

**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 12, 2021  
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for  
the Six Months Ended September 30, 2021**

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, 2021 (April 1, 2021 to September 30, 2021).

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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, 2021		September 30, 2021			
	Number of policies	Policy amount	Number of policies		Policy amount	
			% of March 31, 2021 total	% of March 31, 2021 total		
Individual insurance	15,893	45,912.2	15,305	96.3	44,054.5	96.0
Individual annuities	1,009	1,563.8	918	90.9	1,397.1	89.3
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

#### ▪ New Policies

(Thousands of policies, billions of yen, %)

Six months ended September 30	2020				2021					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies	Net increase by conversion		% of September 30, 2020 total	% of September 30, 2020 total	New policies	Net increase by conversion		
Individual insurance	60	189.4	189.4	-	83	138.3	281.2	148.4	281.2	0.0
Individual annuities	0	0.0	0.0	-	0	100.0	0.0	84.8	0.0	-
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, 2021	September 30, 2021	
			% of March 31, 2021 total
Individual insurance	2,840.0	2,708.0	95.3
Individual annuities	357.1	325.7	91.2
Total	3,197.2	3,033.7	94.9
Medical coverage, living benefits and other	364.6	351.6	96.4

### ▪ New Policies

(Billions of yen, %)

Six months ended September 30	2020	2021	
			% of September 30, 2020 total
Individual insurance	15.0	22.9	152.2
Individual annuities	0.0	0.0	84.0
Total	15.0	22.9	152.2
Medical coverage, living benefits and other	0.6	1.0	146.0

- 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, 2021 (General Account)

### (1) Investment Environment

During the first half of the fiscal year ending March 31, 2022, the Japanese economy showed signs of recovery due primarily to support from the government's and the Bank of Japan's fiscal and monetary policy packages and the recovery of overseas economies, but amid the prolonged declaration of a state of emergency in response to the spread of COVID-19, recovery has been slow. The U.S. economy has continued its steady recovery, primarily in domestic demand. The European economy has continued to recover, led mainly by personal consumption, amid the step-by-step relaxation of restrictions on activities.

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

#### **Domestic Bond Market**

The domestic long-term yield remained roughly flat throughout the first half of the fiscal year ending March 31, 2022, under the policy of Monetary Easing with Yield Curve Control by the Bank of Japan. It declined to as low as 0.00% in August as a result of the fall in the U.S. long-term yield, in addition to concerns about an economic slowdown in response to the spread of COVID-19 variants. However, it subsequently climbed slightly in response to growing expectations toward economic policies of the new Japanese government and increases in long-term yields in the major countries, and was around 0.07% at the end of September.

#### **Domestic Stock Market**

The Nikkei Stock Average hovered around the ¥29,000 level in April, but trended to a moderate decline due to concerns about an economic slowdown amid the spread of COVID-19 variants, falling to around ¥27,000 in August. Afterwards, thanks to growing expectations toward the new Japanese government's economic policies and the downward trend of new COVID-19 cases in Japan, it rose to the ¥30,000 level in September, and was at the mid ¥29,000 level at the end of September.

#### **Foreign Exchange Markets**

Regarding the USD/JPY exchange rate, due to the Federal Reserve Board's indication that it would maintain its monetary easing policy and the declining trend of the U.S. long-term yield, it declined to the ¥107 level at one point in late April. Afterwards, the USD appreciated and the yen depreciated gradually due to the increasing inflation rate in the U.S. and forecasts of the contraction of monetary easing, reaching the upper ¥111 level at the end of September.

Regarding the EUR/JPY exchange rate, due to favorable economic indicators in the Eurozone and the relaxation of restrictions on activities, the euro rose to the ¥134 level in early June. Afterwards, the euro started to depreciate slightly due to expectations for the Eurozone monetary easing policies to prolong and the U.S. dollar's relative strength, moving within a range almost between ¥128 and ¥131 level, reaching the upper ¥129 level at the end of September.

### (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]

At September 30, 2021, total assets of the Company amounted to ¥68,344.7 billion, a decrease of ¥1,829.1 billion from ¥70,173.8 billion at the end of the previous fiscal year.

The balance of return-seeking assets including stocks and foreign securities increased, due to an increase in unrealized gains following the increase of the indices such as the Nikkei Stock Average.

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, 2021, investment income of the Company increased by ¥41.0 billion from the previous corresponding period to ¥561.3 billion, mainly due to an improvement in gains (losses) on money held in trust.

Investment expenses decreased by ¥26.6 billion from the previous corresponding period to ¥19.0 billion, mainly due to a decrease in losses on derivative financial instruments for hedging foreign exchange fluctuation risks.

As a result, investment income and expenses amounted to ¥542.2 billion, an increase of ¥67.6 billion from the previous corresponding period.

### 3. Investment Performance (General Account)

#### (1) Asset Composition

(Billions of yen, %)

As of	March 31, 2021		September 30, 2021	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,459.7	2.1	1,299.1	1.9
Receivables under resale agreements	-	-	1,844.4	2.7
Receivables under securities borrowing transactions	2,585.0	3.7	-	-
Monetary claims bought	276.7	0.4	175.8	0.3
Trading account securities	-	-	-	-
Money held in trust	4,189.2	6.0	4,403.9	6.4
Securities	55,274.5	78.8	54,665.7	80.0
Corporate and government bonds	48,264.4	68.8	47,664.5	69.7
Domestic stocks	404.5	0.6	423.7	0.6
Foreign securities	4,632.3	6.6	4,598.1	6.7
Foreign corporate and government bonds	4,479.8	6.4	4,450.2	6.5
Foreign stocks and other securities	152.5	0.2	147.9	0.2
Other securities	1,973.1	2.8	1,979.4	2.9
Loans	4,964.0	7.1	4,596.2	6.7
Real estate	88.7	0.1	88.7	0.1
Deferred tax assets	904.3	1.3	868.9	1.3
Other	431.6	0.6	402.0	0.6
Reserve for possible loan losses	(0.3)	(0.0)	(0.3)	(0.0)
Total	70,173.8	100.0	68,344.7	100.0
Foreign currency-denominated assets	5,397.0	7.7	5,503.4	8.1

