Income taxes payable		39,068	13,316
Lease obligations		2,734	3,678
Other liabilities		361,071	249,004
Reserve for employees' retirement benefits		70,470	72,026
Reserve for management board benefit trust		230	251
Reserve for price fluctuations		972,606	891,195
Total liabilities		64,756,105	62,567,765
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Legal capital surplus		405,044	405,044
Retained earnings		640,289	670,245
Legal retained earnings		76,909	80,506
Other retained earnings		563,379	589,739
Reserve for reduction entry of real estate		5,026	4,897
Retained earnings brought forward		558,353	584,841
Treasury stock		(355)	(22,584)
Total shareholders' equity		1,544,978	1,552,706
Net unrealized gains (losses) on available-for-sale securities		873,764	626,155
Total valuation and translation adjustments		873,764	626,155
Total net assets		2,418,743	2,178,861
Total liabilities and net assets		67,174,848	64,746,626

5. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Term	Six months ended September 30, 2021	Six months ended September 30, 2022
		Amount	Amount
ORDINARY INCOME		3,226,111	3,202,439
Insurance premiums and others		1,274,866	1,151,485
[Insurance premiums]		[1,267,265]	[1,143,198]
Investment income		561,312	556,178
[Interest and dividend income]		[497,887]	[491,518]
[Gains on money held in trust]		[57,403]	[36,611]
[Gains on sales of securities]		[4,386]	[26,666]
Other ordinary income		1,389,932	1,494,774
[Reversal of reserve for outstanding claims]		[11,978]	[-]
[Reversal of policy reserves]		[1,376,835]	[1,492,605]
ORDINARY EXPENSES		3,043,005	3,168,445
Insurance claims and others		2,779,715	2,769,198
[Insurance claims]		[2,247,151]	[2,245,896]
[Annuity payments]		[163,902]	[141,053]
[Benefits]		[62,924]	[107,744]
[Surrender benefits]		[235,273]	[223,989]
[Other refunds]		[59,287]	[39,691]
Provision for policy reserves and others		4	22,098
Provision for reserve for outstanding claims		-	22,093
Provision for interest on policyholder dividends		4	4
Investment expenses		19,070	117,077
[Interest expenses]		[1,228]	[1,003]
[Losses on sales of securities]		[8,582]	[82,701]
[Losses on valuation of securities]		[-]	[15,675]
[Losses on derivative financial instruments]		[3,963]	[15,518]
Operating expenses		192,177	220,492
Other ordinary expenses		52,037	39,579
ORDINARY PROFIT		183,105	33,993
EXTRAORDINARY GAINS		-	81,410
Reversal of reserve for price fluctuations		-	81,410
EXTRAORDINARY LOSSES		35,815	140
Losses on sales and disposal of fixed assets		243	140
Provision for reserve for price fluctuations		35,572	-
Provision for reserve for policyholder dividends		36,004	27,172
Income before income taxes		111,285	88,091
Income taxes - Current		51,854	31,445
Income taxes - Deferred		(20,565)	8,704
Total income taxes		31,288	40,149
Net income		79,996	47,941

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

Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry of real estate	Retained earnings brought forward	
Balance at the beginning of the fiscal year	500,000	405,044	-	405,044	64,761	5,286	831,986	902,034
Changes in the period								
Cash dividends					8,551		(51,308)	(42,756)
Net income							79,996	79,996
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						(129)	129	-
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 period								
Net changes in the period	-	-	-	-	8,551	(129)	(330,069)	(321,647)
Balance at the end of the period	500,000	405,044	-	405,044	73,312	5,156	501,916	580,386

	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	(397)	1,806,680	1,031,384	573	1,031,957	2,838,638
Changes in the period						
Cash dividends		(42,756)				(42,756)
Net income		79,996				79,996
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 period			144,267	(84)	144,182	144,182
Net changes in the period	42	(321,605)	144,267	(84)	144,182	(177,422)
Balance at the end of the period	(355)	1,485,075	1,175,652	488	1,176,140	2,661,215

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

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
					Reserve for reduction entry of real estate	Retained earnings brought forward		
Balance at the beginning of the fiscal year	500,000	405,044	-	405,044	76,909	5,026	558,353	640,289
Changes in the period								
Cash dividends					3,597		(21,582)	(17,985)
Net income							47,941	47,941
Purchases of treasury stock								
Disposals of treasury stock								
Reversal of reserve for reduction entry of real estate						(129)	129	-
Net changes in items other than shareholders' equity in the period								
Net changes in the period	-	-	-	-	3,597	(129)	26,488	29,956
Balance at the end of the period	500,000	405,044	-	405,044	80,506	4,897	584,841	670,245

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(355)	1,544,978	873,764	-	873,764	2,418,743
Changes in the period						
Cash dividends		(17,985)				(17,985)
Net income		47,941				47,941
Purchases of treasury stock	(22,241)	(22,241)				(22,241)
Disposals of treasury stock	12	12				12
Reversal of reserve for reduction entry of real estate						
Net changes in items other than shareholders' equity in the period			(247,608)	-	(247,608)	(247,608)
Net changes in the period	(22,229)	7,727	(247,608)	-	(247,608)	(239,881)
Balance at the end of the period	(22,584)	1,552,706	626,155	-	626,155	2,178,861

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

(Notes to the Unaudited Non-Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

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

1) Held-to-maturity Bonds

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

2) Policy-reserve-matching Bonds

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

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

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

4) Available-for-sale Securities

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

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

(ii) Stocks, etc. with no market price

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

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

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Method for Fixed Assets

1) Tangible Fixed Assets (excluding leased assets)

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

(i) Buildings: 2-60 years

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

2) Intangible Fixed Assets (excluding leased assets)

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

3) Leased Assets

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

(4) Recognition of Reserves

1) Reserve for Possible Loan Losses

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

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

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance.

