

Financial Statements

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Notes:
1. Figures (except for % and ‰) shown in this Annual Report have been truncated,
with exceptions as indicated.
2. [-] indicates "not applicable," and [0] indicates less than one unit.

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1 Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

Regarding the key business results of the Company for the fiscal year ended March 31, 2024, on the sales front, as a result of our efforts to strengthen our sales force over the medium- to long-term, including the introduction of new products that meet customer needs and the introduction of a new development and evaluation system (Kampo GD System), annualized premiums from new policies for individual insurance increased ¥50.9 billion (77.3% increase year on year) to ¥116.8 billion, and those for third-sector insurance increased ¥3.9 billion (61.4% increase year on year) to ¥10.3 billion.

Annualized premiums from policies in force decreased in both categories: those for individual insurance decreased ¥230.3 billion (7.2% decrease year on year) to ¥2,987.3 billion (including reinsured Postal Life Insurance Policies (insurance)), while those for third-sector insurance decreased ¥28.4 billion (4.8% decrease year on year) to ¥564.6 billion (including reinsured Postal Life Insurance Policies).

In asset management, our positive spread decreased ¥2.2 billion year on year to ¥91.8 billion.

Ordinary income amounted to ¥6,744.1 billion (5.7% increase year on year), comprising the sum of insurance premiums and others of ¥2,484.0 billion (12.9% increase year on year), investment income of ¥1,211.5 billion (4.5% increase year on year), and other ordinary income of ¥3,048.5 billion (1.0% increase year on year).

Ordinary expenses amounted to ¥6,582.9 billion (5.1% increase year on year), comprising the sum of insurance claims and others of ¥5,778.5 billion (5.3% increase year on year), investment expenses of ¥282.5 billion (14.7% increase year on year), operating expenses of ¥440.3 billion (1.2% decrease year on year), and other ordinary expenses of ¥81.3 billion (9.9% increase year on year).

As a result, ordinary profit amounted to ¥161.1 billion (37.1% increase year on year), and net income attributable to Japan Post Insurance amounted to ¥87.0 billion (10.8% decrease year on year), which is calculated by adjusting extraordinary gains/losses with ordinary profit, and subtracting provision for reserve for policyholder dividends and total income taxes from ordinary profit.

2 Consolidated Financial Statements

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

MARCH 31, 2024 AND 2023

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
ASSETS:			
Cash and deposits (Note 3)	¥ 1,157,322	¥ 1,436,524	\$ 7,644
Call loans	40,000	40,000	264
Receivables under resale agreements	1,047,192	1,384,764	6,916
Monetary claims bought (Note 24)	25,392	47,345	168
Money held in trust (Notes 4 and 24)	6,271,415	4,772,321	41,420
Securities (Notes 4, 5 and 24)	47,693,813	49,841,494	314,998
Loans (Notes 6 and 24)	3,281,313	3,605,832	21,672
Tangible fixed assets (Note 7):			
Land	76,610	43,112	506
Buildings	45,086	35,703	298
Leased assets	5,326	4,229	35
Construction in progress	204	24	1
Other tangible fixed assets	9,708	9,647	64
Total tangible fixed assets	136,936	92,717	904
Intangible fixed assets:			
Software	97,796	92,314	646
Other intangible fixed assets	10	12	0
Total intangible fixed assets	97,807	92,326	646
Agency accounts receivable	11,296	41,307	75
Reinsurance receivables	7,646	4,049	50
Other assets (Notes 5 and 6)	449,463	300,299	2,969
Deferred tax assets (Note 14)	636,644	1,028,784	4,205
Reserve for possible loan losses	(346)	(379)	(2)
Total assets	¥ 60,855,899	¥ 62,687,388	\$ 401,928
LIABILITIES:			
Policy reserves and others:			
Reserve for outstanding claims (Note 8)	¥ 373,913	¥ 410,387	\$ 2,470
Policy reserves (Notes 8 and 12)	50,512,792	53,518,219	333,616
Reserve for policyholder dividends (Note 9)	1,101,628	1,175,171	7,276
Total policy reserves and others	51,988,334	55,103,778	343,361
Reinsurance payables	6,001	6,297	40
Bonds payable (Notes 10 and 24)	400,000	300,000	2,642
Payables under repurchase agreements (Notes 5 and 10)	3,905,000	3,740,688	25,791
Other liabilities (Notes 6, 10 and 13)	190,696	201,639	1,259
Liability for retirement benefits (Note 11)	95,931	69,331	634
Reserve for management board benefit trust	391	315	3
Reserve for price fluctuations (Note 12)	873,799	889,960	5,771
Total liabilities	¥ 57,460,155	¥ 60,312,010	\$ 379,500
NET ASSETS (Note 15):			
Capital stock	¥ 500,000	¥ 500,000	\$ 3,302
Capital surplus	405,044	405,044	2,675
Retained earnings	717,960	701,540	4,742
Treasury stock	(948)	(36,082)	(6)
Total shareholders' equity	1,622,055	1,570,502	10,713
Net unrealized gains (losses) on available-for-sale securities	1,775,693	797,912	11,728
Net deferred gains (losses) on hedges	(4,186)	4,607	(28)
Accumulated adjustments for retirement benefits	2,182	2,354	14
Total accumulated other comprehensive income	1,773,689	804,875	11,714
Total net assets	3,395,744	2,375,377	22,427
Total liabilities and net assets	¥ 60,855,899	¥ 62,687,388	\$ 401,928

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2024 AND 2023

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
ORDINARY INCOME:			
Insurance premiums and others (Note 18)	¥ 2,484,007	¥ 2,200,945	\$ 16,406
Investment income:			
Interest and dividend income	865,269	950,717	5,715
Gains on money held in trust	181,439	150,378	1,198
Gains on sales of securities	151,153	50,567	998
Gains on redemption of securities	110	498	1
Gains on foreign exchanges	13,579	6,814	90
Reversal of reserve for possible loan losses	–	1	–
Other investment income	27	44	0
Total investment income	1,211,578	1,159,020	8,002
Other ordinary income:			
Reversal of reserve for outstanding claims (Note 17)	36,474	–	241
Reversal of policy reserves (Note 17)	3,005,427	3,015,234	19,850
Other ordinary income	6,646	4,360	44
Total other ordinary income	3,048,548	3,019,595	20,134
Total ordinary income	6,744,134	6,379,561	44,542
ORDINARY EXPENSES:			
Insurance claims and others:			
Insurance claims (Note 19)	4,149,769	4,451,916	27,407
Annuity payments	218,989	268,802	1,446
Benefits	200,725	211,958	1,326
Surrender benefits	439,018	457,654	2,900
Other refunds	61,170	76,141	404
Reinsurance premiums	708,916	21,523	4,682
Total insurance claims and others	5,778,590	5,487,997	38,165
Provision for policy reserves and others			
Provision for reserve for outstanding claims (Note 17)	–	7,778	–
Provision for interest on policyholder dividends	137	9	1
Total provision for policy reserves and others	137	7,788	1
Investment expenses:			
Interest expenses	4,993	4,639	33
Losses on sales of securities	177,704	177,296	1,174
Losses on valuation of securities	71	306	0
Losses on redemption of securities	240	1,554	2
Losses on derivative financial instruments	95,835	60,588	633
Provision for reserve for possible loan losses	0	–	0
Other investment expenses	3,701	2,040	24
Total investment expenses	282,548	246,427	1,866
Operating expenses (Note 16)	440,320	445,761	2,908
Other ordinary expenses	81,365	74,016	537
Total ordinary expenses	6,582,961	6,261,990	43,478
Ordinary profit	161,173	117,570	1,064

See accompanying notes to consolidated financial statements.

Financial Statements

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
EXTRAORDINARY GAINS (Note 20)	¥ 16,161	¥ 82,645	\$ 107
EXTRAORDINARY LOSSES (Note 21)	190	319	1
Provision for reserve for policyholder dividends (Note 22)	55,899	62,067	369
Income before income taxes	121,244	137,829	801
Income taxes (Note 14):			
Current	13,408	33,576	89
Deferred	20,779	6,639	137
Total income taxes	34,188	40,215	226
Net income	¥ 87,056	¥ 97,614	\$ 575
Net income attributable to non-controlling interests	¥ –	¥ –	\$ –
Net income attributable to Japan Post Insurance	87,056	97,614	575

	Yen		U.S. Dollars
	2024	2023	2024
Per share of common stock (Note 29):			
Basic net income	¥ 227.45	¥ 249.48	\$ 1.50
Diluted net income	–	–	–

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED MARCH 31, 2024 AND 2023

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
Net income	¥ 87,056	¥ 97,614	\$ 575
Other comprehensive income (loss) (Note 23):			
Net unrealized gains (losses) on available-for-sale securities	977,780	(75,851)	6,458
Net deferred gains (losses) on hedges	(8,794)	4,607	(58)
Adjustments for retirement benefits	(172)	(431)	(1)
Total other comprehensive income (loss)	968,813	(71,675)	6,399
Comprehensive income (loss)	¥ 1,055,870	¥ 25,938	\$ 6,974
Total comprehensive income (loss) attributable to:			
Japan Post Insurance	¥ 1,055,870	¥ 25,938	\$ 6,974
Non-controlling interests	—	—	—

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2024 AND 2023

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2022	¥ 500,000	¥ 405,044	¥ 639,822	¥ (355)	¥ 1,544,511
Changes in the fiscal year:					
Cash dividends			(35,896)		(35,896)
Net income attributable to Japan Post Insurance			97,614		97,614
Purchases of treasury stock				(35,739)	(35,739)
Disposals of treasury stock				12	12
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	-	61,717	(35,727)	25,990
BALANCE, MARCH 31, 2023	500,000	405,044	701,540	(36,082)	1,570,502
Changes in the fiscal year:					
Cash dividends			(35,635)		(35,635)
Net income attributable to Japan Post Insurance			87,056		87,056
Disposals of treasury stock				132	132
Cancellation of treasury stock		(35,000)		35,000	-
Transfer from retained earnings to capital surplus		35,000	(35,000)		-
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	-	16,419	35,133	51,553
BALANCE, MARCH 31, 2024	¥ 500,000	¥ 405,044	¥ 717,960	¥ (948)	¥ 1,622,055

	Millions of Yen				
	Accumulated other comprehensive income				
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Total net assets
BALANCE, APRIL 1, 2022	¥ 873,764	¥ -	¥ 2,786	¥ 876,551	¥ 2,421,063
Changes in the fiscal year:					
Cash dividends					(35,896)
Net income attributable to Japan Post Insurance					97,614
Purchases of treasury stock					(35,739)
Disposals of treasury stock					12
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	(75,851)	4,607	(431)	(71,675)	(71,675)
BALANCE, MARCH 31, 2023	797,912	4,607	2,354	804,875	2,375,377
Changes in the fiscal year:					
Cash dividends					(35,635)
Net income attributable to Japan Post Insurance					87,056
Disposals of treasury stock					132
Cancellation of treasury stock					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	977,780	(8,794)	(172)	968,813	968,813
BALANCE, MARCH 31, 2024	¥ 1,775,693	¥ (4,186)	¥ 2,182	¥ 1,773,689	¥ 3,395,744

See accompanying notes to consolidated financial statements.