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	2020	2021
Cash, deposits, call loans	(309.2)	(160.6)
Receivables under resale agreements	-	1,844.4
Receivables under securities borrowing transactions	(711.1)	(2,585.0)
Monetary claims bought	79.1	(100.9)
Trading account securities	-	-
Money held in trust	472.3	214.6
Securities	(210.5)	(608.8)
Corporate and government bonds	(256.9)	(599.9)
Domestic stocks	50.8	19.1
Foreign securities	(27.3)	(34.2)
Foreign corporate and government bonds	(8.8)	(29.5)
Foreign stocks and other securities	(18.4)	(4.6)
Other securities	22.8	6.2
Loans	(317.0)	(367.7)
Real estate	(1.3)	(0.0)
Deferred tax assets	(198.7)	(35.3)
Other	(72.4)	(29.5)
Reserve for possible loan losses	0.0	0.0
Total	(1,269.1)	(1,829.1)
Foreign currency-denominated assets	240.8	106.3

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	2020	2021
Interest and dividend income	506.6	497.8
Interest on deposits	0.0	0.0
Interest and dividends on securities	451.5	450.6
Interest on loans	6.7	6.9
Interest on loans to the Management Network	45.3	38.1
Rent revenue from real estate	-	-
Other interest and dividend income	2.9	2.1
Gains on trading account securities	-	-
Gains on money held in trust	-	57.4
Gains on trading securities	-	-
Gains on sales of securities	10.4	4.3
Gains on sales of Japanese government bonds and other bonds	3.0	0.3
Gains on sales of domestic stocks and other securities	6.7	3.5
Gains on sales of foreign securities	0.6	0.4
Other gains on sales of securities	-	-
Gains on redemption of securities	0.6	0.3
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	2.6	1.2
Reversal of reserve for possible loan losses	-	-
Other investment income	0.0	0.0
Total	520.3	561.3



#### (4) Investment Expenses

(Billions of yen)

Six months ended September 30	2020	2021
Interest expenses	1.0	1.2
Losses on trading account securities	-	-
Losses on money held in trust	6.3	-
Losses on trading securities	-	-
Losses on sales of securities	16.9	8.5
Losses on sales of Japanese government bonds and other bonds	-	0.1
Losses on sales of domestic stocks and other securities	10.0	1.3
Losses on sales of foreign securities	2.5	1.4
Other losses on sales of securities	4.3	5.6
Losses on valuation of securities	-	-
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	-	-
Losses on redemption of securities	5.7	3.7
Losses on derivative financial instruments	13.9	3.9
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	1.7	1.5
Total	45.6	19.0

#### (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, 2021					September 30, 2021				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses	Gains			Losses		
Held-to-maturity bonds	35,327.9	40,512.9	5,184.9	5,225.9	40.9	34,885.2	40,000.1	5,114.8	5,152.1	37.3
Policy-reserve-matching bonds	9,382.4	10,158.5	776.1	798.4	22.3	9,268.6	10,020.7	752.0	773.3	21.2
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	13,445.1	14,865.0	1,419.8	1,521.5	101.6	13,115.3	14,730.2	1,614.9	1,695.5	80.5
Corporate and government bonds	3,519.1	3,554.0	34.8	42.3	7.4	3,467.6	3,510.5	42.8	47.4	4.5
Domestic stocks	1,754.3	2,514.2	759.9	790.2	30.2	1,785.8	2,634.9	849.1	889.9	40.8
Foreign securities	4,835.9	5,398.1	562.1	578.6	16.5	4,817.3	5,412.5	595.2	604.9	9.7
Foreign corporate and government bonds	4,147.5	4,479.8	332.2	348.6	16.3	4,119.4	4,450.2	330.7	340.4	9.6
Foreign stocks and other securities	688.3	918.2	229.8	230.0	0.1	697.8	962.3	264.4	264.5	0.0
Other securities	2,580.5	2,641.8	61.2	108.5	47.3	2,490.1	2,616.4	126.2	151.6	25.3
Monetary claims bought	275.1	276.7	1.5	1.5	-	174.3	175.8	1.4	1.4	-
Negotiable certificates of deposit	480.0	480.0	-	-	-	380.0	380.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>58,155.5</b>	<b>65,536.5</b>	<b>7,380.9</b>	<b>7,545.9</b>	<b>164.9</b>	<b>57,269.2</b>	<b>64,751.2</b>	<b>7,481.9</b>	<b>7,621.0</b>	<b>139.1</b>
Corporate and government bonds	48,229.5	54,225.5	5,995.9	6,066.8	70.8	47,621.6	53,531.4	5,909.8	5,973.0	63.2
Domestic stocks	1,754.3	2,514.2	759.9	790.2	30.2	1,785.8	2,634.9	849.1	889.9	40.8
Foreign securities	4,835.9	5,398.1	562.1	578.6	16.5	4,817.3	5,412.5	595.2	604.9	9.7
Foreign corporate and government bonds	4,147.5	4,479.8	332.2	348.6	16.3	4,119.4	4,450.2	330.7	340.4	9.6
Foreign stocks and other securities	688.3	918.2	229.8	230.0	0.1	697.8	962.3	264.4	264.5	0.0
Other securities	2,580.5	2,641.8	61.2	108.5	47.3	2,490.1	2,616.4	126.2	151.6	25.3
Monetary claims bought	275.1	276.7	1.5	1.5	-	174.3	175.8	1.4	1.4	-
Negotiable certificates of deposit	480.0	480.0	-	-	-	380.0	380.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes: 1. This table includes money held in trust other than trading securities and its book value is ¥2,647.0 billion with net unrealized gains of ¥920.1 billion as of March 31, 2021 and ¥2,629.4 billion with net unrealized gains of ¥1,060.5 billion as of September 30, 2021.  
2. Stocks, etc. with no market price and investments in partnerships, etc. are not included in this table.

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

(Billions of yen)

As of	March 31, 2021	September 30, 2021
Equities of subsidiaries and affiliates	18.8	23.0
Available-for-sale securities	445.1	530.8
Domestic stocks	4.2	4.2
Foreign stocks	-	-
Other	440.9	526.5
Total	464.0	553.9

Notes: 1. This table includes money held in trust other than trading securities (¥440.9 billion as of March 31, 2021 and ¥526.5 billion as of September 30, 2021).

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, etc. are ¥6.7 billion as of March 31, 2021 and ¥10.9 billion as of September 30, 2021.