The amount written off for loans and other assets during the six months ended September 30, 2022 was ¥34 million.

2) Reserve for Employees' Retirement Benefits

To provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided in the amount considered to have incurred at the end of the six months ended September 30, 2022 based on the projected amount of retirement benefit obligations at the end of the fiscal year.

(i) Method for Attributing Expected Benefits to Periods

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

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

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

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

3) Reserve for Management Board Benefit Trust

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

(5) Reserve for Price Fluctuations

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

Provision for reserve for price fluctuations for the six months ended September 30, 2022 is calculated at the annually required amount allocated to the accounting period on a pro-rata basis.

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

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

(7) Hedge Accounting

1) Methods for Hedge Accounting

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

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 end of the first half of the fiscal year, policy reserves are calculated in accordance with the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

Among the policy reserves, insurance premium reserves are calculated based on the following procedures. The amount includes additional policy reserves accumulated for the portion of the reinsurance contracts issued to the Management Network and for lump-sum payment annuities, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

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

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

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

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

(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" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 31, June 17, 2021; hereinafter referred to as "Fair Value Measurement Implementation Guidance") from the beginning of the first half of the fiscal year ending 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 first half of the fiscal year ending March 31, 2023, the fair value method based on the market price as of the interim 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 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022 (Notes to the Unaudited 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 ¥8,477,471 million and ¥8,681,272 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)

5. Securities lent under lending agreements in the amount of ¥3,149,499 million were included in "Securities" in the balance sheet as of September 30, 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 September 30, 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 September 30, 2022 was ¥19,241 million.

8. Accumulated depreciation for tangible fixed assets as of September 30, 2022 was ¥53,217 million.

9. Changes in reserve for policyholder dividends for the six months ended September 30, 2022 were as follows:

Balance at the beginning of the six months ended September 30, 2022	¥1,260,009 million
Policyholder dividends paid during the six months ended September 30, 2022	¥73,314 million
Interest accrual	¥4 million
Reduction due to the acquisition of additional annuity	¥97 million
Provision for reserve for policyholder dividends	¥27,172 million
Balance at the end of the six months ended September 30, 2022	¥1,213,774 million

10. Equities, etc. of subsidiaries and affiliates were ¥39,392 million.

11. Assets pledged as collateral consisted of the following:

Securities	¥3,929,683 million
Liabilities corresponding to assets pledged as collateral consisted of the following:	
Payables under repurchase agreements	¥2,001,274 million
Payables under securities lending transactions	¥2,351,470 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	¥241,364 million
Margin deposits for futures transactions	¥3,944 million
Cash collateral paid for financial instruments	¥44,396 million

12. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as “reserve for outstanding claims-ceded”) as of September 30, 2022 was ¥860 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as “policy reserves-ceded”) as of September 30, 2022 were ¥885 million.

13. The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥389,019 million as of September 30, 2022.

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

15. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥28,338,126 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 ¥1,224,749 million and ¥670,244 million, respectively, for the category of the reinsurance.

16. “Other liabilities” in the balance sheet includes ¥39,251 million of “Deposits from the Management Network.”

“Deposits from the Management Network” refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid as of September 30, 2022.

(Notes to the Unaudited Non-Consolidated Statement of Income)

1. Significant Accounting Policies

(1) Recognition of insurance premiums

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

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

(2) Recognition of insurance claims and others

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

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

2. Gains on sales of securities comprise domestic bonds of ¥326 million, domestic stocks of ¥10,351 million and foreign securities of ¥15,988 million.

3. Losses on sales of securities comprise domestic bonds of ¥5,761 million, domestic stocks of ¥3,010 million, foreign securities of ¥54,180 million and other securities of ¥19,749 million.

4. Losses on valuation of securities comprise other securities of ¥15,675 million.

5. Gains on money held in trust include losses on valuation of ¥40,923 million.

6. Losses on derivative financial instruments include losses on valuation of ¥134,978 million.

7. 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 six months ended September 30, 2022 was ¥334 million. The amount of reversal of policy reserves-ceded that is deducted from the calculation of reversal of policy reserves for the six months ended September 30, 2022 was ¥21 million.

8. Net income per share for the six months ended September 30, 2022 was ¥120.74.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders' equity for the six months ended September 30, 2022, were included in treasury stock to be deducted from the calculation of the average number of shares during the period, for the purpose of calculating net income per share.

Average number of treasury stock during the period which was deducted from the calculation of net income per share for the six months ended September 30, 2022 was 372,189 shares.

9. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the six months ended September 30, 2022 were ¥117,182 million.

10. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the six months ended September 30, 2022 were ¥1,282,182 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 ¥18,775 million for the six months ended September 30, 2022.

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

Type and Number of Treasury Stock

(Thousands of shares)

	April 1, 2022	Increase	Decrease	September 30, 2022
Treasury stock				
Common stock	151	10,664	5	10,810

(*1) Number of treasury stock at the beginning of the fiscal year ending March 31, 2023 and the end of the six months ended September 30, 2022 include shares of the Company held in the BBT, and were 140 thousand shares and 475 thousand shares, respectively.

(*2) The increase of 10,664 thousand shares in the number of treasury stock was attributable to the purchases of 10,324 thousand shares of treasury stock based on the resolution at the Board of Directors meeting held 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.

7. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Six months ended September 30		2021	2022
Core profit	A	212,560	104,639
Capital gains		67,692	97,989
Gains on money held in trust		57,403	36,611
Gains on trading securities		-	-
Gains on sales of securities		4,386	26,666
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		1,218	957
Other capital gains		4,684	33,753
Capital losses		59,312	170,177
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		8,582	82,701
Losses on valuation of securities		-	15,675
Losses on derivative financial instruments		3,963	15,518
Losses on foreign exchanges		-	-
Other capital losses		46,767	56,282
Net capital gains (losses)	B	8,379	(72,187)
Core profit including net capital gains (losses)	A+B	220,940	32,452
Other one-time gains		-	1,541
Reinsurance income		-	-
Reversal of contingency reserve		-	1,541
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		37,834	-
Reinsurance premiums		-	-
Provision for contingency reserve		37,834	-
Provision for specific reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other		-	-
Other one-time profits (losses)	C	(37,834)	1,541
Ordinary profit	A+B+C	183,105	33,993

Note: From the perspective of reflecting the economic situation and encouraging consistency in the handling among companies, partial amendments (including costs for hedging currency fluctuations in the calculation of core profit and excluding gains on cancellation of mutual funds from the calculation) have been made to the calculation procedures for core profit in the fiscal year ending March 31, 2023.

These figures for 2021 are calculated by applying the calculation procedures for 2022 to 2021.

(Reference) Breakdown of Other Items

(Millions of yen)

Six months ended September 30	2021	2022
Impact on core profit	42,082	22,528
Gains on cancellation of mutual funds	(8)	(20,350)
Amount equivalent to income gains associated with money held in trust	46,767	56,282
Costs for hedging currency fluctuations	(4,676)	(13,403)
Other capital gains	4,684	33,753
Gains on cancellation of mutual funds	8	20,350
Amount equivalent to income gains associated with money held in trust	-	-
Costs for hedging currency fluctuations	4,676	13,403
Other capital losses	46,767	56,282
Amount equivalent to income gains associated with money held in trust	46,767	56,282
Costs for hedging currency fluctuations	-	-
Other one-time losses – Other	-	-
Provision for additional policy reserves	-	-

**(Reference) Breakdown of Ordinary Profit According to the Standard before Amendments
(Core Profit)**

(Millions of yen)

Six months ended September 30		2021
Core profit	A	217,245
Capital gains		63,007
Gains on money held in trust		57,403
Gains on trading securities		-
Gains on sales of securities		4,386
Gains on derivative financial instruments		-
Gains on foreign exchanges		1,218
Other capital gains		-
Capital losses		59,312
Losses on money held in trust		-
Losses on trading securities		-
Losses on sales of securities		8,582
Losses on valuation of securities		-
Losses on derivative financial instruments		3,963
Losses on foreign exchanges		-
Other capital losses		46,767
Net capital gains (losses)	B	3,695
Core profit including net capital gains (losses)	A+B	220,940
Other one-time gains		-
Reinsurance income		-
Reversal of contingency reserve		-
Reversal of specific reserve for possible loan losses		-
Other		-
Other one-time losses		37,834
Reinsurance premiums		-
Provision for contingency reserve		37,834
Provision for specific reserve for possible loan losses		-
Provision for reserve for specific foreign loans		-
Write-off of loans		-
Other		-
Other one-time profits (losses)	C	(37,834)
Ordinary profit	A+B+C	183,105

Note: These figures are based on the calculation procedures used in the fiscal year ended March 31, 2022.

(Reference) Breakdown of Other Items According to the Standard before Amendments

		(Millions of yen)
Six months ended September 30		2021
Impact on core profit		46,767
	Amount equivalent to income gains associated with money held in trust	46,767
Other capital gains		-
	Amount equivalent to income gains associated with money held in trust	-
Other capital losses		46,767
	Amount equivalent to income gains associated with money held in trust	46,767
Other one-time losses - other		-
	Provision for additional policy reserves	-

8. Status of Loans under the Insurance Business Act

(Millions of yen, %)

As of	March 31, 2022	September 30, 2022
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Past due loans for three months or more	-	-
Restructured loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	7,330,258	6,975,887
Total	7,330,258	6,975,887

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

9. Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2022	September 30, 2022
Total amount of solvency margin (A)	5,878,221	5,458,006
Capital stock, etc.	1,526,993	1,525,410
Reserve for price fluctuations	972,606	891,195
Contingency reserve	1,690,994	1,689,453
General reserve for possible loan losses	32	34
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	1,086,306	775,904
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	1,809	2,534
Excess of continued Zillmerized reserve	299,478	273,111
Capital raised through debt financing	300,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	-	-
Other	-	361
Total amount of risk (B)	1,127,788	1,105,078
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		
Insurance risk R ₁	125,154	122,304
Underwriting risk of third-sector insurance R ₈	44,708	42,681
Anticipated yield risk R ₂	125,089	121,922
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	964,350	945,829
Business management risk R ₄	25,186	24,654
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,042.4 %	987.8 %

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

10. Separate Account for the Six Months Ended September 30, 2022

Not applicable.

11. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Six months ended September 30	2021	2022
Ordinary income	3,226,121	3,202,443
Ordinary profit	183,883	34,541
Net income attributable to Japan Post Insurance	80,540	48,293
Comprehensive income (loss)	224,472	(199,552)

As of	March 31, 2022	September 30, 2022
Total assets	67,174,796	64,748,170
Consolidated solvency margin ratio	1,045.5 %	992.0 %

(2) Scope of Consolidation and Application of the Equity Method

- Number of consolidated subsidiaries: 1
- Number of non-consolidated subsidiaries accounted for under the equity method: 0
- Number of affiliates accounted for under the equity method: 0
- Changes in significant subsidiaries during the period: None