Millions of U.S. Dollars (Note 1)					
Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, MARCH 31, 2023	\$ 3,302	\$ 2,675	\$ 4,633	\$ (238)	\$ 10,373
Changes in the fiscal year:					
Cash dividends			(235)		(235)
Net income attributable to Japan Post Insurance			575		575
Disposals of treasury stock				1	1
Cancellation of treasury stock		(231)		231	–
Transfer from retained earnings to capital surplus		231	(231)		–
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	–	–	108	232	340
BALANCE, MARCH 31, 2024	\$ 3,302	\$ 2,675	\$ 4,742	\$ (6)	\$ 10,713

Millions of U.S. Dollars (Note 1)					
Accumulated other comprehensive income					
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Total net assets
BALANCE, MARCH 31, 2023	\$ 5,270	\$ 30	\$ 16	\$ 5,316	\$ 15,688
Changes in the fiscal year:					
Cash dividends					(235)
Net income attributable to Japan Post Insurance					575
Disposals of treasury stock					1
Cancellation of treasury stock					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity in the fiscal year	6,458	(58)	(1)	6,399	6,399
Net changes in the fiscal year	6,458	(58)	(1)	6,399	6,739
BALANCE, MARCH 31, 2024	\$ 11,728	\$ (28)	\$ 14	\$ 11,714	\$ 22,427

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2024 AND 2023

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 121,244	¥ 137,829	\$ 801
Depreciation and amortization	41,217	39,490	272
Net change in reserve for outstanding claims	(36,474)	7,778	(241)
Net change in policy reserves	(3,005,427)	(3,015,234)	(19,850)
Provision for interest on policyholder dividends	137	9	1
Provision for reserve for policyholder dividends	55,899	62,067	369
Net change in reserve for possible loan losses	(32)	(0)	(0)
Net change in liability for retirement benefits	26,600	1,017	176
Net change in reserve for management board benefit trust	76	85	1
Net change in reserve for price fluctuations	(16,161)	(82,645)	(107)
Interest and dividend income (accrual basis)	(865,269)	(950,717)	(5,715)
Net (gains) losses on securities	26,753	128,092	177
Interest expenses (accrual basis)	4,993	4,639	33
Net (gains) losses on foreign exchanges	(13,579)	(6,814)	(90)
Net (gains) losses on tangible fixed assets	174	263	1
Net change in agency accounts receivable	30,010	5,980	198
Net change in reinsurance receivables	(3,597)	(134)	(24)
Net change in other assets (excluding those related to investing activities and financing activities)	(145,438)	1,251	(961)
Net change in reinsurance payables	(295)	40	(2)
Net change in other liabilities (excluding those related to investing activities and financing activities)	21,712	15,885	143
Other, net	(82,147)	(88,367)	(543)
Subtotal	(3,839,603)	(3,739,480)	(25,359)
Interest and dividend received (cash basis)	878,801	991,216	5,804
Interest paid (cash basis)	(4,862)	(4,524)	(32)
Policyholder dividends paid	(129,463)	(146,714)	(855)
Income taxes (paid) refund	31,960	(78,594)	211
Net cash used in operating activities	¥ (3,063,168)	¥ (2,978,098)	\$ (20,231)

See accompanying notes to consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of call loans	¥ (7,340,000)	¥ (7,380,000)	\$ (48,478)
Proceeds from redemption of call loans	7,340,000	7,380,000	48,478
Net change in receivables under resale agreements	337,571	735,373	2,230
Purchases of monetary claims bought	(19,995)	(119,988)	(132)
Proceeds from sale and redemption of monetary claims bought	41,682	111,808	275
Purchases of money held in trust	(291,790)	(179,250)	(1,927)
Proceeds from decrease in money held in trust	168,963	277,340	1,116
Purchases of securities	(2,025,036)	(1,709,400)	(13,375)
Proceeds from sale and redemption of securities	4,459,587	4,985,845	29,454
Payments for loans	(444,874)	(421,335)	(2,938)
Proceeds from collection of loans	769,394	1,067,457	5,082
Net change in payables under repurchase agreements	164,312	1,169,788	1,085
Net change in payables under securities lending transactions	–	(2,236,696)	–
Other, net	(353,155)	(425,078)	(2,332)
Total of net cash provided by investment transactions	2,806,659	3,255,864	18,537
Total of net cash provided by (used in) operating activities and investment transactions	(256,508)	277,765	(1,694)
Purchases of tangible fixed assets	(48,738)	(3,990)	(322)
Proceeds from sales of tangible fixed assets	10	–	0
Purchases of intangible fixed assets	(37,791)	(28,251)	(250)
Purchase of shares of subsidiaries	(200)	(800)	(1)
Other, net	1,856	(6,022)	12
Net cash provided by investing activities	2,721,796	3,216,799	17,976
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease obligations	(1,598)	(1,310)	(11)
Proceeds from issuance of bonds payable	99,383	–	656
Purchases of treasury stock	–	(35,739)	–
Proceeds from disposals of treasury stock	4	–	0
Dividends paid	(35,620)	(35,888)	(235)
Net cash provided by (used in) financing activities	62,169	(72,939)	411
Effect of exchange rate changes on cash and cash equivalents	–	–	–
Net change in cash and cash equivalents	(279,202)	165,762	(1,844)
Cash and cash equivalents at the beginning of the fiscal year	1,436,524	1,270,762	9,488
Cash and cash equivalents at the end of the fiscal year (Note 3)	¥ 1,157,322	¥ 1,436,524	\$ 7,644

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. (the "Company"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, the Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards. Intercompany balances and transactions have been eliminated.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account might not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151.41 to US\$1, the approximate rate of exchange as of March 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation and Equity Method

1) Scope of consolidation

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements for all periods presented include the accounts of the Company and a subsidiary, JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (collectively, the "Group"). For the years ended March 31, 2024 and 2023, the Company's major non-consolidated subsidiaries were Japan Post Insurance NEXT Partners Co., Ltd., and Spring Investment Limited Partnership. These non-consolidated subsidiaries were small in terms of total assets, ordinary income, net income or loss (an amount attributable to the Company), retained earnings (an amount attributable to the Company), cash flows and other items. They were excluded from the scope of consolidation as they were not significant enough to interfere with rational judgment regarding the corporate group's financial conditions, business performance and cash flows.

2) Application of the equity method

A company is required to apply the equity method accounting to its non-consolidated subsidiaries and affiliates under Japanese GAAP. For the years ended March 31, 2024 and 2023, non-consolidated subsidiaries (Japan Post Insurance NEXT Partners Co., Ltd., Spring Investment Limited Partnership) and affiliates (Japan Post Investment Corporation, MKAM Co., Ltd., and others) not accounted for under the equity method had been excluded from the scope of equity method, as they were insignificant as a whole, with minimal influence on the consolidated financial statements, in terms of net income or loss (an amount attributable to the Company), retained earnings (an amount attributable to the Company) and other items.

3) Fiscal year-end date of the consolidated subsidiary

The fiscal year-end date of the consolidated subsidiary is the same as the consolidated balance sheet date.

(2) Securities

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

1) Held-to-maturity bonds

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

2) Policy-reserve-matching bonds

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

3) Investments in non-consolidated subsidiaries and affiliates that are not accounted for under the equity method

Investments in non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost, and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale securities

A) Available-for-sale securities other than stocks, etc., with no market price

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

B) Stocks, etc., with no market price

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

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

(3) Derivative Transactions

All derivative transactions are valued at fair value.

(4) Hedge Accounting

1) Methods for hedge accounting

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

2) Hedging instruments and hedged items

- (i) Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds
- (ii) Hedging instrument: Interest rate swaps
Hedged item: Insurance liabilities

3) Hedging policies

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

4) Assessment of hedge effectiveness

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

(5) Depreciation

1) Tangible fixed assets (excluding leased assets)

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

- Buildings: 2–60 years
- Other tangible fixed assets: 2–20 years

2) Intangible fixed assets (excluding leased assets)

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

3) Leased assets

The Group mainly leases vehicles under finance lease arrangements that do not transfer the ownership of leased property to the lessee.

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

(6) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company’s standards for self-assessment of asset quality, and a general allowance is provided using a rate

based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are recorded.

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

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy, including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amounts written off for loans and other assets during the years ended March 31, 2024 and 2023, were ¥45 million (\$0 million) and ¥92 million, respectively.

(7) Policy Reserves

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

The amount of policy reserves might be affected if the actual results of the basis of the calculation of policy reserves such as assumed mortality rates, assumed interest rates and expected rate of expenses deviate significantly or deviations are expected in the future due to changes in the environment.

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

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

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

The Chief Actuary, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act,

confirms whether the policy reserves as of the fiscal year-end have been appropriately accumulated.

The Management Network was established in October 2007 to support the privatization of Japan Post by succeeding from Japan Post postal savings such as fixed amount or term postal savings deposited and Postal Life Insurance Contracts concluded by September 2007 to ensure that such postal savings and Postal Life Insurance are managed appropriately and to fulfill the relevant liabilities without fail.

The Company has entered into the reinsurance contracts comprising outsourcing agreements for the administrative operation of the Postal Life Insurance and the reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life Insurance Contracts concluded by September 2007 that have been assumed by the Management Network.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from Japan Post Corporation, the Company has lent loans to the Management Network under the same loan conditions as those of the contracts between Japan Post and its counterparties.

(8) Insurance Premiums and Others

1) Insurance premiums

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

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

2) Reinsurance income

Of the amounts that are paid as insurance claims pertaining to original insurance contracts in accordance with reinsurance contracts, the portions that correspond to reinsurance are recorded as reinsurance income at the time of payment of these insurance claims.

(9) Insurance Claims and Others

1) Insurance claims and others (excluding reinsurance premiums)

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

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

2) Reinsurance premiums

Reinsurance premiums that have been agreed on based on reinsurance contracts are recorded when the said reinsurance contracts are concluded or when insurance premiums corresponding to original insurance contracts are collected, etc.

Some of the policy reserves and reserves for outstanding claims that correspond to reinsurance are not set aside pursuant to Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act.

(10) Retirement Benefits

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

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

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

(11) Reserve for Management Board Benefit Trust

To provide for the granting of shares and others of the Company to executive officers of the Company in accordance with the stock benefit rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(12) Reserve for Price Fluctuations

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

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

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

(14) Consolidated Statement of Cash Flows

Cash and cash equivalents consist of "Cash and deposits" in the consolidated balance sheets.

(15) Changes in Accounting Policies

For the year ended March 31, 2023

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Implementation Guidance") from the beginning of the year ended March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Implementation Guidance into the future. Accordingly, while cost method by moving-average method was previously adopted for mutual funds with no transaction price on the market, from the year ended March 31, 2023, the fair value method based on the market price and others as of the consolidated balance sheet date is adopted.

However, in accordance with the transitional treatment set forth in Paragraph 27-3 of the Fair Value Measurement Implementation Guidance, the notes on the fair value hierarchy of financial instruments and other items in Note "24. FINANCIAL INSTRUMENTS" do not include a statement on mutual funds for the year ended March 31, 2022.

(16) Additional Information

Transactions for granting shares and others of the Company to executive officers of the Company through a trust

The Company has introduced a trust-based performance-linked stock compensation system for executive officers of the Company from the year ended March 31, 2017.

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

A) Outline of the transaction

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

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

B) Shares of the Company held in trust

Shares of the Company held in trust are recorded as treasury stock under the category of net assets at book value in the trust (excluding accompanying expenses). The book value of such treasury stock at the end of the years ended March 31, 2024 and 2023, was ¥925 million (\$6 million) and ¥1,057 million, respectively, while the number of such treasury stock was 415 thousand shares and 475 thousand shares, respectively.

3. RECONCILIATIONS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2024 and 2023, and cash and deposits in the consolidated balance sheets as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Cash and deposits	¥ 1,157,322	¥ 1,436,524	\$ 7,644
Cash and cash equivalents at the end of the year	¥ 1,157,322	¥ 1,436,524	\$ 7,644

4. SECURITIES

(1) Securities

Securities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Japanese government bonds	¥ 36,037,546	¥ 37,114,603	\$ 238,013
Japanese local government bonds	2,634,528	3,400,150	17,400
Japanese corporate bonds	4,119,871	4,228,952	27,210
Stocks	557,752	409,104	3,684
Foreign securities	2,168,841	2,949,260	14,324
Other	2,175,272	1,739,423	14,367
Total	¥ 47,693,813	¥ 49,841,494	\$ 314,998

Investments in non-consolidated subsidiaries and affiliates included in "Stocks" and "Other" as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Stocks (included in "Stocks")	¥ 7,462	¥ 7,262	\$ 49
Investments in capital (included in "Other")	70,384	45,478	465
Total	¥ 77,847	¥ 52,740	\$ 514

Securities lent under lending agreements in the amount of ¥1,597,184 million (\$10,549 million) and ¥1,164,763 million were included in "Securities" in the consolidated balance sheets as of March 31, 2024 and 2023, respectively.

The Group has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥141,779 million (\$936 million) and ¥124,202 million as of March 31, 2024 and 2023, respectively.