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, 2021					September 30, 2021				
	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	3,696.9	3,696.9	-	-	-	3,823.4	3,823.4	-	-	-

- 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, 2021					September 30, 2021				
	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	2,776.7	3,696.9	920.1	970.0	49.8	2,762.9	3,823.4	1,060.5	1,108.0	47.5

Note: Other money held in trust, which is not subject to fair value disclosure, is ¥492.3 billion as of March 31, 2021 and ¥580.5 billion as of September 30, 2021.

#### 4. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2021	As of September 30, 2021
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		1,329,749	1,209,116
Call loans		130,000	90,000
Receivables under resale agreements		-	1,844,442
Receivables under securities borrowing transactions		2,585,087	-
Monetary claims bought		276,772	175,811
Money held in trust		4,189,294	4,403,950
Securities		55,274,594	54,665,780
[Japanese government bonds]		[37,345,671]	[37,411,135]
[Japanese local government bonds]		[5,593,508]	[5,074,220]
[Japanese corporate bonds]		[5,325,276]	[5,179,147]
[Stocks]		[404,577]	[423,709]
[Foreign securities]		[4,632,376]	[4,598,143]
Loans		4,964,087	4,596,292
Policy loans		161,419	145,503
Industrial and commercial loans		996,127	981,296
Loans to the Management Network		3,806,540	3,469,492
Tangible fixed assets		104,977	102,760
Intangible fixed assets		118,748	104,703
Agency accounts receivable		53,250	35,954
Reinsurance receivables		3,938	3,769
Other assets		239,407	243,558
Deferred tax assets		904,333	868,954
Reserve for possible loan losses		(384)	(379)
<b>Total assets</b>		<b>70,173,857</b>	<b>68,344,716</b>
<b>LIABILITIES:</b>			
Policy reserves and others		61,159,597	59,728,852
Reserve for outstanding claims		419,021	407,043
Policy reserves		59,397,720	58,020,884
Reserve for policyholder dividends		1,342,855	1,300,925
Reinsurance payables		6,394	6,267
Bonds payable		300,000	300,000
Other liabilities		4,891,788	4,633,876
Payables under repurchase agreements		-	2,252,479
Payables under securities lending transactions		4,587,469	2,185,397
Income taxes payable		42,915	38,111
Lease obligations		1,950	2,012
Asset retirement obligation		5	5
Other liabilities		259,448	155,869
Reserve for insurance claims and others		2,851	2,651
Reserve for employees' retirement benefits		69,659	71,304
Reserve for management board benefit trust		110	158
Reserve for price fluctuations		904,816	940,388
<b>Total liabilities</b>		<b>67,335,219</b>	<b>65,683,500</b>
<b>NET ASSETS:</b>			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Legal capital surplus		405,044	405,044
Retained earnings		902,034	580,386
Legal retained earnings		64,761	73,312
Other retained earnings		837,272	507,073
Reserve for reduction entry of real estate		5,286	5,156
Retained earnings brought forward		831,986	501,916
Treasury stock		(397)	(355)
Total shareholders' equity		1,806,680	1,485,075
Net unrealized gains (losses) on available-for-sale securities		1,031,384	1,175,652
Net deferred gains (losses) on hedges		573	488
Total valuation and translation adjustments		1,031,957	1,176,140
<b>Total net assets</b>		<b>2,838,638</b>	<b>2,661,215</b>
<b>Total liabilities and net assets</b>		<b>70,173,857</b>	<b>68,344,716</b>

## 5. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Term	Six months ended September 30, 2020	Six months ended September 30, 2021
		Amount	Amount
<b>ORDINARY INCOME</b>		3,385,347	3,226,111
Insurance premiums and others		1,417,826	1,274,866
[Insurance premiums]		[1,410,157]	[1,267,265]
Investment income		520,301	561,312
[Interest and dividend income]		[506,632]	[497,887]
[Gains on money held in trust]		-	[57,403]
[Gains on sales of securities]		[10,400]	[4,386]
Other ordinary income		1,447,219	1,389,932
[Reversal of reserve for outstanding claims]		[34,511]	[11,978]
[Reversal of policy reserves]		[1,389,683]	[1,376,835]
<b>ORDINARY EXPENSES</b>		3,223,144	3,043,005
Insurance claims and others		2,930,225	2,779,715
[Insurance claims]		[2,332,133]	[2,247,151]
[Annuity payments]		[185,055]	[163,902]
[Benefits]		[54,782]	[62,924]
[Surrender benefits]		[232,068]	[235,273]
[Other refunds]		[114,628]	[59,287]
Provision for policy reserves and others		4	4
Provision for interest on policyholder dividends		4	4
Investment expenses		45,678	19,070
[Interest expenses]		[1,056]	[1,228]
[Losses on money held in trust]		[6,309]	-
[Losses on sales of securities]		[16,926]	[8,582]
[Losses on derivative financial instruments]		[13,917]	[3,963]
Operating expenses		195,886	192,177
Other ordinary expenses		51,350	52,037
<b>ORDINARY PROFIT</b>		162,203	183,105
<b>EXTRAORDINARY GAINS</b>		27,439	-
Reversal of reserve for price fluctuations		27,439	-
<b>EXTRAORDINARY LOSSES</b>		24	35,815
Losses on sales and disposal of fixed assets		24	243
Provision for reserve for price fluctuations		-	35,572
Provision for reserve for policyholder dividends		47,281	36,004
Income before income taxes		142,336	111,285
Income taxes - Current		37,714	51,854
Income taxes - Deferred		11,258	(20,565)
Total income taxes		48,973	31,288
Net income		93,362	79,996

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

Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total 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	60,485	5,545	691,794	757,826
Changes in the period								
Cash dividends					4,275		(25,654)	(21,378)
Net income							93,362	93,362
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	-	-	-	-	4,275	(129)	67,838	71,984
Balance at the end of the period	500,000	405,044	-	405,044	64,761	5,416	759,633	829,810

	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	(422)	1,662,447	264,009	16	264,026	1,926,474
Changes in the period						
Cash dividends		(21,378)				(21,378)
Net income		93,362				93,362
Disposals of treasury stock	25	25				25
Reversal of reserve for reduction entry of real estate			-			-
Net changes in items other than shareholders' equity in the period			486,416	(6)	486,409	486,409
Net changes in the period	25	72,009	486,416	(6)	486,409	558,419
Balance at the end of the period	(397)	1,734,457	750,425	10	750,436	2,484,893

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			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total 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

## NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

### (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 “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, 2021 was ¥14 million.