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2022	As of September 30, 2022
		Amount	Amount
ASSETS:			
Cash and deposits		1,270,762	1,178,867
Call loans		40,000	40,000
Receivables under resale agreements		2,120,137	1,597,177
Monetary claims bought		39,543	38,312
Money held in trust		4,521,912	4,654,003
Securities		53,417,580	51,708,900
Loans		4,251,956	3,920,149
Tangible fixed assets		94,497	93,403
Intangible fixed assets		93,609	92,155
Agency accounts receivable		47,287	37,945
Reinsurance receivables		3,914	4,082
Other assets		268,626	289,576
Deferred tax assets		1,005,346	1,093,978
Reserve for possible loan losses		(379)	(381)
Total assets		67,174,796	64,748,170
LIABILITIES:			
Policy reserves and others		58,196,072	56,679,325
Reserve for outstanding claims		402,608	424,702
Policy reserves		56,533,454	55,040,848
Reserve for policyholder dividends		1,260,009	1,213,774
Reinsurance payables		6,256	6,221
Bonds payable		300,000	300,000
Payables under repurchase agreements		2,570,899	2,001,274
Payables under securities lending transactions		2,236,696	2,351,470
Other liabilities		402,658	266,870
Liability for retirement benefits		68,313	70,265
Reserve for management board benefit trust		230	251
Reserve for price fluctuations		972,606	891,195
Total liabilities		64,753,732	62,566,874
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Retained earnings		639,822	670,130
Treasury stock		(355)	(22,584)
Total shareholders' equity		1,544,511	1,552,591
Net unrealized gains (losses) on available-for-sale securities		873,764	626,155
Accumulated adjustments for retirement benefits		2,786	2,549
Total accumulated other comprehensive income		876,551	628,704
Total net assets		2,421,063	2,181,295
Total liabilities and net assets		67,174,796	64,748,170

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Term Items	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
ORDINARY INCOME	3,226,121	3,202,443
Insurance premiums and others	1,274,866	1,151,485
Investment income	561,312	556,178
[Interest and dividend income]	[497,887]	[491,518]
[Gains on money held in trust]	[57,403]	[36,611]
[Gains on sales of securities]	[4,386]	[26,666]
Other ordinary income	1,389,942	1,494,778
[Reversal of reserve for outstanding claims]	[11,978]	[-]
[Reversal of policy reserves]	[1,376,835]	[1,492,605]
ORDINARY EXPENSES	3,042,237	3,167,901
Insurance claims and others	2,779,715	2,769,198
[Insurance claims]	[2,247,151]	[2,245,896]
[Annuity payments]	[163,902]	[141,053]
[Benefits]	[62,924]	[107,744]
[Surrender benefits]	[235,273]	[223,989]
Provision for policy reserves and others	4	22,098
Provision for reserve for outstanding claims	-	22,093
Provision for interest on policyholder dividends	4	4
Investment expenses	19,070	117,077
[Interest expenses]	[1,228]	[1,004]
[Losses on sales of securities]	[8,582]	[82,701]
[Losses on valuation of securities]	[-]	[15,675]
[Losses on derivative financial instruments]	[3,963]	[15,518]
Operating expenses	192,289	220,705
Other ordinary expenses	51,157	38,822
ORDINARY PROFIT	183,883	34,541
EXTRAORDINARY GAINS	-	81,410
Reversal of reserve for price fluctuations	-	81,410
EXTRAORDINARY LOSSES	35,816	140
Losses on sales and disposal of fixed assets	244	140
Provision for reserve for price fluctuations	35,572	-
Provision for reserve for policyholder dividends	36,004	27,172
Income before income taxes	112,062	88,639
Income taxes - Current	52,016	31,603
Income taxes - Deferred	(20,494)	8,741
Total income taxes	31,521	40,345
Net income	80,540	48,293
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	80,540	48,293

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
Net income	80,540	48,293
Other comprehensive income (loss)	143,932	(247,846)
Net unrealized gains (losses) on available-for-sale securities	144,267	(247,608)
Net deferred gains (losses) on hedges	(84)	-
Adjustments for retirement benefits	(250)	(237)
Total comprehensive income (loss)	224,472	(199,552)
Comprehensive income (loss) attributable to Japan Post Insurance	224,472	(199,552)
Comprehensive income (loss) attributable to non-controlling interests	-	-