(2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Consolidated balance sheet amount	¥ 7,139,629	¥ 8,075,012	\$ 47,154
Fair value	6,954,091	8,237,638	45,929

The outline of the risk management policy of policy-reserve-matching bonds was as follows:

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

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

For the year ended March 31, 2023

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

(3) Fair Value Information on Securities

1) Held-to-maturity bonds

(Millions of Yen)

		2024				
March 31		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds		¥ 32,343,114	¥ 33,401,975	¥ 1,058,860	¥ 2,097,052	¥ (1,038,191)
	Japanese government bonds	29,227,631	30,351,127	1,123,496	1,982,935	(859,439)
	Japanese local government bonds	1,846,718	1,863,068	16,349	79,289	(62,939)
	Japanese corporate bonds	1,268,765	1,187,779	(80,985)	34,827	(115,813)
Total		¥ 32,343,114	¥ 33,401,975	¥ 1,058,860	¥ 2,097,052	¥ (1,038,191)

(Millions of Yen)

		2023				
March 31		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds		¥ 32,935,527	¥ 35,502,364	¥ 2,566,836	¥ 3,130,570	¥ (563,734)
	Japanese government bonds	29,094,611	31,605,451	2,510,840	2,970,340	(459,500)
	Japanese local government bonds	2,516,810	2,589,269	72,458	111,002	(38,543)
	Japanese corporate bonds	1,324,104	1,307,642	(16,462)	49,228	(65,690)
Total		¥ 32,935,527	¥ 35,502,364	¥ 2,566,836	¥ 3,130,570	¥ (563,734)

(Millions of U.S. Dollars)

		2024				
March 31		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds		\$ 213,613	\$ 220,606	\$ 6,993	\$ 13,850	\$ (6,857)
	Japanese government bonds	193,036	200,457	7,420	13,096	(5,676)
	Japanese local government bonds	12,197	12,305	108	524	(416)
	Japanese corporate bonds	8,380	7,845	(535)	230	(765)
Total		\$ 213,613	\$ 220,606	\$ 6,993	\$ 13,850	\$ (6,857)

2) Policy-reserve-matching bonds

(Millions of Yen)

		2024				
March 31		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds		¥ 7,119,629	¥ 6,934,535	¥ (185,093)	¥ 278,170	¥ (463,264)
Japanese government bonds		5,471,984	5,450,242	(21,742)	267,873	(289,615)
Japanese local government bonds		407,116	392,196	(14,920)	6,602	(21,522)
Japanese corporate bonds		1,240,528	1,092,096	(148,431)	3,693	(152,125)
Foreign securities		20,000	19,555	(444)	–	(444)
Foreign bonds		20,000	19,555	(444)	–	(444)
Total		¥ 7,139,629	¥ 6,954,091	¥ (185,537)	¥ 278,170	¥ (463,708)

(Millions of Yen)

		2023				
March 31		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds		¥ 8,075,012	¥ 8,237,638	¥ 162,626	¥ 447,691	¥ (285,064)
Japanese government bonds		6,354,976	6,628,341	273,365	434,831	(161,465)
Japanese local government bonds		492,432	487,993	(4,439)	9,174	(13,613)
Japanese corporate bonds		1,227,603	1,121,303	(106,300)	3,685	(109,985)
Foreign securities		–	–	–	–	–
Foreign bonds		–	–	–	–	–
Total		¥ 8,075,012	¥ 8,237,638	¥ 162,626	¥ 447,691	¥ (285,064)

(Millions of U.S. Dollars)

		2024				
March 31		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds		\$ 47,022	\$ 45,800	\$ (1,222)	\$ 1,837	\$ (3,060)
Japanese government bonds		36,140	35,997	(144)	1,769	(1,913)
Japanese local government bonds		2,689	2,590	(99)	44	(142)
Japanese corporate bonds		8,193	7,213	(980)	24	(1,005)
Foreign securities		132	129	(3)	–	(3)
Foreign bonds		132	129	(3)	–	(3)
Total		\$ 47,154	\$ 45,929	\$ (1,225)	\$ 1,837	\$ (3,063)

3) Available-for-sale securities

(Millions of Yen)

	2024				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31					
Bonds	¥ 3,329,202	¥ 3,560,198	¥ (230,996)	¥ 6,688	¥ (237,685)
Japanese government bonds	1,337,930	1,530,689	(192,758)	–	(192,758)
Japanese local government bonds	380,693	388,231	(7,537)	31	(7,568)
Japanese corporate bonds	1,610,578	1,641,278	(30,699)	6,657	(37,357)
Stocks	546,030	344,973	201,056	203,449	(2,392)
Foreign securities	2,124,846	2,099,796	25,050	112,961	(87,911)
Foreign bonds	1,954,510	1,932,785	21,725	109,614	(87,888)
Foreign other securities	170,336	167,011	3,324	3,347	(22)
Other ¹	2,800,279	2,864,405	(64,125)	73,704	(137,830)
Total	¥ 8,800,359	¥ 8,869,374	¥ (69,015)	¥ 396,804	¥ (465,819)

(Millions of Yen)

	2023				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31					
Bonds	¥ 3,733,166	¥ 3,878,732	¥ (145,565)	¥ 11,530	¥ (157,095)
Japanese government bonds	1,665,015	1,784,911	(119,896)	1,756	(121,653)
Japanese local government bonds	390,906	395,430	(4,524)	171	(4,695)
Japanese corporate bonds	1,677,244	1,698,389	(21,144)	9,601	(30,746)
Stocks	397,582	330,088	67,493	74,543	(7,049)
Foreign securities	2,949,260	2,964,306	(15,045)	156,712	(171,758)
Foreign bonds	2,787,121	2,801,828	(14,706)	155,222	(169,928)
Foreign other securities	162,139	162,478	(339)	1,490	(1,829)
Other ²	2,266,290	2,371,817	(105,526)	31,428	(136,955)
Total	¥ 9,346,300	¥ 9,544,944	¥ (198,644)	¥ 274,214	¥ (472,859)

(Millions of U.S. Dollars)

	2024				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31					
Bonds	\$ 21,988	\$ 23,514	\$ (1,526)	\$ 44	\$ (1,570)
Japanese government bonds	8,836	10,110	(1,273)	–	(1,273)
Japanese local government bonds	2,514	2,564	(50)	0	(50)
Japanese corporate bonds	10,637	10,840	(203)	44	(247)
Stocks	3,606	2,278	1,328	1,344	(16)
Foreign securities	14,034	13,868	165	746	(581)
Foreign bonds	12,909	12,765	143	724	(580)
Foreign other securities	1,125	1,103	22	22	(0)
Other ¹	18,495	18,918	(424)	487	(910)
Total	\$ 58,123	\$ 58,579	\$ (456)	\$ 2,621	\$ (3,077)

Notes:

1. "Other" includes negotiable certificates of deposit (cost: ¥670,000 million (\$4,425 million), consolidated balance sheet amount: ¥670,000 million (\$4,425 million)) presented as "Cash and deposits" in the consolidated balance sheet and monetary claims bought (cost: ¥24,907 million (\$165 million), consolidated balance sheet amount: ¥25,392 million (\$168 million)) as of March 31, 2024.
2. "Other" includes negotiable certificates of deposit (cost: ¥525,000 million, consolidated balance sheet amount: ¥525,000 million) presented as "Cash and deposits" in the consolidated balance sheet and monetary claims bought (cost: ¥46,588 million, consolidated balance sheet amount: ¥47,345 million) as of March 31, 2023.

4) Policy-reserve-matching bonds sold for the years ended March 31, 2024 and 2023

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Total

2024		
Sales	Gains	Losses
¥ 802,064	¥ 22,141	¥ (8,354)
737,465	22,141	(3,153)
200	0	–
64,399	–	(5,200)
¥ 802,064	¥ 22,141	¥ (8,354)

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Total

2023		
Sales	Gains	Losses
¥ 295,753	¥ 4,003	¥ –
295,753	4,003	–
–	–	–
–	–	–
¥ 295,753	¥ 4,003	¥ –

(Millions of U.S. Dollars)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Total

2024		
Sales	Gains	Losses
\$ 5,297	\$ 146	\$ (55)
4,871	146	(21)
1	0	–
425	–	(34)
\$ 5,297	\$ 146	\$ (55)

5) Available-for-sale securities sold for the years ended March 31, 2024 and 2023

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Stocks
Foreign securities
Foreign bonds
Foreign other securities
Other securities
Total

2024		
Sales	Gains	Losses
¥ 433,135	¥ 28	¥ (48,975)
363,609	–	(44,493)
–	–	–
69,525	28	(4,482)
66,681	14,394	(4,489)
1,435,266	114,588	(115,885)
1,433,823	114,588	(115,813)
1,442	–	(71)
–	–	–
¥ 1,935,083	¥ 129,011	¥ (169,350)

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Stocks
Foreign securities
Foreign bonds
Foreign other securities
Other securities
Total

2023		
Sales	Gains	Losses
¥ 506,413	¥ 476	¥ (17,833)
69,001	–	(5,690)
277,139	58	(125)
160,272	417	(12,017)
117,038	18,830	(6,372)
1,764,440	27,256	(120,852)
1,764,440	27,256	(120,852)
–	–	–
167,250	–	(32,238)
¥ 2,555,143	¥ 46,564	¥ (177,296)

(Millions of U.S. Dollars)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Stocks
Foreign securities
Foreign bonds
Foreign other securities
Other securities
Total

2024		
Sales	Gains	Losses
\$ 2,861	\$ 0	\$ (323)
2,401	–	(294)
–	–	–
459	0	(30)
440	95	(30)
9,479	757	(765)
9,470	757	(765)
10	–	(0)
–	–	–
\$ 12,780	\$ 852	\$ (1,118)

6) Securities for which losses on valuation were recognized

The Group recognized losses on valuation of ¥71 million (\$0 million) and ¥306 million for available-for-sale securities with market value for the years ended March 31, 2024 and 2023, respectively.

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

(4) Money Held in Trust

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

(Millions of Yen)

		2024				
		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31	Specified money held in trust	¥ 6,158,055	¥ 3,642,486	¥ 2,515,569	¥ 2,553,934	¥ (38,365)

(Millions of Yen)

		2023				
		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31	Specified money held in trust	¥ 4,672,032	¥ 3,376,790	¥ 1,295,241	¥ 1,364,388	¥ (69,147)

(Millions of U.S. Dollars)

		2024				
		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31	Specified money held in trust	\$ 40,671	\$ 24,057	\$ 16,614	\$ 16,868	\$ (253)

Note:

The Group recognized losses on valuation of ¥3,882 million (\$26 million) and ¥6,360 million for the years ended March 31, 2024 and 2023, respectively.

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

5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2024 and 2023, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2024	2023	2024
March 31	Assets pledged as collateral:			
	Securities	¥ 3,715,475	¥ 3,499,456	\$ 24,539
	Liabilities corresponding to assets pledged as collateral:			
	Payables under repurchase agreements	3,905,000	3,740,688	25,791

The above securities are those sold under repurchase agreements.

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

		Millions of Yen		Millions of U.S. Dollars
		2024	2023	2024
March 31	Securities	¥ 213,657	¥ 133,667	\$ 1,411
	Margin deposits for futures transactions	4,284	9	28
	Cash collateral paid for financial instruments	35,750	4,094	236

6. LOANS

There were no bankrupt loans or quasi-bankrupt loans, doubtful loans, past due loans for three months or more, or restructured loans as of March 31, 2024 and 2023.

Definitions for each of the respective loans are as follows:

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

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

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

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

The amounts of unused commitments as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Amount of unused commitments	¥ 4,890	¥ 15,659	\$ 32

With regard to the loans (loans to the Management Network) that became due on March 31, 2024, the due date was moved to the following business day, pursuant to internal rules, as March 31, 2024, fell on a bank holiday. Of this amount, the amount received in advance was recorded as other liabilities (suspense receipt) as its due date had not yet arrived. Details of the loans (loans to the Management Network) that became due on March 31, 2024, as well as the amount recorded as accrued interest in other assets (accrued revenue) and the amount received in advance which was recorded as other liabilities (suspense receipt) for these loans to the Management Network were as follows. March 31, 2023, did not fall on a bank holiday.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Loans (loans to the Management Network)	¥ 242,568	¥ –	\$ 1,602
Other assets (accrued revenue)	21,100	–	139
Other liabilities (suspense receipt)	13,276	–	88

7. TANGIBLE FIXED ASSETS

Accumulated depreciation as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Accumulated depreciation	¥ 62,049	¥ 56,263	\$ 410

8. REINSURANCE

Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter the “reserve for outstanding claims—ceded”), as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Reserve for outstanding claims—ceded	¥ 426	¥ 690	\$ 3

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter “policy reserves—ceded”) as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Policy reserves—ceded	¥ 641,745	¥ 880	\$ 4,238

9. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the years ended March 31, 2024 and 2023, were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Balance at the beginning of the year	¥ 1,175,171	¥ 1,260,009	\$ 7,762
Policyholder dividends paid	(129,463)	(146,714)	(855)
Interest accrual	137	9	1
Reduction due to the acquisition of additional annuity	(115)	(200)	(1)
Provision for reserve for policyholder dividends	55,899	62,067	369
Balance at the end of the year	¥ 1,101,628	¥ 1,175,171	\$ 7,276

10. BONDS PAYABLE, LEASE OBLIGATIONS AND OTHER INTEREST-BEARING DEBT

Bonds payable as of March 31, 2024 and 2023, were as follows:

March 31	Date of issuance	Millions of Yen		Millions of U.S. Dollars	Interest rate	Collateral	Maturity date
		2024	2023	2024			
Issued by JAPAN POST INSURANCE Co., Ltd.:							
First series of subordinated unsecured bonds with interest deferral option and early redemption option	January 29, 2019	¥ 100,000	¥ 100,000	\$ 660	1.00% ¹	None	January 29, 2049
Second series of subordinated unsecured bonds with interest deferral option and early redemption option	January 28, 2021	200,000	200,000	1,321	1.050% ²	None	January 28, 2051
Third series of subordinated unsecured bonds with interest deferral option and early redemption option	September 7, 2023	100,000	—	660	1.910% ³	None	September 7, 2053
Total		¥ 400,000	¥ 300,000	\$ 2,642			

Notes:

- Interest rate from the day immediately following January 29, 2029, shall be 6-month Euroyen LIBOR plus 1.78%.
- Interest rate from the day immediately following January 28, 2031, shall be the interest rate of 5-year Japanese government bonds plus 2.010% (reset every five years).
- Interest rate from the day immediately following September 7, 2033, shall be the interest rate of 5-year Japanese government bonds plus 2.277% (reset every five years).
- No scheduled redemption is due within 5 years after the end of the year ended March 31, 2024.
- Bonds payable are subordinated bonds stipulating that their priorities are ranked behind other obligations.