2) Reserve for Insurance Claims and Others

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

3) Reserve for Employees' Retirement Benefits

To provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided in the amount considered to have incurred at the end of the six months ended September 30, 2021 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.

4) Reserve for Management Board Benefit Trust

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

(5) Reserve for Price Fluctuations

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

Provision for reserve for price fluctuations for the six months ended September 30, 2021 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 methodology for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

Among the policy reserves, insurance premium reserves are calculated based on the following methodology. The amount includes additional policy reserves accumulated for the portion of the reinsurance contracts issued to the 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 have been appropriately accumulated at the end of the fiscal year.

(9) Employees' Retirement Benefits Accounting

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

2. Changes in Accounting Policies

The Company has applied the "Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan ("ASBJ") Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first half of the fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Financial Instruments Accounting Standard, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future. Accordingly, while the fair value method based on the average market price over the month preceding the interim non-consolidated balance sheet date was previously adopted for stocks with market price included in available-for-sale securities, from the first half of the fiscal year ending March 31, 2022, 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, 2021 (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 ¥9,268,687 million and ¥10,020,759 million, respectively.
- (2) The outline of the risk management policy of policy-reserve-matching bonds is as follows:

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

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

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

5. Securities lent under lending agreements in the amount of ¥2,988,942 million were included in "Securities" in the balance sheets as of September 30, 2021.

6. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, or restructured loans as of September 30, 2021. Definitions for each of the respective loans are as follows:

Bankrupt loans refer to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Order for Enforcement of the Corporation Tax Act (Ordinance No. 97 in 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.

Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.

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 and non-accrual 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, non-interest accrual 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, 2021 was ¥31,472 million.

8. Accumulated depreciation for tangible fixed assets as of September 30, 2021 was ¥55,239 million.

9. Changes in reserve for policyholder dividends for the six months ended September 30, 2021 were as follows:

Balance at the beginning of the fiscal year	¥1,342,855 million
Policyholder dividends paid during the six months ended September 30, 2021	¥77,805 million
Interest accrual	¥4 million
Reduction due to the acquisition of additional annuity	¥133 million
Provision for reserve for policyholder dividends	¥36,004 million
Balance at the end of the six months ended September 30, 2021	¥1,300,925 million

10. Equities, etc. of subsidiaries and affiliates were ¥23,067 million.

11. Assets pledged as collateral consisted of the following:

Securities	¥3,842,524 million
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Liabilities corresponding to assets pledged as collateral consisted of the following:

Payables under repurchase agreements	¥2,252,479 million
Payables under securities lending transactions	¥2,185,397 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	¥361,658 million
Margin deposits for futures transactions	¥1,066 million
Cash collateral paid for financial instruments	¥4,476 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, 2021 was ¥426 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, 2021 were ¥913 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 ¥855,887 million as of September 30, 2021.

14. Bonds payable are subordinated bonds stipulating that their priorities are ranked behind other obligations.
15. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥33,449 million as of September 30, 2021 pursuant to Article 259 of the Insurance Business Act.  
This obligation is recognized as operating expenses when it is made.
16. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥30,375,867 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 ¥1,164,412 million and ¥667,053 million, respectively, for the category of the reinsurance.
17. "Other liabilities" in the balance sheet includes ¥40,642 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, 2021.

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

### 1. Significant Accounting Policies

#### (1) Recognition of insurance premiums

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

The portion of collected insurance premiums corresponding to the unexpired 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 recorded in the amount of the payment.

Reserve for outstanding claims has been accumulated for insurance claims and others, for which payment is due but has not been paid at the end of the first half of the fiscal year, and for which the occurrence of the insured event has not been reported but the Company deems that the insured event provided in the insurance contract has occurred but not yet paid, 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 ¥378 million, domestic stocks of ¥3,599 million and foreign securities of ¥408 million.

3. Losses on sales of securities comprise domestic bonds of ¥133 million, domestic stocks of ¥1,332 million, foreign securities of ¥1,488 million and other securities of ¥5,626 million.

4. Gains on money held in trust include losses on valuation of ¥2,798 million.

5. Losses on derivative financial instruments include losses on valuation of ¥46,353 million.

6. The amount of provision for reserve for outstanding claims-ceded that is added to the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2021 was ¥8 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, 2021 was ¥21 million.

7. Net income per share for the six months ended September 30, 2021 was ¥180.61.

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, 2021, 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, 2021 was 147,463 shares.

8. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the six months ended September 30, 2021 were ¥150,882 million.

9. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the six months ended September 30, 2021 were ¥1,365,019 million.

10. 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 ¥27,045 million for the six months ended September 30, 2021.

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

## Type and Number of Treasury Stock

(Thousands of shares)

	April 1, 2021	Increase	Decrease	September 30, 2021
Treasury stock				
Common stock	167	162,906	162,922	151

- (\*1) Number of treasury stock at the beginning of the fiscal year ending March 31, 2022 and the end of the six months ended September 30, 2021 include shares of the Company held in the BBT, and were 156 thousand shares and 140 thousand shares, respectively.
- (\*2) The increase of 162,906 thousand shares in the number of treasury stock was attributable to the purchases of shares of treasury stock based on the resolution at the Board of Directors meeting held on May 14, 2021.
- (\*3) The decrease of 162,922 thousand shares in the number of treasury stock was attributable to the cancellation of 162,906 thousand shares of treasury stock based on the resolution at the Board of Directors meeting held on July 28, 2021 and the granting of 15 thousand shares via the BBT.

## 7. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Six months ended September 30		2020	2021
Core profit	A	226,592	217,245
Capital gains		13,029	63,007
Gains on money held in trust		-	57,403
Gains on trading securities		-	-
Gains on sales of securities		10,400	4,386
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		2,628	1,218
Other capital gains		-	-
Capital losses		72,123	59,312
Losses on money held in trust		6,309	-
Losses on trading securities		-	-
Losses on sales of securities		16,926	8,582
Losses on valuation of securities		-	-
Losses on derivative financial instruments		13,917	3,963
Losses on foreign exchanges		-	-
Other capital losses		34,970	46,767
Net capital gains (losses)	B	(59,094)	3,695
Core profit including net capital gains (losses)	A+B	167,498	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		5,295	37,834
Reinsurance premiums		-	-
Provision for contingency reserve		5,295	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	(5,295)	(37,834)
Ordinary profit	A+B+C	162,203	183,105

Note: The amount equivalent to income gains associated with money held in trust (¥34,970 million for the six months ended September 30, 2020 and ¥46,767 million for the six months ended September 30, 2021) is recognized as "other capital losses" and included in core profit.