(5) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

Items	Term	Six months ended September 30, 2021	Six months ended September 30, 2022
		Amount	Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes		112,062	88,639
Depreciation and amortization		30,026	19,949
Net change in reserve for outstanding claims		(11,978)	22,093
Net change in policy reserves		(1,376,835)	(1,492,605)
Provision for interest on policyholder dividends		4	4
Provision for reserve for policyholder dividends		36,004	27,172
Net change in reserve for possible loan losses		(4)	2
Net change in reserve for insurance claims and others		(199)	-
Net change in liability for retirement benefits		2,045	1,952
Net change in reserve for management board benefit trust		47	21
Net change in reserve for price fluctuations		35,572	(81,410)
Interest and dividend income (accrual basis)		(497,887)	(491,518)
Net (gains) losses on securities		7,539	72,446
Interest expenses (accrual basis)		1,228	1,004
Net (gains) losses on foreign exchanges		(1,218)	(957)
Net (gains) losses on tangible fixed assets		187	138
Net change in agency accounts receivable		17,295	9,342
Net change in reinsurance receivables		168	(168)
Net change in other assets (excluding those related to investing activities and financing activities)		9,267	(3,029)
Net change in reinsurance payables		(127)	(34)
Net change in other liabilities (excluding those related to investing activities and financing activities)		(7,712)	9,151
Other, net		(51,637)	(20,459)
Subtotal		(1,696,149)	(1,838,266)
Interest and dividend received (cash basis)		521,249	505,706
Interest paid (cash basis)		(1,287)	(1,038)
Policyholder dividends paid		(77,805)	(73,314)
Income taxes paid		(44,105)	(40,613)
Net cash used in operating activities		(1,298,098)	(1,447,526)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of call loans		(3,930,000)	(3,700,000)
Proceeds from redemption of call loans		3,970,000	3,700,000
Net change in receivables under resale agreements		(1,844,442)	522,959
Net change in receivables under securities borrowing transactions		2,585,087	-
Purchases of monetary claims bought		(304,986)	(39,997)
Proceeds from sale and redemption of monetary claims bought		405,846	40,943
Purchases of money held in trust		(80,305)	(53,140)
Proceeds from decrease in money held in trust		60,000	79,220
Purchases of securities		(1,192,765)	(923,344)
Proceeds from sale and redemption of securities		1,816,645	2,389,608
Payments for loans		(209,905)	(207,302)
Proceeds from collection of loans		577,698	539,108
Net change in payables under repurchase agreements		2,252,479	(569,625)
Net change in payables under securities lending transactions		(2,402,071)	114,773
Other, net		(107,200)	(480,027)
Total of net cash provided by investment transactions		1,596,079	1,413,178
Total of net cash provided by (used in) operating activities and investment transactions		297,981	(34,348)
Purchases of tangible fixed assets		(3,027)	(2,342)
Purchases of intangible fixed assets		(14,255)	(14,381)
Other, net		1	(9)
Net cash provided by investing activities		1,578,797	1,396,445
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease obligations		(390)	(599)
Purchases of treasury stock		(358,882)	(22,241)
Dividends paid		(42,696)	(17,973)
Net cash used in financing activities		(401,969)	(40,813)
Effect of exchange rate changes on cash and cash equivalents		-	-
Net change in cash and cash equivalents		(121,270)	(91,895)
Cash and cash equivalents at the beginning of the fiscal year		1,335,014	1,270,762
Cash and cash equivalents at the end of the period		1,213,744	1,178,867

(6) Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the fiscal year	500,000	405,044	901,390	(397)	1,806,036
Changes in the period					
Cash dividends			(42,756)		(42,756)
Net income attributable to Japan Post Insurance			80,540		80,540
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 period					
Net changes in the period	-	-	(321,103)	42	(321,061)
Balance at the end of the period	500,000	405,044	580,286	(355)	1,484,975

	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 period					
Cash dividends					(42,756)
Net income attributable to Japan Post Insurance					80,540
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 period	144,267	(84)	(250)	143,932	143,932
Net changes in the period	144,267	(84)	(250)	143,932	(177,129)
Balance at the end of the period	1,175,652	488	3,229	1,179,370	2,664,345

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

(Millions of yen)

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

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	873,764	-	2,786	876,551	2,421,063
Changes in the period					
Cash dividends					(17,985)
Net income attributable to Japan Post Insurance					48,293
Purchases of treasury stock					(22,241)
Disposals of treasury stock					12
Net changes in items other than shareholders' equity in the period	(247,608)	-	(237)	(247,846)	(247,846)
Net changes in the period	(247,608)	-	(237)	(247,846)	(239,767)
Balance at the end of the period	626,155	-	2,549	628,704	2,181,295

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

(Basis for Preparation of the Unaudited Consolidated Financial Statements)

1. Scope of Consolidation
 - (1) Number of consolidated subsidiaries: 1
Name of consolidated subsidiary: JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.
 - (2) Non-consolidated subsidiaries
Spring Investment Limited Partnership and one other company 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
Spring Investment Limited Partnership and one other company 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.
 - (4) Affiliates not accounted for under the equity method
Japan Post Investment Corporation and six 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. End Date of the First Half of the Fiscal Year of Consolidated Subsidiary
The consolidated subsidiary has the same end date of the first half of the fiscal year as that of consolidated financial statements.

(Notes to the Unaudited Consolidated Balance Sheet)

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

- (3) Depreciation Methods for Significant Depreciable Assets
- 1) Tangible Fixed Assets (excluding leased assets)

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

 - (i) Buildings: 2-60 years
 - (ii) Other tangible fixed assets: 2-20 years
 - 2) Intangible Fixed Assets (excluding leased assets)

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

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.
- (4) Recognition of Significant Reserves
- 1) Reserve for Possible Loan Losses

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

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

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the six months ended September 30, 2022 was ¥34 million.
 - 2) Reserve for Management Board Benefit Trust

To provide for the granting of shares of the Company to Executive Officers of the Company in accordance with the Stock Benefit Rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.
- (5) Employees' Retirement Benefits Accounting
- 1) Method for Attributing Expected Benefits to Periods

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.
 - 2) Method for Recognizing Actuarial Differences and Prior Service Cost

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

Prior service cost is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees in the fiscal year of incurrence.
- (6) Reserve for Price Fluctuations
- Reserve for price fluctuations in security investments is calculated based on Article 115 of the Insurance Business Act.
- Provision for reserve for price fluctuations for the six months ended September 30, 2022 is calculated at the annually required amount allocated to the accounting period on a pro-rata basis.
- (7) Translation of Significant Assets and Liabilities Denominated in Foreign Currencies
- Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the end of the first half of the fiscal year.
- (8) Significant Hedge Accounting
- 1) Methods for Hedge Accounting

The Company and its subsidiary (the "Group") applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds in accordance with the Financial Instruments Accounting Standard.

- 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 end of the first half of the fiscal year, policy reserves are calculated in accordance with the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

Among the policy reserves, insurance premium reserves are calculated based on the following procedures. The amount includes additional policy reserves accumulated for the portion of the reinsurance contracts issued to the Management Network and for lump-sum payment annuities, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

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

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

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

2. Changes in Accounting Policies

The Company has applied the Fair Value Measurement Implementation Guidance from the first half of the fiscal year ending 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 first half of the fiscal year ending March 31, 2023, the fair value method based on the market price as of the interim 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 six months ended September 30, 2022 was ¥1,057 million, while the number of such treasury stock was 475 thousand shares.