Lease obligations and other interest-bearing debt as of March 31, 2024 and 2023, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars	Average interest rate	Due
	2024	2023	2024	2024	
Lease obligations	¥ 5,860	¥ 4,647	\$ 39	—	March 2031
Other interest-bearing debt:					
Payables under repurchase agreements	3,905,000	3,740,688	25,791	(0.07)%	—
Total	¥ 3,910,860	¥ 3,745,335	\$ 25,830	—	—

Notes:

- Lease obligations are included in "Other liabilities" in the consolidated balance sheets.
- The interest rates are calculated using the weighted-average method based on the balance at the fiscal year-end. The average interest rate of lease obligations is not presented above because interest is included in the total amount of lease payments.
- Payables under repurchase agreements and payables under securities lending transactions are scheduled to be settled within one year.

The repayment schedule on lease obligations as of March 31, 2024, was as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Within 1 year	¥ 1,232		\$ 8
Due after 1 year through 2 years	1,144		8
Due after 2 years through 3 years	1,089		7
Due after 3 years through 4 years	985		7
Due after 4 years through 5 years	798		5
Due after 5 years	608		4
Total	¥ 5,860		\$ 39

11. RETIREMENT BENEFITS

(1) Outline of Retirement Benefits

The Group has adopted lump-sum severance indemnity plans as unfunded defined benefit plans.

In addition, starting from October 1, 2015, the Company has joined the retirement pension plan based on the Act for Partial Amendment of the Act on National Public Officers' Retirement Allowance, etc., for the Purpose of Review over the Levels of the Retirement Benefits for National Public Officers (Act No. 96 of 2012) and introduced a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension, and the pension contribution amount required for the Company for the years ended March 31, 2024 and 2023, was ¥913 million (\$6 million) and ¥952 million, respectively.

(2) Defined Benefit Plans

1) Changes in retirement benefit obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Balance at the beginning of the year	¥ 69,331	¥ 68,313	\$ 458
Service cost	5,637	4,088	37
Interest cost	666	472	4
Actuarial differences	(404)	(60)	(3)
Benefits paid	(6,223)	(3,583)	(41)
Increase/decrease due to transfers	26,924	100	178
Balance at the end of the year	¥ 95,931	¥ 69,331	\$ 634

Changes in presentation method

"Increase/decrease due to transfers," which used to be included in "other," is indicated separately from the year ended March 31, 2024, as its financial significance has increased. To reflect this change, the figures for the year ended March 31, 2023, have been reclassified.

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

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Unfunded retirement benefit obligations	¥ 95,931	¥ 69,331	\$ 634
Liability for retirement benefits recorded on the consolidated balance sheets	¥ 95,931	¥ 69,331	\$ 634

3) Retirement benefit costs

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Service cost	¥ 5,637	¥ 4,088	\$ 37
Interest cost	666	472	4
Amortization of actuarial differences	(178)	(195)	(1)
Amortization of prior service cost	(464)	(464)	(3)
Amount borne for seconded employees	4,483	6,380	30
Other	–	3	–
Retirement benefit expenses of defined benefit plans	¥ 10,143	¥ 10,284	\$ 67

4) Adjustments for retirement benefits (before tax effect)

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Prior service cost	¥ (464)	¥ (464)	\$ (3)
Actuarial differences	225	(135)	1
Total	¥ (239)	¥ (600)	\$ (2)

5) Accumulated adjustments for retirement benefits (before tax effect)

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Unrecognized prior service cost	¥ 2,791	¥ 3,256	\$ 18
Unrecognized actuarial differences	241	16	2
Total	¥ 3,033	¥ 3,273	\$ 20

6) Actuarial assumptions

The principal actuarial assumptions used for the years ended March 31, 2024 and 2023, were as follows:

Years ended March 31	2024	2023
Discount rate	0.3% – 0.7%	0.3% – 0.7%

12. RESERVES RELATED TO REINSURANCE CONTRACTS

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

In addition, contingency reserve and reserve for price fluctuations are provided for the category of reinsurance.

The policy reserves, excluding contingency reserve and including policy reserves—ceded, contingency reserve and reserve for price fluctuations mentioned above as of March 31, 2024 and 2023, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Policy reserves (excluding contingency reserve and including policy reserves—ceded)	¥ 25,595,821	¥ 27,370,400	\$ 169,050
Contingency reserve	1,283,683	1,260,220	8,478
Reserve for price fluctuations	749,984	711,298	4,953

13. DEPOSITS FROM THE MANAGEMENT NETWORK

“Other liabilities” in the consolidated balance sheets include deposits from the Management Network.

Deposits from the Management Network refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid at the end of the fiscal years ended March 31, 2024 and 2023.

Deposits from the Management Network as of March 31, 2024 and 2023, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Deposits from the Management Network	¥ 37,575	¥ 38,647	\$ 248

14. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2024 and 2023, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Deferred tax assets:			
Policy reserves	¥ 998,451	¥ 1,021,572	\$ 6,594
Reserve for price fluctuations	228,547	231,440	1,509
Reserve for outstanding claims	42,693	48,375	282
Liability for retirement benefits	26,909	19,459	178
Unrealized losses on available-for-sale securities	141,183	151,762	932
Other	43,617	37,119	288
Subtotal	1,481,402	1,509,730	9,784
Valuation allowance	(14,973)	(14,686)	(99)
Total deferred tax assets	1,466,429	1,495,043	9,685
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(817,573)	(453,303)	(5,400)
Other	(12,211)	(12,955)	(81)
Total deferred tax liabilities	(829,784)	(466,259)	(5,480)
Net deferred tax assets (liabilities)	¥ 636,644	¥ 1,028,784	\$ 4,205

Note:

Deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets have an effect of reducing the amount of tax payable.

The Company and its domestic subsidiary are subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 28.00% for the years ended March 31, 2024 and 2023.

Reconciliation of the statutory tax rate and the effective income tax rate for the years ended March 31, 2024 and 2023, is omitted as the difference was less than 5% of the statutory tax rate.

15. NET ASSETS

(1) Type and Number of Shares Issued and Treasury Stock

<u>Year ended March 31, 2024</u>	Thousands of shares			March 31, 2024
	April 1, 2023	Increase	Decrease	
Shares issued:				
Common stock	399,693	–	16,501	383,192
Total	399,693	–	16,501	383,192
Treasury stock				
Common stock	16,988	–	16,561	427
Total	16,988	–	16,561	427

Notes:

- The decrease of 16,501 thousand shares in the number of shares issued was attributable to a decrease due to the cancellation by treasury stock based on the written resolution passed by the Board of Directors on April 17, 2023.
- Numbers of treasury stock at the beginning and the end of the year ended March 31, 2024 include shares of the Company held in the BBT, and were 475 thousand shares and 415 thousand shares, respectively.
- The decrease of 16,561 thousand shares in the number of treasury stock was attributable to a decrease of 16,501 thousand shares due to the cancellation of treasury stock based on the written resolution passed by the Board of Directors on April 17, 2023 and a decrease of 59 thousand shares due to the granting and sale of shares via the BBT.

<u>Year ended March 31, 2023</u>	Thousands of shares			March 31, 2023
	April 1, 2022	Increase	Decrease	
Shares issued:				
Common stock	399,693	–	–	399,693
Total	399,693	–	–	399,693
Treasury stock				
Common stock	151	16,842	5	16,988
Total	151	16,842	5	16,988

Notes:

- Numbers of treasury stock at the beginning and the end of the year ended March 31, 2023 include shares of the Company held in the BBT, and were 140 thousand shares and 475 thousand shares, respectively.
- The increase of 16,842 thousand shares in the number of treasury stock was attributable to an increase of 16,501 thousand shares due to the purchases of treasury stock based on the written resolution passed by the Board of Directors on August 10, 2022, an increase of 340 thousand shares due to the acquisition of the BBT and an increase of 0 thousand shares due to the purchase of fractional shares.
- The decrease of 5 thousand shares in the number of treasury stock was attributable to the granting of shares via the BBT.

(2) Information on Dividends

1) Dividends paid

Dividends paid for the year ended March 31, 2024

Resolution	Class of shares	Total amount (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2023	Common stock	¥ 17,626	\$ 116	¥ 46.00	\$ 0.30	March 31, 2023	June 20, 2023
Board of Directors' meeting held on November 13, 2023	Common stock	¥ 18,009	\$ 119	¥ 47.00	\$ 0.31	September 30, 2023	December 5, 2023

Notes:

- Total amount of dividends based on the resolution at the Board of Directors' meeting held on May 15, 2023, included ¥21 million (\$0 million) of dividends paid for shares of the Company held in the BBT.
- Total amount of dividends based on the resolution at the Board of Directors' meeting held on November 13, 2023, included ¥19 million (\$0 million) of dividends paid for shares of the Company held in the BBT.

Dividends paid for the year ended March 31, 2023

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

Notes:

- Total amount of dividends based on the resolution at the Board of Directors' meeting held on May 13, 2022, included ¥6 million of dividends paid for shares of the Company held in the BBT.
- Total amount of dividends based on the resolution at the Board of Directors' meeting held on November 11, 2022, included ¥21 million of dividends paid for shares of the Company held in the BBT.

2) Dividends for which the effective date falls after the end of the fiscal year

Dividends for which the effective date falls after the end of the year ended March 31, 2024

Resolution	Class of shares	Total amount (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Source of dividends	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2024	Common stock	¥ 18,009	\$ 119	Retained earnings	¥ 47.00	\$ 0.31	March 31, 2024	June 18, 2024

Note: Total amount of dividends includes ¥19 million (\$0 million) of dividends paid for shares of the Company held in the BBT.

16. OPERATING EXPENSES

Operating expenses for the years ended March 31, 2024 and 2023, consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Sales activity expenses	¥ 53,928	¥ 59,980	\$ 356
Sales administration expenses	19,511	19,012	129
General administration expenses	366,879	366,768	2,423
Total	¥ 440,320	¥ 445,761	\$ 2,908

17. POLICY RESERVES FOR CEDED REINSURANCE

The amount of reversal of reserve for outstanding claims—ceded that is deducted from the calculation of reversal of reserve for outstanding claims for the year ended March 31, 2024, was ¥264 million (\$2 million). The amount of provision for reserve for outstanding claims—ceded that is deducted from the calculation of provision for reserve for outstanding claims for the year ended March 31, 2023, was ¥165 million.

The amount of provision for policy reserves—ceded that is added to the calculation of reversal of policy reserves for the year ended March 31, 2024, was ¥640,865 million (\$4,233 million). The amount of reversal of policy reserves—ceded that is deducted from the calculation of reversal of policy reserves for the year ended March 31, 2023, was ¥27 million.