## 8. Loans by Borrower Category

(Millions of yen, %)

As of	March 31, 2021	September 30, 2021
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Substandard loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	7,630,495	7,491,219
Total	7,630,495	7,491,219

- 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 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 is not fallen into bankruptcy.
  3. Substandard loans are past due loans for three months or more and restructured 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 the loans noted in 1 and 2). "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 and 2, and past due loans for three months or more).
  4. Normal loans are loans which do not fall under the loans noted in 1 to 3 above as there are no particular problems found with the borrower's financial conditions and results.

## 9. Status of Risk-Monitored Loans

Not applicable.



## 10. Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2021	September 30, 2021
Total amount of solvency margin (A)	6,229,928	6,153,788
Capital stock, etc.	1,763,923	1,467,089
Reserve for price fluctuations	904,816	940,388
Contingency reserve	1,611,343	1,649,177
General reserve for possible loan losses	36	36
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	1,283,545	1,463,765
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	2,203	2,545
Excess of continued Zillmerized reserve	364,059	330,400
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	-	383
Total amount of risk (B)	1,114,326	1,132,359
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		
Insurance risk R <sub>1</sub>	130,961	127,968
Underwriting risk of third-sector insurance R <sub>8</sub>	49,371	46,980
Anticipated yield risk R <sub>2</sub>	131,404	128,351
Minimum guarantee risk R <sub>7</sub>	-	-
Investment risk R <sub>3</sub>	942,799	964,735
Business management risk R <sub>4</sub>	25,090	25,360
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,118.1 %	1,086.8 %

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.

## 11. Separate Account for the Six Months Ended September 30, 2021

Not applicable.

## 12. Consolidated Financial Summary

### (1) Selected Financial Data and Other Information

(Millions of yen)

Six months ended September 30	2020	2021
Ordinary income	3,385,358	3,226,121
Ordinary profit	162,723	183,883
Net income attributable to Japan Post Insurance	93,673	80,540
Comprehensive income (loss)	580,770	224,472

As of	March 31, 2021	September 30, 2021
Total assets	70,172,982	68,343,484
Consolidated solvency margin ratio	1,121.2 %	1,090.3 %

### (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, 2021	As of September 30, 2021
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		1,335,014	1,213,744
Call loans		130,000	90,000
Receivables under resale agreements		-	1,844,442
Receivables under securities borrowing transactions		2,585,087	-
Monetary claims bought		276,772	175,811
Money held in trust		4,189,294	4,403,950
Securities		55,273,610	54,664,796
Loans		4,964,087	4,596,292
Tangible fixed assets		105,399	103,134
Intangible fixed assets		113,420	99,673
Agency accounts receivable		53,250	35,954
Reinsurance receivables		3,938	3,769
Other assets		239,354	243,509
Deferred tax assets		904,135	868,783
Reserve for possible loan losses		(384)	(379)
Total assets		70,172,982	68,343,484
<b>LIABILITIES:</b>			
Policy reserves and others		61,159,597	59,728,852
Reserve for outstanding claims		419,021	407,043
Policy reserves		59,397,720	58,020,884
Reserve for policyholder dividends		1,342,855	1,300,925
Reinsurance payables		6,394	6,267
Bonds payable		300,000	300,000
Payables under repurchase agreements		-	2,252,479
Payables under securities lending transactions		4,587,469	2,185,397
Other liabilities		303,851	194,481
Reserve for insurance claims and others		2,851	2,651
Liability for retirement benefits		66,414	68,459
Reserve for management board benefit trust		110	158
Reserve for price fluctuations		904,816	940,388
Total liabilities		67,331,506	65,679,138
<b>NET ASSETS:</b>			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Retained earnings		901,390	580,286
Treasury stock		(397)	(355)
Total shareholders' equity		1,806,036	1,484,975
Net unrealized gains (losses) on available-for-sale securities		1,031,384	1,175,652
Net deferred gains (losses) on hedges		573	488
Accumulated adjustments for retirement benefits		3,480	3,229
Total accumulated other comprehensive income		1,035,438	1,179,370
Total net assets		2,841,475	2,664,345
Total liabilities and net assets		70,172,982	68,343,484

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Items	Term	Six months ended September 30, 2020	Six months ended September 30, 2021
		Amount	Amount
<b>ORDINARY INCOME</b>		3,385,358	3,226,121
Insurance premiums and others		1,417,826	1,274,866
Investment income		520,301	561,312
[Interest and dividend income]		[506,632]	[497,887]
[Gains on money held in trust]		[-]	[57,403]
[Gains on sales of securities]		[10,400]	[4,386]
Other ordinary income		1,447,230	1,389,942
[Reversal of reserve for outstanding claims]		[34,511]	[11,978]
[Reversal of policy reserves]		[1,389,683]	[1,376,835]
<b>ORDINARY EXPENSES</b>		3,222,635	3,042,237
Insurance claims and others		2,930,225	2,779,715
[Insurance claims]		[2,332,133]	[2,247,151]
[Annuity payments]		[185,055]	[163,902]
[Benefits]		[54,782]	[62,924]
[Surrender benefits]		[232,068]	[235,273]
Provision for policy reserves and others		4	4
Provision for interest on policyholder dividends		4	4
Investment expenses		45,679	19,070
[Interest expenses]		[1,057]	[1,228]
[Losses on money held in trust]		[6,309]	[-]
[Losses on sales of securities]		[16,926]	[8,582]
[Losses on derivative financial instruments]		[13,917]	[3,963]
Operating expenses		196,207	192,289
Other ordinary expenses		50,519	51,157
<b>ORDINARY PROFIT</b>		162,723	183,883
<b>EXTRAORDINARY GAINS</b>		27,439	-
Reversal of reserve for price fluctuations		27,439	-
<b>EXTRAORDINARY LOSSES</b>		24	35,816
Losses on sales and disposal of fixed assets		24	244
Provision for reserve for price fluctuations		-	35,572
Provision for reserve for policyholder dividends		47,281	36,004
Income before income taxes		142,856	112,062
Income taxes - Current		37,831	52,016
Income taxes - Deferred		11,351	(20,494)
Total income taxes		49,182	31,521
Net income		93,673	80,540
Net income attributable to non-controlling interests		-	-
Net income attributable to Japan Post Insurance		93,673	80,540