4. Financial Instruments

(1) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values, and the difference between them as of September 30, 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)” 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	38,312	38,312	-
Available-for-sale securities	38,312	38,312	-
Money held in trust (*1) (*2)	4,570,159	4,570,159	-
Securities	51,666,232	54,585,330	2,919,097
Held-to-maturity bonds	33,428,394	36,143,691	2,715,296
Policy-reserve-matching bonds	8,477,471	8,681,272	203,800
Available-for-sale securities (*2)	9,760,366	9,760,366	-
Loans	3,920,114	4,084,649	164,535
Policy loans	136,863	136,863	-
Industrial and commercial loans (*3)	942,055	946,810	4,789
Loans to the Management Network (*3)	2,841,229	3,000,975	159,745
Reserve for possible loan losses (*4)	(34)	-	-
Total assets	60,194,819	63,278,451	3,083,632
Bonds payable	300,000	293,370	(6,630)
Total liabilities	300,000	293,370	(6,630)
Derivative transactions (*5)			
Hedge accounting not applied	[806]	[806]	-
Hedge accounting applied	[134,171]	[134,171]	-
Total derivative transactions	[134,978]	[134,978]	-

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

	(Millions of yen)
	Consolidated balance sheet amount
Money held in trust (*1)	83,843
Securities	42,667
Unlisted stocks (*2)	4,755
Investments in partnership (*3)	37,912
Total	126,511

(*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.

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

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

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

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

Level 3 Fair Values: Fair values measured using unobservable inputs

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

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

(Millions of yen)

	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	-	19,999	18,313	38,312
Money held in trust (*1)	2,697,782	731,659	-	3,429,442
Securities				
Available-for-sale securities				
Japanese government bonds	1,655,342	-	-	1,655,342
Japanese local government bonds	-	417,131	33,988	451,120
Japanese corporate bonds	-	1,804,957	-	1,804,957
Stocks	384,138	-	-	384,138
Foreign securities (*1)	996,392	2,704,681	30,968	3,732,041
Other securities	-	1,560,808	11,574	1,572,383
Total assets	5,733,656	7,239,239	94,844	13,067,740
Derivative transactions (*2)				
Currency-related derivatives	-	[134,528]	[449]	[134,978]
Total derivative transactions	-	[134,528]	[449]	[134,978]

(*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 ¥975,410 million, and the consolidated balance sheet amount for mutual funds to which the treatment in Paragraph 24-9 is applied is ¥164,119 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	-	161,569	-	161,569
Securities				
Held-to-maturity bonds				
Japanese government bonds	31,668,366	-	-	31,668,366
Japanese local government bonds	-	2,991,264	3,900	2,995,165
Japanese corporate bonds	-	1,480,159	-	1,480,159
Policy-reserve-matching bonds				
Japanese government bonds	7,045,977	-	-	7,045,977
Japanese local government bonds	-	490,104	24,420	514,524
Japanese corporate bonds	-	1,120,770	-	1,120,770
Loans	-	-	4,084,649	4,084,649
Total assets	38,714,343	6,243,868	4,112,970	49,071,182
Bonds payable	-	293,370	-	293,370
Total liabilities	-	293,370	-	293,370

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

AssetsMonetary claims bought

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

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

Money held in trust

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

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

Moreover, money held in trust is described in “(4) Money Held in Trust” in accordance with the purpose of the holdings.

Securities

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

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

If it is calculated with appraised values obtained from brokers and other third parties, and material, unobservable inputs are used, fair value is classed in Level 3. In addition, for mutual funds with no transaction price on the market, in cases where there are no material restrictions that would require market participants to

compensate for the risk associated with cancellation or repurchase requests, the net asset value is used as the fair value and they are classed in Level 2.

Moreover, securities are described in “(3) Securities” in accordance with the purpose of the holdings.

Loans

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

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

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

The fair value of loans is classed in Level 3.

Liabilities

Bonds payable

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

Derivative transactions

There are no published quoted prices for derivative transactions (currency-related) as they are over-the-counter transactions, but the fair value of forward foreign exchange is classed in Level 2 because it is calculated using observable inputs, primarily exchange rates, etc. The fair value of currency options is based on the appraised values submitted by brokers and other third parties and as material, unobservable inputs are used, fair value is classed in Level 3.

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

1) Quantitative information regarding material, unobservable inputs

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

2) Changes in net valuation gain/loss recognized in gain/loss for the six months ended September 30, 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	Transfer from Level 3 fair value	Balance at the end of period	Of gain/loss in six months ended September 30, 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) (*2)					
Monetary claims bought	19,544	-	(287)	(943)	-	-	18,313	-
Securities								
Available-for-sale securities								
Japanese local government bonds	34,642	775	(1,049)	(379)	-	-	33,988	775
Foreign securities	32,350	1,700	(3,082)	-	-	-	30,968	1,700
Other securities	12,551	-	(179)	(797)	-	-	11,574	-
Total assets	99,089	2,475	(4,599)	(2,120)	-	-	94,844	2,475
Derivative transactions (*3)								
Currency-related derivatives	-	(449)	-	-	-	-	(449)	(449)
Total derivative transactions	-	(449)	-	-	-	-	(449)	(449)

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

(*2) Included in “Net unrealized gains (losses) on available-for-sale securities” of “Other comprehensive income (loss)” in the consolidated statement of comprehensive income.