18. INSURANCE PREMIUMS AND OTHERS

Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the years ended March 31, 2024 and 2023, were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Insurance premiums	¥ 171,727	¥ 222,610	\$ 1,134

19. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the years ended March 31, 2024 and 2023, were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Insurance claims	¥ 2,268,384	¥ 2,535,300	\$ 14,982

20. EXTRAORDINARY GAINS

Extraordinary gains for the years ended March 31, 2024 and 2023, consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Reversal of reserve for price fluctuations	¥ 16,161	¥ 82,645	\$ 107
Total	¥ 16,161	¥ 82,645	\$ 107

21. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2024 and 2023, consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Losses on sales and disposal of fixed assets	¥ 190	¥ 319	\$ 1
Total	¥ 190	¥ 319	\$ 1

22. PROVISION FOR RESERVE FOR POLICYHOLDER DIVIDENDS

Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Network, for the years ended March 31, 2024 and 2023, was as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Provision for reserve for policyholder dividends	¥ 46,866	¥ 43,678	\$ 310

23. OTHER COMPREHENSIVE INCOME

The amount reclassified and the tax-effect amounts related to other comprehensive income for the years ended March 31, 2024 and 2023, were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ 1,356,281	¥ (195,537)	\$ 8,958
Reclassification adjustments	(3,653)	87,984	(24)
Before tax-effect adjustments	1,352,628	(107,552)	8,934
Tax effect	(374,848)	31,701	(2,476)
Net unrealized gains (losses) on available-for-sale securities	977,780	(75,851)	6,458
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	(12,214)	6,399	(81)
Reclassification adjustments	—	—	—
Before tax-effect adjustments	(12,214)	6,399	(81)
Tax effect	3,420	(1,792)	23
Net deferred gains (losses) on hedges	(8,794)	4,607	(58)
Adjustments for retirement benefits:			
Amount arising during the fiscal year	404	60	3
Reclassification adjustments	(643)	(660)	(4)
Before tax-effect adjustments	(239)	(600)	(2)
Tax effect	67	168	0
Adjustments for retirement benefits	(172)	(431)	(1)
Total other comprehensive income (loss)	¥ 968,813	¥ (71,675)	\$ 6,399

24. FINANCIAL INSTRUMENTS

(1) Policy for Handling Financial Instruments

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

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

(2) Features and Risks of Financial Instruments

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

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

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

(3) Risk Management Framework for Financial Instruments

1) Management of market risk

Market risk is the risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange rates and stock prices. Market risk is categorized into interest rate risk and market price fluctuation risk for its management. Interest rate risk is the risk of losses resulting from fluctuation in the value of interest-bearing assets denominated in yen and insurance liabilities due to

fluctuations in yen interest rates, and the risk arises as the Company has a certain limit in matching assets with liabilities as an insurance company with a mission to offer universal service products including endowment insurance and whole life insurance. Market price fluctuation risk is any market risk other than interest rate risk.

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

2) Management of credit risk

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

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

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

(4) Additional Notes Concerning the Fair Value of Financial Instruments

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

The contract amounts of derivative transactions in Note 25 "DERIVATIVE TRANSACTIONS" do not indicate the market risk related to derivative transactions.

(5) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the differences between them as of March 31, 2024 and 2023, were as follows.

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

Financial Statements

(Millions of Yen)

	2024		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
Monetary claims bought	¥ 25,392	¥ 25,392	¥ -
Available-for-sale securities	25,392	25,392	-
Money held in trust ^{1,2}	6,158,055	6,158,055	-
Securities	47,587,711	48,461,033	873,322
Held-to-maturity bonds	32,343,114	33,401,975	1,058,860
Policy-reserve-matching bonds	7,139,629	6,954,091	(185,537)
Available-for-sale securities ²	8,104,967	8,104,967	-
Loans	3,281,282	3,350,020	68,737
Policy loans	149,707	149,707	-
Industrial and commercial loans ³	849,174	829,355	(19,786)
Loans to the Management Network ³	2,282,432	2,370,957	88,524
Reserve for possible loan losses ⁴	(31)	-	-
Total assets	¥ 57,052,441	¥ 57,994,501	¥ 942,060
Bonds payable	¥ 400,000	¥ 391,900	¥ (8,100)
Total liabilities	¥ 400,000	¥ 391,900	¥ (8,100)
Derivative transactions ⁵			
Hedge accounting not applied	¥ [1,097]	¥ [1,097]	¥ -
Hedge accounting applied	[43,537]	[43,537]	-
Total derivative transactions	¥ [44,634]	¥ [44,634]	¥ -

(Millions of Yen)

	2023		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
Monetary claims bought	¥ 47,345	¥ 47,345	¥ -
Available-for-sale securities	47,345	47,345	-
Money held in trust ^{1,2}	4,672,032	4,672,032	-
Securities	49,784,494	52,513,957	2,729,463
Held-to-maturity bonds	32,935,527	35,502,364	2,566,836
Policy-reserve-matching bonds	8,075,012	8,237,638	162,626
Available-for-sale securities ²	8,773,954	8,773,954	-
Loans	3,605,801	3,733,374	127,573
Policy loans	140,355	140,355	-
Industrial and commercial loans ³	916,374	912,110	(4,232)
Loans to the Management Network ³	2,549,102	2,680,908	131,805
Reserve for possible loan losses ⁴	(31)	-	-
Total assets	¥ 58,109,674	¥ 60,966,710	¥ 2,857,036
Bonds payable	¥ 300,000	¥ 283,490	¥ (16,510)
Total liabilities	¥ 300,000	¥ 283,490	¥ (16,510)
Derivative transactions ⁵			
Hedge accounting not applied	¥ [182]	¥ [182]	¥ -
Hedge accounting applied	11,568	11,568	-
Total derivative transactions	¥ 11,385	¥ 11,385	¥ -

(Millions of U.S. Dollars)

	2024		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
Monetary claims bought	\$ 168	\$ 168	\$ –
Available-for-sale securities	168	168	–
Money held in trust ^{1,2}	40,671	40,671	–
Securities	314,297	320,065	5,768
Held-to-maturity bonds	213,613	220,606	6,993
Policy-reserve-matching bonds	47,154	45,929	(1,225)
Available-for-sale securities ²	53,530	53,530	–
Loans	21,672	22,125	454
Policy loans	989	989	–
Industrial and commercial loans ³	5,608	5,478	(131)
Loans to the Management Network ³	15,075	15,659	585
Reserve for possible loan losses ⁴	(0)	–	–
Total assets	\$ 376,808	\$ 383,030	\$ 6,222
Bonds payable	\$ 2,642	\$ 2,588	\$ (53)
Total liabilities	\$ 2,642	\$ 2,588	\$ (53)
Derivative transactions ⁵			
Hedge accounting not applied	\$ [7]	\$ [7]	\$ –
Hedge accounting applied	[288]	[288]	–
Total derivative transactions	\$ [295]	\$ [295]	\$ –

Notes:

1. Money held in trust classified as other than trading, held-to-maturity and policy-reserve-matching.
2. In accordance with Paragraphs 24-3 and 24-9 of the Fair Value Measurement Implementation Guidance, mutual funds that apply treatments that consider net asset value to be the fair value are included.
3. In the column of "Net unrealized gains (losses)," the difference between the consolidated balance sheet amount after deduction of reserve for possible loan losses and the fair value is provided.
4. Reserve for possible loan losses corresponding to loans has been deducted.
5. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in [] brackets.

(Note 1) The amounts carried on the consolidated balance sheets for stocks, etc., with no market price and investments in partnership as of March 31, 2024 and 2023, 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.

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Money held in trust ¹	¥ 113,360	¥ 100,288	\$ 749
Securities	106,101	57,000	701
Unlisted stocks ²	11,722	11,522	77
Foreign securities ²	23,994	–	158
Investments in partnership ³	70,384	45,478	465
Total	¥ 219,461	¥ 157,288	\$ 1,449

Notes:

1. Trust asset components that are investments in partnership are not subject to fair value disclosure in accordance with Paragraph 24-16 of the Fair Value Measurement Implementation Guidance as of March 31, 2024 and 2023.
2. Unlisted stocks and foreign securities with no market price are not subject to fair value disclosure in accordance with Paragraph 5 of the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).
3. Investments in partnership are not subject to fair value disclosure in accordance with Paragraph 24-16 of the Fair Value Measurement Implementation Guidance as of March 31, 2024 and 2023.

Financial Statements

(Note 2) Redemption schedules of major monetary claims and securities with maturities were as follows:

(Millions of Yen)

	2024			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31				
Monetary claims bought	¥ 10,000	¥ -	¥ -	¥ 14,909
Securities	1,500,966	9,684,377	11,514,367	22,100,170
Held-to-maturity bonds	978,636	6,700,220	8,755,260	15,585,051
Bonds	978,636	6,700,220	8,755,260	15,585,051
Japanese government bonds	506,600	6,474,700	7,853,400	14,075,700
Japanese local government bonds	393,422	179,520	597,410	670,641
Japanese corporate bonds	78,614	46,000	304,450	838,710
Policy-reserve-matching bonds	118,616	1,623,200	1,763,500	3,480,424
Bonds	118,616	1,623,200	1,743,500	3,480,424
Japanese government bonds	8,200	1,555,500	1,397,100	2,360,700
Japanese local government bonds	77,299	1,100	85,900	242,524
Japanese corporate bonds	33,117	66,600	260,500	877,200
Foreign securities	-	-	20,000	-
Available-for-sale securities with maturities	403,714	1,360,957	995,607	3,034,694
Bonds	178,877	670,133	455,292	2,302,107
Japanese government bonds	-	-	-	1,567,300
Japanese local government bonds	51,288	185,275	3,311	148,511
Japanese corporate bonds	127,589	484,857	451,981	586,296
Foreign securities	224,836	690,824	540,315	721,831
Other securities	-	-	-	10,755
Loans	992,095	1,218,450	674,852	396,317
Total	¥ 2,503,062	¥ 10,902,828	¥ 12,189,220	¥ 22,511,397

(Millions of Yen)

	2023			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31				
Monetary claims bought	¥ 30,000	¥ -	¥ -	¥ 16,591
Securities	1,897,969	8,335,771	14,077,207	23,145,754
Held-to-maturity bonds	955,098	5,634,636	9,290,630	16,684,564
Bonds	955,098	5,634,636	9,290,630	16,684,564
Japanese government bonds	209,600	5,094,000	8,474,500	14,953,400
Japanese local government bonds	671,742	452,822	575,080	810,854
Japanese corporate bonds	73,756	87,814	241,050	920,310
Policy-reserve-matching bonds	478,065	1,176,816	2,835,800	3,423,393
Bonds	478,065	1,176,816	2,835,800	3,423,393
Japanese government bonds	351,900	1,005,600	2,599,700	2,240,400
Japanese local government bonds	105,865	78,599	65,000	242,693
Japanese corporate bonds	20,300	92,617	171,100	940,300
Foreign securities	-	-	-	-
Available-for-sale securities with maturities	464,804	1,524,318	1,950,777	3,037,796
Bonds	150,419	688,283	524,512	2,556,144
Japanese government bonds	-	-	-	1,827,100
Japanese local government bonds	19,647	225,984	12,075	136,019
Japanese corporate bonds	130,772	462,299	512,437	593,024
Foreign securities	314,384	836,035	1,426,265	470,235
Other securities	-	-	-	11,415
Loans	580,282	1,725,846	821,912	478,194
Total	¥ 2,508,251	¥ 10,061,617	¥ 14,899,120	¥ 23,640,540

(Millions of U.S. Dollars)

	2024			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31				
Monetary claims bought	\$ 66	\$ –	\$ –	\$ 98
Securities	9,913	63,961	76,048	145,962
Held-to-maturity bonds	6,463	44,252	57,825	102,933
Bonds	6,463	44,252	57,825	102,933
Japanese government bonds	3,346	42,763	51,868	92,964
Japanese local government bonds	2,598	1,186	3,946	4,429
Japanese corporate bonds	519	304	2,011	5,539
Policy-reserve-matching bonds	783	10,721	11,647	22,987
Bonds	783	10,721	11,515	22,987
Japanese government bonds	54	10,273	9,227	15,591
Japanese local government bonds	511	7	567	1,602
Japanese corporate bonds	219	440	1,720	5,794
Foreign securities	–	–	132	–
Available-for-sale securities with maturities	2,666	8,989	6,576	20,043
Bonds	1,181	4,426	3,007	15,204
Japanese government bonds	–	–	–	10,351
Japanese local government bonds	339	1,224	22	981
Japanese corporate bonds	843	3,202	2,985	3,872
Foreign securities	1,485	4,563	3,569	4,767
Other securities	–	–	–	71
Loans	6,552	8,047	4,457	2,618
Total	\$ 16,532	\$ 72,009	\$ 80,505	\$ 148,678

(Note 3) The redemption schedule of bonds payable was as follows:

(Millions of Yen)