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Term	Six months ended September 30, 2020	Six months ended September 30, 2021
		Amount	Amount
Net income		93,673	80,540
Other comprehensive income (loss)		487,096	143,932
Net unrealized gains (losses) on available-for-sale securities		486,416	144,267
Net deferred gains (losses) on hedges		(6)	(84)
Adjustments for retirement benefits		687	(250)
Total comprehensive income (loss)		580,770	224,472
Comprehensive income (loss) attributable to Japan Post Insurance		580,770	224,472
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, 2020	Six months ended September 30, 2021
		Amount	Amount
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income taxes		142,856	112,062
Depreciation and amortization		30,487	30,026
Net change in reserve for outstanding claims		(34,511)	(11,978)
Net change in policy reserves		(1,389,683)	(1,376,835)
Provision for interest on policyholder dividends		4	4
Provision for reserve for policyholder dividends		47,281	36,004
Net change in reserve for possible loan losses		(26)	(4)
Net change in reserve for insurance claims and others		(21,904)	(199)
Net change in liability for retirement benefits		10	2,045
Net change in reserve for management board benefit trust		(39)	47
Net change in reserve for price fluctuations		(27,439)	35,572
Interest and dividend income (accrual basis)		(506,632)	(497,887)
Net (gains) losses on securities		11,678	7,539
Interest expenses (accrual basis)		1,057	1,228
Net (gains) losses on foreign exchanges		(2,628)	(1,218)
Net (gains) losses on tangible fixed assets		24	187
Net change in agency accounts receivable		(820)	17,295
Net change in reinsurance receivables		355	168
Net change in other assets (excluding those related to investing activities and financing activities)		9,430	9,267
Net change in reinsurance payables		(158)	(127)
Net change in other liabilities (excluding those related to investing activities and financing activities)		(7,587)	(7,712)
Other, net		22,280	(51,637)
Subtotal		(1,725,965)	(1,696,149)
Interest and dividend received (cash basis)		536,091	521,249
Interest paid (cash basis)		(1,141)	(1,287)
Policyholder dividends paid		(79,565)	(77,805)
Income taxes paid		(62,004)	(44,105)
Net cash used in operating activities		(1,332,585)	(1,298,098)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of call loans		(3,780,000)	(3,930,000)
Proceeds from redemption of call loans		4,020,000	3,970,000
Net change in receivables under resale agreements		-	(1,844,442)
Net change in receivables under securities borrowing transactions		711,155	2,585,087
Purchases of monetary claims bought		(714,956)	(304,986)
Proceeds from sale and redemption of monetary claims bought		665,690	405,846
Purchases of money held in trust		(55,500)	(80,305)
Proceeds from decrease in money held in trust		-	60,000
Purchases of securities		(1,403,933)	(1,192,765)
Proceeds from sale and redemption of securities		1,835,935	1,816,645
Payments for loans		(319,959)	(209,905)
Proceeds from collection of loans		637,010	577,698
Net change in payables under repurchase agreements		-	2,252,479
Net change in payables under securities lending transactions		(300,951)	(2,402,071)
Other, net		8,607	(107,200)
Total of net cash provided by investment transactions		1,303,098	1,596,079
Total of net cash provided by (used in) operating activities and investment transactions		(29,487)	297,981
Purchases of tangible fixed assets		(1,806)	(3,027)
Purchases of intangible fixed assets		(14,416)	(14,255)
Other, net		(31)	1
Net cash provided by investing activities		1,286,844	1,578,797
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease obligations		(358)	(390)
Purchases of treasury stock		-	(358,882)
Dividends paid		(21,361)	(42,696)
Net cash used in financing activities		(21,719)	(401,969)
Effect of exchange rate changes on cash and cash equivalents		-	-
Net change in cash and cash equivalents		(67,461)	(121,270)
Cash and cash equivalents at the beginning of the fiscal year		1,410,298	1,335,014
Cash and cash equivalents at the end of the period		1,342,837	1,213,744

## (6) Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

(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	756,665	(422)	1,661,286
Changes in the period					
Cash dividends			(21,378)		(21,378)
Net income attributable to Japan Post Insurance			93,673		93,673
Disposals of treasury stock				25	25
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	-	72,295	25	72,320
Balance at the end of the period	500,000	405,044	828,960	(397)	1,733,607

	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	264,009	16	3,067	267,094	1,928,380
Changes in the period					
Cash dividends					(21,378)
Net income attributable to Japan Post Insurance					93,673
Disposals of treasury stock					25
Net changes in items other than shareholders' equity in the period	486,416	(6)	687	487,096	487,096
Net changes in the period	486,416	(6)	687	487,096	559,417
Balance at the end of the period	750,425	10	3,754	754,191	2,487,798

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

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

### (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) Number of non-consolidated subsidiaries: 0
2. Application of the Equity Method
  - (1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method: 0
  - (2) Number of affiliates accounted for under the equity method: 0
  - (3) Number of non-consolidated subsidiaries and affiliates not accounted for under the equity method: 0
  - (4) Affiliates not accounted for under the equity method  
Japan Post Investment Corporation and two 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, 2021 was ¥14 million.
  - 2) Reserve for Insurance Claims and Others  
With regard to policies that have been discovered through investigations to have likely caused disadvantages to customers in a way that was not in line with their intentions, reserve for insurance claims and others is provided in the projected amount of insurance claims and others arising due to future policy termination measures, etc. to compensate customers for their disadvantages, based on the past record of efforts to address such disadvantages.
  - 3) Reserve for Management Board Benefit Trust  
To provide for the granting of shares of the Company to Executive Officers of the Company in accordance with the Stock Benefit Rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.
- (5) Employees' Retirement Benefits Accounting
- 1) Method for Attributing Expected Benefits to Periods  
In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.
  - 2) Method for Recognizing Actuarial Differences and Prior Service Cost  
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, 2021 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 methodology for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

Among the policy reserves, insurance premium reserves are calculated based on the following methodology. The amount includes additional policy reserves accumulated for the portion of the reinsurance contracts issued to the 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 have been appropriately accumulated at the end of the fiscal year.