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

3) Explanation of fair value valuation process

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

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

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

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

(1) Changes in net valuation gain/loss recognized in gain/loss for mutual funds to which the treatment in Paragraph 24-3 is applied for the six months ended September 30, 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, and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of period	Of gain/loss in six months ended September 30, 2022, 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	-	273,557	69,491	-	-	975,410	-

(*) Included in “Net unrealized gains (losses) on available-for-sale securities” of “Other comprehensive income (loss)” in the consolidated statement of comprehensive income.

(2) Changes in net valuation gain/loss recognized in gain/loss for mutual funds to which the treatment in Paragraph 24-9 is applied for the six months ended September 30, 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, and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of period	Of gain/loss in six months ended September 30, 2022, 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	-	33,644	2,831	-	-	164,119	-

(*) Included in “Net unrealized gains (losses) on available-for-sale securities” of “Other comprehensive income (loss)” in the consolidated statement of comprehensive income.

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

[Items that require a certain amount of time for cancellation, etc. ¥975,410 million]

(3) Securities

1) Held-to-maturity Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	28,015,563	31,360,548	3,344,984
Japanese government bonds	24,813,174	27,970,605	3,157,430
Japanese local government bonds	2,434,953	2,565,901	130,948
Japanese corporate bonds	767,435	824,040	56,605
Subtotal	28,015,563	31,360,548	3,344,984
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	5,412,830	4,783,142	(629,687)
Japanese government bonds	4,220,545	3,697,760	(522,784)
Japanese local government bonds	466,521	429,263	(37,258)
Japanese corporate bonds	725,763	656,119	(69,644)
Subtotal	5,412,830	4,783,142	(629,687)
Total	33,428,394	36,143,691	2,715,296

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	5,260,318	5,751,474	491,156
Japanese government bonds	4,926,803	5,403,165	476,362
Japanese local government bonds	273,549	284,444	10,894
Japanese corporate bonds	59,964	63,865	3,900
Subtotal	5,260,318	5,751,474	491,156
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	3,217,153	2,929,797	(287,355)
Japanese government bonds	1,820,095	1,642,811	(177,283)
Japanese local government bonds	240,408	230,080	(10,328)
Japanese corporate bonds	1,156,648	1,056,904	(99,743)
Subtotal	3,217,153	2,929,797	(287,355)
Total	8,477,471	8,681,272	203,800

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	742,030	730,226	11,804
Japanese government bonds	-	-	-
Japanese local government bonds	137,724	137,648	76
Japanese corporate bonds	604,305	592,578	11,727
Stocks	253,519	199,375	54,144
Foreign securities	975,717	759,750	215,967
Foreign bonds	856,523	642,953	213,570
Other foreign securities	119,193	116,797	2,396
Other (*1)	191,900	155,456	36,444
Subtotal	2,163,168	1,844,808	318,360
Those for which the consolidated balance sheet amount does not exceed cost			
Bonds	3,169,390	3,349,444	(180,053)
Japanese government bonds	1,655,342	1,795,253	(139,911)
Japanese local government bonds	313,395	316,982	(3,587)
Japanese corporate bonds	1,200,652	1,237,207	(36,555)
Stocks	130,619	145,622	(15,003)
Foreign securities	2,916,705	3,227,675	(310,970)
Foreign bonds	2,875,517	3,183,944	(308,426)
Other foreign securities	41,187	43,731	(2,543)
Other (*1)	1,798,794	1,962,761	(163,967)
Subtotal	8,015,510	8,685,505	(669,994)
Total	10,178,679	10,530,313	(351,634)

(*1) “Other” includes negotiable certificates of deposit (cost: ¥380,000 million, consolidated balance sheet amount: ¥380,000 million) presented as “Cash and deposits” in the consolidated balance sheets, and monetary claims bought (cost: ¥37,455 million, consolidated balance sheet amount: ¥38,312 million).

(*2) The Group recognized losses on valuation of ¥15,675 million for the six months ended September 30, 2022.

Securities whose fair value 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, shall be subjected to recognition of losses on valuation, unless fair values are deemed likely to recover to the acquisition costs.

(4) Money Held in Trust

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

(Millions of yen)

	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	4,570,159	3,360,566	1,209,593	1,286,587	(76,993)

(*) The Group recognized losses on valuation of ¥40,923 million for the six months ended September 30, 2022.

Stocks managed as trust assets whose average market value for the month before the end of the first half of the fiscal year declined by 50% or more of their acquisition costs shall, in principle, be subjected to recognition of losses on valuation, while those with fair values declining by 30% or more, but less than 50%

of their acquisition costs, and for which market prices remain lower than a certain level, shall be subjected to recognition of losses on valuation, unless fair values are deemed likely to recover to the acquisition costs.

Moreover, stocks other than the above whose fair values 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, shall be subjected to recognition of losses on valuation, unless fair values are deemed likely to recover to the acquisition costs.

(5) Derivative Transactions

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

Currency-related derivatives

(Millions of yen)					
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net Valuation Gain/Loss
OTC	Forward foreign exchange				
	Sold	4,372	-	(356)	(356)
	U.S. dollars	4,372	-	(356)	(356)
	Currency options				
	Sold				
	Call	14,481	-		
	[87]	[87]	[-]	452	(364)
	U.S. dollars	14,481	-		
	[87]	[87]	[-]	452	(364)
	Bought				
Put	14,481	-			
[87]	[87]	[-]	2	(84)	
U.S. dollars	14,481	-			
[87]	[87]	[-]	2	(84)	
Total		-	-	-	(806)

(*1) The figures indicated in [] brackets are the option fees recorded in the consolidated balance sheets.

(*2) For futures transactions, fair value is presented in the Net Valuation Gain/Loss column, and for options transactions, the difference between option fees and fair value is presented.