	2024					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
March 31						
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 400,000
Total	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 400,000

(Millions of Yen)

	2023					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
March 31						
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000
Total	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000

(Millions of U.S. Dollars)

	2024					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
March 31						
Bonds payable	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 2,642
Total	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 2,642

(6) Fair Value Hierarchy of Financial Instruments

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

- Level 1 Fair Values: Fair values measured using observable inputs that are quoted prices for identified assets or liabilities in active markets
- Level 2 Fair Values: Fair values measured using observable inputs other than those included within Level 1
- Level 3 Fair Values: Fair values measured using unobservable inputs

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

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

(Millions of Yen)

	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Monetary claims bought	¥ –	¥ 9,998	¥ 15,393	¥ 25,392
Money held in trust ¹	3,872,373	861,113	–	4,733,487
Securities				
Available-for-sale securities				
Japanese government bonds	1,337,930	–	–	1,337,930
Japanese local government bonds	–	359,102	21,591	380,693
Japanese corporate bonds	–	1,610,578	–	1,610,578
Stocks	546,030	–	–	546,030
Foreign securities ¹	–	1,954,510	–	1,954,510
Other securities	–	2,094,534	10,352	2,104,887
Total assets	¥ 5,756,334	¥ 6,889,838	¥ 47,337	¥ 12,693,510
Derivative transactions ²				
Currency-related derivatives	¥ –	¥ [38,819]	¥ –	¥ [38,819]
Interest rate-related derivatives	–	[5,814]	–	[5,814]
Total derivative transactions	¥ –	¥ [44,634]	¥ –	¥ [44,634]

(Millions of Yen)

	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Monetary claims bought	¥ –	¥ 29,996	¥ 17,348	¥ 47,345
Money held in trust ¹	2,808,008	736,851	–	3,544,860
Securities				
Available-for-sale securities				
Japanese government bonds	1,665,015	–	–	1,665,015
Japanese local government bonds	–	358,225	32,681	390,906
Japanese corporate bonds	–	1,677,244	–	1,677,244
Stocks	397,582	–	–	397,582
Foreign securities ¹	79,832	2,676,817	30,472	2,787,121
Other securities	–	1,682,783	11,161	1,693,945
Total assets	¥ 4,950,438	¥ 7,161,918	¥ 91,664	¥ 12,204,021
Derivative transactions ²				
Currency-related derivatives	¥ –	¥ 4,986	¥ –	¥ 4,986
Interest rate-related derivatives	–	6,399	–	6,399
Total derivative transactions	¥ –	¥ 11,385	¥ –	¥ 11,385

(Millions of U.S. Dollars)

	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Monetary claims bought	\$ –	\$ 66	\$ 102	\$ 168
Money held in trust ¹	25,575	5,687	–	31,263
Securities				
Available-for-sale securities				
Japanese government bonds	8,836	–	–	8,836
Japanese local government bonds	–	2,372	143	2,514
Japanese corporate bonds	–	10,637	–	10,637
Stocks	3,606	–	–	3,606
Foreign securities ¹	–	12,909	–	12,909
Other securities	–	13,834	68	13,902
Total assets	\$ 38,018	\$ 45,505	\$ 313	\$ 83,835
Derivative transactions ²				
Currency-related derivatives	\$ –	\$ [256]	\$ –	\$ [256]
Interest rate-related derivatives	–	[38]	–	[38]
Total derivative transactions	\$ –	\$ [295]	\$ –	\$ [295]

Notes:

1. In accordance with Paragraphs 24-3 and 24-9 of the Fair Value Measurement Implementation Guidance, mutual funds that apply treatments that consider net asset value to be the fair value are not included in the above table. The consolidated balance sheet amounts for mutual funds to which the treatments in Paragraphs 24-3 and 24-9 are applied are ¥1,260,483 million (\$8,325 million) and ¥176,297 million (\$1,164 million), and ¥976,210 million and ¥168,115 million as of March 31, 2024 and 2023, respectively.

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 sheets

(Millions of Yen)

	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Money held in trust	¥ –	¥ 158,124	¥ –	¥ 158,124
Securities				
Held-to-maturity bonds				
Japanese government bonds	30,351,127	–	–	30,351,127
Japanese local government bonds	–	1,859,614	3,453	1,863,068
Japanese corporate bonds	–	1,187,779	–	1,187,779
Policy-reserve-matching bonds				
Japanese government bonds	5,450,242	–	–	5,450,242
Japanese local government bonds	–	369,871	22,325	392,196
Japanese corporate bonds	–	1,092,096	–	1,092,096
Foreign securities	–	19,555	–	19,555
Loans	–	–	3,350,020	3,350,020
Total assets	¥ 35,801,369	¥ 4,687,041	¥ 3,375,799	¥ 43,864,210
Bonds payable	¥ –	¥ 391,900	¥ –	¥ 391,900
Total liabilities	¥ –	¥ 391,900	¥ –	¥ 391,900

(Millions of Yen)

	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Money held in trust	¥ –	¥ 144,985	¥ –	¥ 144,985
Securities				
Held-to-maturity bonds				
Japanese government bonds	31,605,451	–	–	31,605,451
Japanese local government bonds	–	2,585,517	3,752	2,589,269
Japanese corporate bonds	–	1,307,642	–	1,307,642
Policy-reserve-matching bonds				
Japanese government bonds	6,628,341	–	–	6,628,341
Japanese local government bonds	–	464,269	23,723	487,993
Japanese corporate bonds	–	1,121,303	–	1,121,303
Foreign securities	–	–	–	–
Loans	–	–	3,733,374	3,733,374
Total assets	¥ 38,233,793	¥ 5,623,718	¥ 3,760,850	¥ 47,618,362
Bonds payable	¥ –	¥ 283,490	¥ –	¥ 283,490
Total liabilities	¥ –	¥ 283,490	¥ –	¥ 283,490

(Millions of U.S. Dollars)

	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
March 31				
Money held in trust	\$ –	\$ 1,044	\$ –	\$ 1,044
Securities				
Held-to-maturity bonds				
Japanese government bonds	200,457	–	–	200,457
Japanese local government bonds	–	12,282	23	12,305
Japanese corporate bonds	–	7,845	–	7,845
Policy-reserve-matching bonds				
Japanese government bonds	35,997	–	–	35,997
Japanese local government bonds	–	2,443	147	2,590
Japanese corporate bonds	–	7,213	–	7,213
Foreign securities	–	129	–	129
Loans	–	–	22,125	22,125
Total assets	\$ 236,453	\$ 30,956	\$ 22,296	\$ 289,705
Bonds payable	\$ –	\$ 2,588	\$ –	\$ 2,588
Total liabilities	\$ –	\$ 2,588	\$ –	\$ 2,588

(Note 1) Calculation methods for fair values of financial instruments and explanation of inputs used in fair value measurement are as follows:

Assets

Monetary claims bought

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

Among monetary claims bought, securitized instruments are classified into Level 3, and all others are classified into Level 2.

Money held in trust

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

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

Moreover, money held in trust is described in Note 4 "SECURITIES" in accordance with the purpose of the holdings.

Securities

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

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

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

Moreover, securities are described in Note 4 "SECURITIES" in accordance with the purpose of the holdings.

Loans

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

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

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

The fair value of loans is classified into Level 3.

Liabilities

Bonds payable

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

Derivative transactions

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

(Note 2) Information regarding the fair value of financial instruments carried at fair value in the consolidated balance sheet that is classified into Level 3 is as follows:

- A) Quantitative information regarding material, unobservable inputs
Not provided, as the Company itself does not estimate unobservable inputs.

B) Changes in net valuation gain/loss recognized in gain/loss for the years ended March 31, 2024 and 2023

(Millions of Yen)

	2024						Of gain/loss in fiscal year ended March 31, 2024, net valuation gain/loss of financial instruments held on consolidated balance sheet date ¹	
	Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale, issuance and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value ³		Balance at the end of the year
		Recorded in gain/loss ¹	Recorded in Other comprehensive income (loss) ²					
Monetary claims bought	¥ 17,348	¥ -	¥ (273)	¥ (1,682)	¥ -	¥ -	¥ 15,393	¥ -
Securities								
Available-for-sale securities								
Japanese local government bonds	32,681	-	(552)	(1,006)	-	(9,531)	21,591	-
Foreign securities	30,472	3,090	5,114	(38,677)	-	-	-	-
Other securities	11,161	-	(148)	(660)	-	-	10,352	-
Total assets	¥ 91,664	¥ 3,090	¥ 4,140	¥ (42,026)	¥ -	¥ (9,531)	¥ 47,337	¥ -

(Millions of Yen)

	2023						Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of financial instruments held on consolidated balance sheet date ¹	
	Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale, issuance and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value		Balance at the end of the year
		Recorded in gain/loss ¹	Recorded in Other comprehensive income (loss) ²					
Monetary claims bought	¥ 19,544	¥ -	¥ (387)	¥ (1,808)	¥ -	¥ -	¥ 17,348	¥ -
Securities								
Available-for-sale securities								
Japanese local government bonds	34,642	106	(1,185)	(882)	-	-	32,681	106
Foreign securities	32,350	745	(2,623)	-	-	-	30,472	745
Other securities	12,551	-	(179)	(1,209)	-	-	11,161	-
Total assets	¥ 99,089	¥ 852	¥ (4,375)	¥ (3,901)	¥ -	¥ -	¥ 91,664	¥ 852

(Millions of U.S. Dollars)

	2024						Of gain/loss in fiscal year ended March 31, 2024, net valuation gain/loss of financial instruments held on consolidated balance sheet date ¹	
	Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale, issuance and settlement	Transfer to Level 3 fair value	Transfer from Level 3 fair value ³		Balance at the end of the year
		Recorded in gain/loss ¹	Recorded in Other comprehensive income (loss) ²					
Monetary claims bought	\$ 115	\$ -	\$ (2)	\$ (11)	\$ -	\$ -	\$ 102	\$ -
Securities								
Available-for-sale securities								
Japanese local government bonds	216	-	(4)	(7)	-	(63)	143	-
Foreign securities	201	20	34	(255)	-	-	-	-
Other securities	74	-	(1)	(4)	-	-	68	-
Total assets	\$ 605	\$ 20	\$ 27	\$ (278)	\$ -	\$ (63)	\$ 313	\$ -

Notes:

1. Included in "Investment income" and "Investment expenses" in the consolidated statements of income.
2. Included in "Net unrealized gains (losses) on available-for-sale securities" of "Other comprehensive income (loss)" in the consolidated statements of comprehensive income.
3. Transfer from Level 3 fair value to Level 2 fair value whereby observable data of such Japanese local government bonds became available. Such transfer was effected at the beginning of the year ended March 31, 2024.

C) Explanation of the fair value valuation process

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

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

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

Financial Statements

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

A) Changes in net valuation gain/loss recognized in gain/loss for mutual funds to which the treatment in Paragraph 24-3 is applied for the year ended March 31, 2024

(Millions of Yen)

2024							
Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of the year	Of gain/loss in fiscal year ended March 31, 2024, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
¥ 976,210	¥ –	¥ 134,697	¥ 149,575	¥ –	¥ –	¥ 1,260,483	¥ –

(Millions of Yen)

2023							
Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of the year	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
¥ 632,360	¥ –	¥ 201,336	¥ 142,513	¥ –	¥ –	¥ 976,210	¥ –

(Millions of U.S. Dollars)

2024							
Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of the year	Of gain/loss in fiscal year ended March 31, 2024, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
\$ 6,447	\$ –	\$ 890	\$ 988	\$ –	\$ –	\$ 8,325	\$ –

Note: Included in "Net unrealized gains (losses) on available-for-sale securities" of "Other comprehensive income (loss)" in the consolidated statements of comprehensive income.

B) Changes in net valuation gain/loss recognized in gain/loss for mutual funds to which the treatment in Paragraph 24-9 is applied for the year ended March 31, 2024

(Millions of Yen)

2024							
Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of the year	Of gain/loss in fiscal year ended March 31, 2024, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
¥ 168,115	¥ –	¥ 3,517	¥ 4,665	¥ –	¥ –	¥ 176,297	¥ –

(Millions of Yen)

2023							
Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of the year	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
¥ 127,642	¥ –	¥ 24,198	¥ 16,273	¥ –	¥ –	¥ 168,115	¥ –

(Millions of U.S. Dollars)

2024							
Balance at the beginning of the year	Gain/loss for period under review or Other comprehensive income (loss)		Changes due to purchase, sale and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of the year	Of gain/loss in fiscal year ended March 31, 2024, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in Other comprehensive income (loss) ¹					
\$ 1,110	\$ –	\$ 23	\$ 31	\$ –	\$ –	\$ 1,164	\$ –

Note: Included in "Net unrealized gains (losses) on available-for-sale securities" of "Other comprehensive income (loss)" in the consolidated statements of comprehensive income.