2. Changes in Accounting Policies

The Company has applied the Fair Value Measurement Accounting Standard, etc. from the beginning of the first half of the fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Financial Instruments Accounting Standard, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future. Accordingly, while the fair value method based on the average market price over the month preceding the interim consolidated balance sheet date was previously adopted for stocks with market price included in available-for-sale securities, from the first half of the fiscal year ending March 31, 2022, 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, 2021 was ¥330 million, while the number of such treasury stock was 140 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, 2021 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, receivables under securities borrowing transactions, 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	175,811	175,811	-
Available-for-sale securities	175,811	175,811	-
Money held in trust (*1)	3,823,431	3,823,431	-
Securities	54,638,473	60,505,411	5,866,938
Held-to-maturity bonds	34,885,289	40,000,155	5,114,865
Policy-reserve-matching bonds	9,268,687	10,020,759	752,072
Available-for-sale securities	10,484,496	10,484,496	-
Loans	4,596,256	4,885,164	288,907
Policy loans	145,503	145,503	-
Industrial and commercial loans (*2)	981,296	1,027,136	45,876
Loans to the Management Network (*2)	3,469,492	3,712,524	243,031
Reserve for possible loan losses (*3)	(36)	-	-
Total assets	63,233,973	69,389,818	6,155,845
Bonds payable	300,000	303,170	3,170
Total liabilities	300,000	303,170	3,170
Derivative transactions (*4)			
Hedge accounting not applied	[28]	[28]	-
Hedge accounting applied	[46,324]	[46,324]	-
Total derivative transactions	[46,353]	[46,353]	-

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

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

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

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

(Note) 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)	580,518
Securities	26,323
Unlisted stocks (*2)	4,735
Investments in partnership (*3)	21,587
Total	606,841

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

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

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

(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	-	154,996	20,815	175,811
Money held in trust (*1)	2,216,976	-	-	2,216,976
Securities				
Available-for-sale securities				
Japanese government bonds	542,977	-	-	542,977
Japanese local government bonds	-	776,181	28,928	805,110
Japanese corporate bonds	-	2,162,438	-	2,162,438
Stocks	417,989	-	-	417,989
Foreign securities (*1)	1,128,403	3,288,804	33,023	4,450,231
Other securities (*1)	-	-	12,903	12,903
Total assets	4,306,347	6,382,420	95,670	10,784,439
Derivative transactions (*2)				
Currency-related derivatives	-	[46,353]	-	[46,353]
Total derivative transactions	-	[46,353]	-	[46,353]

(\*1) In accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, mutual funds are not included in the above table. The consolidated balance sheet amount for mutual funds is ¥3,628,176 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	-	71,123	-	71,123
Securities				
Held-to-maturity bonds				
Japanese government bonds	34,076,287	-	-	34,076,287
Japanese local government bonds	-	3,916,981	-	3,916,981
Japanese corporate bonds	-	2,006,886	-	2,006,886
Policy-reserve-matching bonds				
Japanese government bonds	8,302,150	-	-	8,302,150
Japanese local government bonds	-	557,786	19,122	576,909
Japanese corporate bonds	-	1,141,699	-	1,141,699
Loans	-	-	4,885,164	4,885,164
Total assets	42,378,438	7,694,478	4,904,287	54,977,203
Bonds payable	-	303,170	-	303,170
Total liabilities	-	303,170	-	303,170

Note 1: Calculation methods 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 is based on the price quoted by the exchange for shares, and the fair value of mutual funds is based on net asset value. In accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, transitional treatment is applied to fair value for mutual funds and no level is assigned. For trust asset components that are not securities, book value is used as fair value as their fair value approximates book value.

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

In addition, money held in trust is described in “(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.

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

Securities are described in “(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

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

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

1) Quantitative information regarding material, unobservable inputs  
Not applicable.

2) Changes in net valuation gain/loss recognized in gain/loss for the six months ended September 30, 2021

(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 (*3)	Balance at the end of period	Of gain/loss in six months ended September 30, 2021, 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	21,779	-	(117)	(846)	-	-	20,815	-
Securities								
Available-for-sale securities								
Japanese local government bonds	29,238	7	62	(379)	-	-	28,928	7
Foreign securities	27,126	410	(275)	10,816	-	(5,054)	33,023	410
Other securities	14,308	-	53	(1,458)	-	-	12,903	-
Total assets	92,453	417	(278)	8,131	-	(5,054)	95,670	417

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

3) Explanation of fair value valuation process

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

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

Not applicable.

(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	32,970,151	38,122,345	5,152,194
Japanese government bonds	27,594,801	32,425,262	4,830,460
Japanese local government bonds	3,613,460	3,820,886	207,425
Japanese corporate bonds	1,761,888	1,876,196	114,308
Subtotal	32,970,151	38,122,345	5,152,194
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	1,915,138	1,877,810	(37,328)
Japanese government bonds	1,682,160	1,651,025	(31,135)
Japanese local government bonds	98,685	96,095	(2,589)
Japanese corporate bonds	134,292	130,689	(3,603)
Subtotal	1,915,138	1,877,810	(37,328)
Total	34,885,289	40,000,155	5,114,865

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	8,306,090	9,079,456	773,366
Japanese government bonds	7,005,983	7,731,650	725,666
Japanese local government bonds	531,825	551,866	20,041
Japanese corporate bonds	768,280	795,939	27,658
Subtotal	8,306,090	9,079,456	773,366
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	962,597	941,302	(21,294)
Japanese government bonds	585,211	570,499	(14,711)
Japanese local government bonds	25,138	25,043	(95)
Japanese corporate bonds	352,247	345,759	(6,487)
Subtotal	962,597	941,302	(21,294)
Total	9,268,687	10,020,759	752,072



## 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	3,027,231	2,979,743	47,488
Japanese government bonds	355,071	348,808	6,262
Japanese local government bonds	745,807	742,903	2,903
Japanese corporate bonds	1,926,353	1,888,031	38,321
Stocks	368,439	277,168	91,271
Foreign securities	3,999,943	3,656,416	343,526
Foreign bonds	3,866,811	3,526,356	340,454
Other foreign securities	133,131	130,059	3,071
Other (*)	1,579,109	1,473,921	105,187
Subtotal	8,974,723	8,387,250	587,473
Those for which the consolidated balance sheet amount does not exceed cost			
Bonds	483,294	487,891	(4,597)
Japanese government bonds	187,906	188,716	(810)
Japanese local government bonds	59,302	59,584	(281)
Japanese corporate bonds	236,085	239,590	(3,505)
Stocks	49,550	52,928	(3,378)
Foreign securities	598,200	607,953	(9,753)
Foreign bonds	583,420	593,117	(9,697)
Other foreign securities	14,780	14,836	(55)
Other (*)	934,538	949,812	(15,273)
Subtotal	2,065,584	2,098,587	(33,002)
Total	11,040,308	10,485,837	554,470

(\*) "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: ¥174,341 million, consolidated balance sheet amount: ¥175,811 million).