5. 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 ¥8,477,471 million and ¥8,681,272 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)

6. Securities lent under lending agreements in the amount of ¥3,149,499 million were included in “Securities” in the consolidated balance sheets as of September 30, 2022.

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 September 30, 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.

8. The balance of the unused credit under loan commitment line agreements, etc. as of September 30, 2022 was ¥19,241 million.

9. Accumulated depreciation for tangible fixed assets as of September 30, 2022 was ¥53,653 million.

10. Changes in reserve for policyholder dividends for the six months ended September 30, 2022 were as follows:

Balance at the beginning of the six months ended September 30, 2022	¥1,260,009 million
Policyholder dividends paid during the six months ended September 30, 2022	¥73,314 million
Interest accrual	¥4 million
Reduction due to the acquisition of additional annuity	¥97 million
Provision for reserve for policyholder dividends	¥27,172 million
Balance at the end of the six months ended September 30, 2022	¥1,213,774 million

11. Equities, etc. of non-consolidated subsidiaries and affiliates were ¥38,408 million.

12. Assets pledged as collateral consisted of the following:

Securities	¥3,929,683 million
Liabilities corresponding to assets pledged as collateral consisted of the following:	
Payables under repurchase agreements	¥2,001,274 million
Payables under securities lending transactions	¥2,351,470 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	¥241,364 million
Margin deposits for futures transactions	¥3,944 million
Cash collateral paid for financial instruments	¥44,396 million

13. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as "reserve for outstanding claims-ceded") as of September 30, 2022 was ¥860 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as "policy reserves-ceded") as of September 30, 2022 were ¥885 million.

14. Net assets per share were ¥5,609.14.

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

Total number of treasury stock at the end of the period which was deducted from the calculation of net assets per share for the six months ended September 30, 2022 was 475,600 shares.

15. The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements, and derivative transactions. The fair value of such securities held in hand was ¥389,019 million as of September 30, 2022.

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

17. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥28,338,126 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 ¥1,224,749 million and ¥670,244 million, respectively, for the category of the reinsurance.

18. "Other liabilities" in the consolidated balance sheet includes ¥39,251 million of "Deposits from the Management Network."

"Deposits from the Management Network" refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid as of September 30, 2022.

(Notes to the Unaudited Consolidated Statement of Income)

1. Significant Accounting Policies

(1) Recognition of insurance premiums

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

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

(2) Recognition of insurance claims and others

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

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

2. The amount of provision for reserve for outstanding claims-ceded that is deducted from the calculation of provision for reserve for outstanding claims for the six months ended September 30, 2022 was ¥334 million. The amount of reversal of policy reserves-ceded that is deducted from the calculation of reversal of policy reserves for the six months ended September 30, 2022 was ¥21 million.

3. Net income per share for the six months ended September 30, 2022 was ¥121.63.

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

Average number of treasury stock during the period which was deducted from the calculation of net income per share for the six months ended September 30, 2022 was 372,189 shares.

4. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the six months ended September 30, 2022 were ¥117,182 million.

5. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the six months ended September 30, 2022 were ¥1,282,182 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 ¥18,775 million for the six months ended September 30, 2022.

(Notes to the Unaudited Consolidated Statement of Cash Flows)

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents consists of "Cash and deposits" in the consolidated balance sheet.

2. The reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and deposits in the consolidated balance sheet as of September 30, 2022 was as follows:

Cash and deposits	¥1,178,867 million
Cash and cash equivalents	¥1,178,867 million

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

1. Type and Number of Shares Issued and Treasury Stock

(Thousands of shares)

	April 1, 2022	Increase	Decrease	September 30, 2022
Shares issued				
Common stock	399,693	-	-	399,693
Treasury stock				
Common stock	151	10,664	5	10,810

(*1) Numbers of treasury stock at the beginning of the fiscal year ending March 31, 2023 and the end of the six months ended September 30, 2022 include shares of the Company held in the BBT, and were 140 thousand shares and 475 thousand shares, respectively.

(*2) The increase of 10,664 thousand shares in the number of treasury stock was attributable to an increase of 10,324 thousand shares due to the purchases of treasury stock based on the resolution at the Board of Directors meeting held 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

(*) Total amount of dividends 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 six months ended September 30, 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 November 11, 2022	Common stock	17,910	Retained earnings	46.00	September 30, 2022	December 5, 2022

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

(7) Status of Loans under the Insurance Business Act (Consolidated)

(Millions of yen, %)

As of	March 31, 2022	September 30, 2022
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Past due loans for three months or more	-	-
Restructured loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	7,330,258	6,975,887
Total	7,330,258	6,975,887

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

(8) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2022	September 30, 2022
Total amount of solvency margin (A)	5,858,523	5,423,026
Capital stock, etc.	1,526,526	1,525,295
Reserve for price fluctuations	972,606	891,195
Contingency reserve	1,690,994	1,689,453
Catastrophe loss reserve	-	-
General reserve for possible loan losses	32	34
(Net unrealized gains (losses) on available-for-sale securities (before taxes) · Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	1,086,306	775,904
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	1,809	2,534
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	3,873	3,543
Excess of continued Zillmerized reserve	299,478	273,111
Capital raised through debt financing	300,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	(23,104)	(38,408)
Other	-	361
Total amount of risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	1,120,660	1,093,334
Insurance risk R ₁	125,154	122,304
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
Underwriting risk of third-sector insurance R ₈	44,708	42,681
Small amount and short-term insurance risk R ₉	-	-
Anticipated yield risk R ₂	125,089	121,922
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	957,278	934,180
Business management risk R ₄	25,044	24,421
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,045.5 %	992.0 %

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

(9) Segment Information

Segment information is omitted as the Company has only one segment.