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

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Items that require a certain amount of time for cancellation, etc.	¥ 1,260,483	¥ 976,210	\$ 8,325

25. DERIVATIVE TRANSACTIONS

(1) Derivative Transactions to Which the Hedge Accounting Is Not Applied Currency-related derivatives

(Millions of Yen)

March 31		2024			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	¥ 58,287	¥ –	¥ (1,097)	¥ (1,097)
	U.S. dollars	53,516	–	(1,005)	(1,005)
	Euros	4,770	–	(91)	(91)
Total					¥ (1,097)

(Millions of Yen)

March 31		2023			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	¥ 17,678	¥ –	¥ (182)	¥ (182)
	U.S. dollars	17,678	–	(182)	(182)
Total					¥ (182)

(Millions of U.S. Dollars)

March 31		2024			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	\$ 385	\$ –	\$ (7)	\$ (7)
	U.S. dollars	353	–	(7)	(7)
	Euros	32	–	(1)	(1)
Total					\$ (7)

(2) Derivative Transactions to Which the Hedge Accounting Is Applied 1) Currency-related derivatives

(Millions of Yen)

March 31			2024		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange				
	Sold	Foreign-currency-denominated bonds	¥ 1,352,953	¥ –	¥ (37,722)
	U.S. dollars		842,648	–	(23,249)
	Euros		161,215	–	(7,561)
	Australian dollars		227,770	–	(5,314)
Other	121,319		–	(1,597)	
Total					¥ (37,722)

(Millions of Yen)

March 31			2023		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange				
	Sold	Foreign-currency-denominated bonds	¥ 1,882,083	¥ –	¥ 5,168
	U.S. dollars		1,074,323	–	9,972
	Euros		180,142	–	(5,537)
	Australian dollars		391,275	–	4,005
Other	236,341		–	(3,271)	
Total					¥ 5,168

(Millions of U.S. Dollars)

March 31			2024		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange	Foreign-currency-denominated bonds			
	Sold		\$ 8,936	\$ –	\$ (249)
	U.S. dollars		5,565	–	(154)
	Euros		1,065	–	(50)
	Australian dollars		1,504	–	(35)
	Other		801	–	(11)
		Total			\$ (249)

2) Interest rate–related derivatives

(Millions of Yen)

March 31			2024		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge accounting	Interest rate swaps	Insurance liabilities			
	Receivable fixed rate/Payable floating rate		¥ 250,000	¥ 250,000	¥ (5,814)
		Total			¥ (5,814)

(Millions of Yen)

March 31			2023		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge accounting	Interest rate swaps	Insurance liabilities			
	Receivable fixed rate/Payable floating rate		¥ 100,000	¥ 100,000	¥ 6,399
		Total			¥ 6,399

(Millions of U.S. Dollars)

March 31			2024		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge accounting	Interest rate swaps	Insurance liabilities			
	Receivable fixed rate/Payable floating rate		\$ 1,651	\$ 1,651	\$ (38)
		Total			\$ (38)

26. LEASE TRANSACTIONS

Operating Leases

As lessee

Future lease payments under non-cancelable operating leases as of March 31, 2024 and 2023, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Due within 1 year	¥ 4,625	¥ 6,452	\$ 31
Due after 1 year	11,909	21,695	79
Total	¥ 16,535	¥ 28,147	\$ 109

27. SEGMENT INFORMATION

(1) Segment Information

The Group has only one segment, namely, the life insurance business in Japan.

(2) Information on Losses on Impairment of Fixed Assets by Reportable Segment

No losses on impairment of fixed assets were recognized for the years ended March 31, 2024 and 2023

(3) Supplemental Information

1) Information by product and service

The Group's products and services are placed under one category for the years ended March 31, 2024 and 2023.

2) Information by geographic region

Ordinary income in Japan exceeded 90% of ordinary income in the consolidated statements of income, and the balance of tangible fixed assets in Japan exceeded 90% of the total balance on the consolidated balance sheets for the years ended March 31, 2024 and 2023.

3) Information by major customer

No customer accounted for 10% or more of ordinary income in the consolidated statements of income for the years ended March 31, 2024 and 2023.

28. RELATED PARTY TRANSACTIONS

(1) Related Party Transactions

Transactions of the Company with related parties for the years ended March 31, 2024 and 2023, were as follows:

2024										
Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million (\$23,116 million)	Formulation of group management strategy	Directly owned 49.84%	Group management Interlocking officers	Payments of brand royalty fees ¹	¥2,094 million (\$14 million)	Accounts payable—other	¥191 million (\$1 million)
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000 million (\$2,642 million)	Postal and logistics business Post office business	—	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥123,794 million (\$818 million)	Agency accounts payable	¥9,655 million (\$64 million)
2023										
Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Formulation of group management strategy	Directly owned 49.84%	Group management Interlocking officers	Payments of brand royalty fees ¹	¥2,288 million	Accounts payable—other	¥209 million
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000 million	Postal and logistics business Post office business	—	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥134,846 million	Agency accounts payable	¥9,841 million

Notes:

- Based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group are reflected on the Company's performance, brand royalty fees are calculated by multiplying the amount of insurance policies in force as of the end of the previous fiscal year, which is a financial indicator whereupon such benefits have been reflected, by a fixed rate.
- The Company makes payments including commission of insurance solicitation calculated by multiplying the insurance amounts and the insurance premiums of each contract by the commission rates set for each class of insurance, and the commission of maintenance and collection calculated by multiplying the unit prices set for each type of outsourcing services, such as the collection of insurance premiums and payments for insurance money, by the volume of work.
- In addition to the above, from the year ended March 31, 2020, out of the expenses required for the maintenance of the post office network, the expenses necessary to ensure universal service will be covered by the funds provided to JAPAN POST Co., Ltd., from the Management Network using the contributions from the Company and JAPAN POST BANK Co., Ltd., as funds, with the exception of the amount to be borne by JAPAN POST Co., Ltd., in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network. In the years ended March 31, 2024 and 2023, the contributions paid by the Company to the Management Network amounted to ¥56,486 million (\$373 million) and ¥50,174 million, respectively.

(2) Parent Company

JAPAN POST HOLDINGS Co., Ltd. (Listed on the Tokyo Stock Exchange)

29. PER SHARE DATA

March 31	Yen		U.S. Dollars
	2024	2023	2024
Net assets per share	¥ 8,871.61	¥ 6,206.80	\$ 58.59
Years ended March 31	Yen		U.S. Dollars
	2024	2023	2024
Net income per share	¥ 227.45	¥ 249.48	\$ 1.50

Notes:

- Diluted net income per share is not presented for the years ended March 31, 2024 and 2023, as potential common stock did not exist.

Financial Statements

2. Net income per share is calculated based on the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Net income	¥ 87,056	¥ 97,614	\$ 575
Amount not attributable to common stockholders	–	–	–
Net income attributable to common stock	¥ 87,056	¥ 97,614	\$ 575

Years ended March 31

Average number of common stock during the fiscal year

Thousands of shares	
2024	2023
382,747	391,270

3. Net assets per share is calculated based on the following:

March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Net assets	¥ 3,395,744	¥ 2,375,377	\$ 22,427
Amount deducted from net assets	–	–	–
Net assets attributable to common stock at the fiscal year-end	¥ 3,395,744	¥ 2,375,377	\$ 22,427

March 31

Number of common stock at the fiscal year-end used for the calculation of net assets per share

Thousands of shares	
2024	2023
382,765	382,705

4. The Company establishes the Board Benefit Trust (BBT). Shares of the Company held in trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the fiscal year for the purpose of calculating net income per share. In addition, they were included in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

The average number of treasury stock during the fiscal year that was deducted from the calculation of net income per share for the years ended March 31, 2024 and 2023, was 433 thousand shares and 423 thousand shares, respectively. The number of treasury stock at the end of the fiscal year that was deducted from the calculation of net assets per share as of March 31, 2024 and 2023, was 415 thousand shares and 475 thousand shares, respectively.

30. SUBSEQUENT EVENTS

Issuance of Subordinated Unsecured Bonds for Domestic Public Offering

As indicated below, the Company issued subordinated unsecured bonds by way of domestic public offering on April 17, 2024, and payment for the bonds was completed on the same day.

1. Name of bond	Fourth series of subordinated unsecured bonds with interest deferral option and early redemption option
2. Principal amount	¥100 billion
3. Denomination	¥100 million
4. Maturity date	April 17, 2054 The Company may, at its discretion, redeem the bond (i) on April 17, 2034, and every date which falls five, or a multiple of five, years thereafter or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after the payment date, subject to the prior approval of the regulatory authority.
5. Interest rate	(1) From the day immediately following April 17, 2024, until April 17, 2034: 2.133% (2) From the day immediately following April 17, 2034: 5-year JGB plus 2.300% (reset every 5 years)
6. Interest payment date	April 17 and October 17 of each year
7. Issue price	¥100 per principal amount of ¥100 of each bond
8. Redemption price	¥100 per principal amount of ¥100 of each bond
9. Payment date	April 17, 2024
10. Collateral and guarantees	No collateral or guarantee will be provided.
11. Prioritization	As to the payment of debt in liquidation or other proceedings of the issuer, the bonds shall be subordinated to general debt, ranking substantially pari passu with its pari-passu subordinated debt as well as its most preferred stock of the issuer (if issued by the issuer in the future) and shall be senior to its common stock.
12. Purpose of funds	General working capital

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of JAPAN POST INSURANCE Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. ("the Company") and its consolidated subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024 and 2023, the consolidated statements of income comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Accuracy of the calculation and sufficiency of policy reserves

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of Japan Post Insurance Co., Ltd. (the "Company") and its consolidated subsidiary, Policy reserves of ¥50,512,792 million were	In order to assess whether the calculation of policy reserves was accurate and the amount of policy reserves was sufficient, we performed the following procedures, among others, by involving actuarial

<p>recognized as of March 31, 2024, accounting for a significant portion (87.9%) of total liabilities therein.</p> <p>As described in Note 2, “SIGNIFICANT ACCOUNTING POLICIES, (7) Policy Reserves”, policy reserves are set aside for the fulfilment of future obligations under the insurance contracts pursuant to the Insurance Business Act and other applicable laws and regulations (hereinafter collectively referred to as the “Act”).</p> <p>Pursuant to the Act, policy reserves, which represent a large portion of total liabilities of an insurance company, are required to be accumulated each accounting period in accordance with the statements of calculation procedures approved by the Financial Services Agency in Japan (FSA). In addition, the Act requires an insurance company to validate the sufficiency of policy reserves, and an additional policy reserve may be required to be provided for, as necessary.</p> <p>Policy reserves are calculated based on certain calculation assumptions affecting long-term future cash flows, such as assumed mortality rates, assumed interest rates, and expected operating expense ratios. The calculation formula for policy reserves stipulated in the statements of calculation procedures approved by the FSA is complex, and therefore involves a high level of expertise in actuarial valuation. In addition, pursuant to the Act, in order to validate the sufficiency of policy reserves, an analysis on future income and expenses must be performed by the chief actuary. This analysis requires significant management judgment on assumptions underlying the estimate of future cash flows, such as a level of insurance product sales, the amount of insurance claims and other benefit payments, investment income and operating expenses, which involves a high level of expertise in actuarial valuation.</p> <p>We, therefore, determined that our assessment of the accuracy of the calculation and sufficiency of policy reserves was of most significance in our audit of the</p>	<p>specialists and IT system specialists within our firm:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls over the processes to ensure the accuracy of the calculation and sufficiency of policy reserves. In the assessment, special attention was given to the following controls:</p> <ul style="list-style-type: none"> • IT controls over the policy reserve calculation system to ensure the accuracy of the calculation of policy reserves; • controls that the actuarial-related departments ensure that policy reserves are recognized completely for all of the Company’s insurance contracts; • controls that the actuarial-related departments ensure the accuracy of the calculation of policy reserves by reperforming the calculation of policy reserves on a sample basis, and assessing the consistency with the amount of policy reserves calculated by a system other than the policy reserve calculation system used for financial reporting purpose; and • controls that the Company’s management receives the opinion report of the chief actuary to evaluate the sufficiency of policy reserves. <p>(2) Assessment of the accuracy of the calculation of policy reserves</p> <ul style="list-style-type: none"> • We confirmed that the policy reserves for insurance products which were newly sold and revised during the current fiscal year were accurately calculated in accordance with the statements of calculation procedures approved by the FSA through recalculation; and • We confirmed that the changes in policy reserves from the previous fiscal year were consistent with insurance premium, insurance claims and operating expenses for the current fiscal year. <p>(3) Assessment of the sufficiency of the amount of policy reserves</p> <ul style="list-style-type: none"> • We assessed whether the amount of policy reserves was sufficient by confirming that an analysis on future income and expenses was appropriately performed pursuant to the Act in accordance with the “Standard of Practice for Appointed Actuaries of Life Insurance Companies” issued by the Institute of Actuaries of Japan, and comparing the amount of policy reserves with the calculation
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consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

results of the previous fiscal year; and

- We assessed the contents of the opinion and supplementary reports of the chief actuary considering the chief actuary’s opinion, and inquired of the chief actuary about the reports.