## (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	3,823,431	2,762,916	1,060,514	1,108,059	(47,545)

(\*) The Group recognized losses on valuation of ¥2,798 million for the six months ended September 30, 2021.

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.

## (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	1,785	-	(28)	(28)
	U.S. dollars	1,785	-	(28)	(28)
Total		-	-	-	(28)

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 ¥9,268,687 million and ¥10,020,759 million, respectively.

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

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

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

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

6. Securities lent under lending agreements in the amount of ¥2,988,942 million were included in “Securities” in the consolidated balance sheets as of September 30, 2021.

7. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more or restructured loans as of September 30, 2021. Definitions for each of the respective loans are as follows:

Bankrupt loans refer to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Order for Enforcement of the Corporation Tax Act (Ordinance No. 97 in 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.

Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.

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 and non-accrual 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, non-interest accrual loans and past due loans for three months or more.

8. The balance of the unused credit under loan commitment line agreements as of September 30, 2021 was ¥31,472 million.

9. Accumulated depreciation for tangible fixed assets as of September 30, 2021 was ¥55,602 million.

10. Changes in reserve for policyholder dividends for the six months ended September 30, 2021 were as follows:	
Balance at the beginning of the fiscal year	¥1,342,855 million
Policyholder dividends paid during the six months ended September 30, 2021	¥77,805 million
Interest accrual	¥4 million
Reduction due to the acquisition of additional annuity	¥133 million
Provision for reserve for policyholder dividends	¥36,004 million
<u>Balance at the end of the six months ended September 30, 2021</u>	<u>¥1,300,925 million</u>

11. Equities, etc. of subsidiaries and affiliates were ¥22,083 million.

12. Assets pledged as collateral consisted of the following:

Securities	¥3,842,524 million
Liabilities corresponding to assets pledged as collateral consisted of the following:	
Payables under repurchase agreements	¥2,252,479 million
Payables under securities lending transactions	¥2,185,397 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	¥361,658 million
Margin deposits for futures transactions	¥1,066 million
Cash collateral paid for financial instruments	¥4,476 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, 2021 was ¥426 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, 2021 were ¥913 million.

14. Net assets per share were ¥6,668.50.

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 in the consolidated financial statements for the six months ended September 30, 2021, 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, 2021 was 140,300 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 ¥855,887 million as of September 30, 2021.

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

17. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥33,449 million as of September 30, 2021 pursuant to Article 259 of the Insurance Business Act.

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

18. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥30,375,867 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 ¥1,164,412 million and ¥667,053 million, respectively, for the category of the reinsurance.

19. “Other liabilities” in the consolidated balance sheet includes ¥40,642 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, 2021.

## (Notes to the Unaudited Consolidated Statement of Income)

### 1. Significant Accounting Policies

#### (1) Recognition of insurance premiums

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

The portion of collected insurance premiums corresponding to the unexpired 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 recorded in the amount of the payment.

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

2. The amount of provision for reserve for outstanding claims-ceded that is added to the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2021 was ¥8 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, 2021 was ¥21 million.

3. Net income per share for the six months ended September 30, 2021 was ¥181.84.

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 in the consolidated financial statements for the six months ended September 30, 2021, 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, 2021 was 147,463 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, 2021 were ¥150,882 million.

5. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the six months ended September 30, 2021 were ¥1,365,019 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 ¥27,045 million for the six months ended September 30, 2021.

## (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, 2021 was as follows:

Cash and deposits	¥1,213,744 million
Cash and cash equivalents	¥1,213,744 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, 2021	Increase	Decrease	September 30, 2021
Shares issued				
Common stock	562,600	-	162,906	399,693
Treasury stock				
Common stock	167	162,906	162,922	151

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

(\*2) Numbers of treasury stock at the beginning of the fiscal year ending March 31, 2022 and the end of the six months ended September 30, 2021 include shares of the Company held in the BBT, and were 156 thousand shares and 140 thousand shares, respectively.

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

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

## 2. Stock Acquisition Rights Including Those Owned by the Company

Not applicable.

## 3. Information on Dividends

## (1) Dividends Paid

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

(\* ) Total amount of dividends includes ¥11 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, 2021

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 12, 2021	Common stock	17,985	Retained earnings	45.00	September 30, 2021	December 3, 2021

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

## (7) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2021	September 30, 2021
Total amount of solvency margin (A)	6,216,257	6,136,091
Capital stock, etc.	1,763,280	1,466,989
Reserve for price fluctuations	904,816	940,388
Contingency reserve	1,611,343	1,649,177
Catastrophe loss reserve	-	-
General reserve for possible loan losses	36	36
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	1,283,545	1,463,765
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	2,203	2,545
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	4,835	4,486
Excess of continued Zillmerized reserve	364,059	330,400
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	(17,862)	(22,083)
Other	-	383
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)	1,108,789	1,125,534
Insurance risk R <sub>1</sub>	130,961	127,968
General insurance risk R <sub>5</sub>	-	-
Catastrophe risk R <sub>6</sub>	-	-
Underwriting risk of third-sector insurance R <sub>8</sub>	49,371	46,980
Small amount and short-term insurance risk R <sub>9</sub>	-	-
Anticipated yield risk R <sub>2</sub>	131,404	128,351
Minimum guarantee risk R <sub>7</sub>	-	-
Investment risk R <sub>3</sub>	937,296	957,960
Business management risk R <sub>4</sub>	24,980	25,225
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,121.2 %	1,090.3 %

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.

## (8) Segment Information

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