2. Reasonableness of management’s judgment on the recoverability of deferred tax assets

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of Japan Post Insurance Co., Ltd. (the “Company”) and its consolidated subsidiary, deferred tax assets of ¥636,644 million were recognized as of March 31, 2024. As described in Note 14, “DEFERRED TAX ASSETS AND LIABILITIES” to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to ¥1,466,429 million. Of this amount, the deferred tax assets related to policy reserves and reserve for price fluctuations were ¥998,451 million and ¥228,547 million, respectively, accounting for a significant portion.</p> <p>Deferred tax assets are recognized to the extent that deductible temporary differences are expected to reduce future taxable income. The amount recognized as deferred tax assets depends on the appropriateness of the company category determined in accordance with the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Guidance No. 26 of the Accounting Standards Board of Japan) and the estimated future taxable income.</p> <p>As described in Note 14, “DEFERRED TAX ASSETS AND LIABILITIES”, the Company determined that deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets would have the effect of reducing the amount of tax payable. Management’s estimate of future taxable income that would be generated over the long term involved significant management judgment on key assumptions, such as forecasts of the level of</p>	<p>In order to assess whether management’s judgment on the recoverability of deferred tax assets was appropriate, we performed the following audit procedures, among others:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the estimate of future taxable income, including those over the development of the business plan.</p> <p>(2) Assessment of the company category</p> <p>We evaluated the appropriateness of the Company category determined in accordance with the “Implementation Guidance on Recoverability of Deferred Tax Assets,” with a particular focus on the assessment of whether significant changes in the business environment were expected in the near future.</p> <p>(3) Assessment of the appropriateness and feasibility of estimated future taxable income</p> <ul style="list-style-type: none"> • We inquired of management of the Company and of the relevant department and obtained an understanding of assumptions underlying the business plan, which formed the basis for the estimate of future taxable income; • We obtained an understanding of the main causes of any differences between the future taxable income estimated in the previous fiscal years and the actual results by inquiring of the relevant department and assessed their impact to the estimated future taxable income; • We confirmed the consistency between the estimated future taxable income and the business plan; and • We inquired of the relevant department regarding alternative assumptions used by management for stress test scenarios in estimating future taxable

<p>new contracts for insurance products, the amount of insurance claims and other benefit payments, investment income and operating expenses. Although the actual results of new contracts increased in the current fiscal year, it did not reach the level expected, and the estimate of the level of new contracts based on the business plan prepared in the current fiscal year involved a high degree of uncertainty.</p> <p>We, therefore, determined that our assessment of the reasonableness of management’s judgment on the recoverability of deferred tax assets was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>income, understood the results of the stress test, and assessed the appropriateness of the evaluation of uncertainty in management’s estimate.</p>
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Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers’ and directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in

accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its consolidated subsidiary are described in "Independent Auditor" included in "Corporate Information" of the Annual Report.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ KANNO Masako

Designated Engagement Partner

Certified Public Accountant

/S/ SATO Eihiro

Designated Engagement Partner

Certified Public Accountant

/S/ SUDA Shunsuke

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

September 17, 2024

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

3 Non-Consolidated Financial Statements

JAPAN POST INSURANCE CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS

MARCH 31, 2024 AND 2023

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
ASSETS:			
Cash and deposits:			
Cash	¥ 723	¥ 201	\$ 5
Deposits	1,152,007	1,428,281	7,609
Total cash and deposits	1,152,730	1,428,483	7,613
Call loans	40,000	40,000	264
Receivables under resale agreements	1,047,192	1,384,764	6,916
Monetary claims bought	25,392	47,345	168
Money held in trust	6,271,415	4,772,321	41,420
Securities (Notes 3 and 4):			
Japanese government bonds	36,037,546	37,114,603	238,013
Japanese local government bonds	2,634,528	3,400,150	17,400
Japanese corporate bonds	4,119,871	4,228,952	27,210
Stocks	558,536	410,088	3,689
Foreign securities	2,168,841	2,949,260	14,324
Other securities	2,175,272	1,739,423	14,367
Total securities	47,694,597	49,842,478	315,003
Loans (Note 5):			
Policy loans	149,707	140,355	989
Industrial and commercial loans	849,174	916,374	5,608
Loans to the Management Network	2,282,432	2,549,102	15,075
Total loans	3,281,313	3,605,832	21,672
Tangible fixed assets (Note 25):			
Land	76,610	43,112	506
Buildings	44,984	35,590	297
Leased assets	5,326	4,189	35
Construction in progress	47	24	0
Other tangible fixed assets	9,602	9,512	63
Total tangible fixed assets	136,571	92,429	902
Intangible fixed assets (Note 25):			
Software	103,191	97,335	682
Other intangible fixed assets	10	12	0
Total intangible fixed assets	103,202	97,347	682
Agency accounts receivable	11,296	41,307	75
Reinsurance receivables	7,646	4,049	50
Other assets:			
Accounts receivable	244,606	116,048	1,616
Prepaid expenses (Note 25)	4,610	4,744	30
Accrued income (Note 5)	143,911	129,974	950
Money on deposit	6,244	7,883	41
Margin deposits for futures transactions (Note 4)	4,284	9	28
Derivative financial instruments	2,785	35,271	18
Cash collateral paid for financial instruments (Note 4)	35,750	4,094	236
Suspense payments	1,022	1,041	7
Other assets	6,338	1,520	42
Total other assets	449,553	300,588	2,969
Deferred tax assets (Note 11)	636,524	1,028,662	4,204
Reserve for possible loan losses (Note 25)	(346)	(379)	(2)
Total assets	¥ 60,857,090	¥ 62,685,230	\$ 401,936

See accompanying notes to non-consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
LIABILITIES:			
Policy reserves and others:			
Reserve for outstanding claims (Note 6)	¥ 373,913	¥ 410,387	\$ 2,470
Policy reserves (Notes 6 and 8)	50,512,792	53,518,219	333,616
Reserve for policyholder dividends (Note 7)	1,101,628	1,175,171	7,276
Total policy reserves and others	51,988,334	55,103,778	343,361
Reinsurance payables	6,001	6,297	40
Bonds payable (Note 9)	400,000	300,000	2,642
Other liabilities:			
Payables under repurchase agreements (Note 4)	3,905,000	3,740,688	25,791
Income taxes payable	1,617	–	11
Accounts payable	20,572	19,319	136
Accrued expenses	43,719	42,136	289
Deposits received	3,023	2,324	20
Deposits from the Management Network (Note 10)	37,575	38,647	248
Guarantee deposits received	109	73	1
Derivative financial instruments	46,327	23,691	306
Cash collateral received for financial instruments	–	20,011	–
Lease obligations	5,860	4,609	39
Suspense receipt (Note 5)	21,587	2,713	143
Other liabilities	10,298	46,189	68
Total other liabilities	4,095,691	3,940,404	27,050
Reserve for employees' retirement benefits	97,157	70,806	642
Reserve for management board benefit trust (Note 25)	391	315	3
Reserve for price fluctuations (Notes 8 and 25)	873,799	889,960	5,771
Total liabilities	¥ 57,461,376	¥ 60,311,562	\$ 379,508
NET ASSETS:			
Capital stock	¥ 500,000	¥ 500,000	\$ 3,302
Capital surplus:			
Legal capital surplus	405,044	405,044	2,675
Total capital surplus	405,044	405,044	2,675
Retained earnings:			
Legal retained earnings	91,216	84,089	602
Other retained earnings:			
Reserve for reduction entry of real estate	4,506	4,767	30
Retained earnings brought forward	624,389	613,328	4,124
Total other retained earnings	628,896	618,096	4,154
Total retained earnings	720,112	702,185	4,756
Treasury stock	(948)	(36,082)	(6)
Total shareholders' equity	1,624,208	1,571,147	10,727
Net unrealized gains (losses) on available-for-sale securities	1,775,693	797,912	11,728
Net deferred gains (losses) on hedges	(4,186)	4,607	(28)
Total valuation and translation adjustments	1,771,506	802,520	11,700
Total net assets	3,395,714	2,373,667	22,427
Total liabilities and net assets	¥ 60,857,090	¥ 62,685,230	\$ 401,936

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2024 AND 2023

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
ORDINARY INCOME:			
Insurance premiums and others:			
Insurance premiums (Note 13)	¥ 2,467,931	¥ 2,183,985	\$ 16,300
Reinsurance income	16,076	16,959	106
Total insurance premiums and others	2,484,007	2,200,945	16,406
Investment income:			
Interest and dividend income:			
Interest on deposits	86	34	1
Interest and dividends on securities	794,962	869,716	5,250
Interest on loans	12,954	13,385	86
Interest on loans to the Management Network	48,373	60,171	319
Other interest and dividend income	10,092	7,409	67
Total interest and dividend income	866,469	950,717	5,723
Gains on money held in trust (Note 15)	181,439	150,378	1,198
Gains on sales of securities (Note 16)	151,153	50,567	998
Gains on redemption of securities	110	498	1
Gains on foreign exchanges	13,579	6,814	90
Reversal of reserve for possible loan losses	—	1	—
Other investment income	27	44	0
Total investment income	1,212,778	1,159,020	8,010
Other ordinary income:			
Reversal of reserve for outstanding claims (Note 12)	36,474	—	241
Reversal of policy reserves (Note 12)	3,005,427	3,015,234	19,850
Reversal of reserve for employees' retirement benefits	634	—	4
Other ordinary income	6,099	4,355	40
Total other ordinary income	3,048,636	3,019,589	20,135
Total ordinary income	6,745,422	6,379,556	44,551
ORDINARY EXPENSES:			
Insurance claims and others:			
Insurance claims (Note 14)	4,149,769	4,451,916	27,407
Annuity payments	218,989	268,802	1,446
Benefits	200,725	211,958	1,326
Surrender benefits	439,018	457,654	2,900
Other refunds	61,170	76,141	404
Reinsurance premiums	708,916	21,523	4,682
Total insurance claims and others	5,778,590	5,487,997	38,165
Provision for policy reserves and others			
Provision for reserve for outstanding claims (Note 12)	—	7,778	—
Provision for interest on policyholder dividends	137	9	1
Total provision for policy reserves and others	137	7,788	1
Investment expenses:			
Interest expenses	4,993	4,639	33
Losses on sales of securities (Note 17)	177,704	177,296	1,174
Losses on valuation of securities (Note 18)	71	306	0
Losses on redemption of securities	240	1,554	2
Losses on derivative financial instruments (Note 19)	95,835	60,588	633
Provision for reserve for possible loan losses	0	—	0
Other investment expenses	3,701	2,040	24
Total investment expenses	282,548	246,426	1,866
Operating expenses (Note 25)	438,531	444,209	2,896
Other ordinary expenses:			
Taxes	35,480	33,571	234
Depreciation and amortization	42,959	41,125	284
Provision for reserve for employees' retirement benefits	—	169	—
Other ordinary expenses	4,593	615	30
Total other ordinary expenses	83,034	75,481	548
Total ordinary expenses	6,582,841	6,261,903	43,477
Ordinary profit	162,581	117,652	1,074
EXTRAORDINARY GAINS (Note 20)	16,161	82,645	107
EXTRAORDINARY LOSSES (Note 21)	190	318	1
Provision for reserve for policyholder dividends (Note 22)	55,899	62,067	369
Income before income taxes	122,652	137,912	810
Income taxes (Note 11):			
Current	13,379	33,516	88
Deferred	20,709	6,604	137
Total income taxes	34,088	40,120	225
Net income	¥ 88,564	¥ 97,791	\$ 585

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2024 AND 2023

	Millions of Yen									
	Capital surplus				Shareholders' equity					
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Retained earnings			Treasury stock	Total shareholders' equity
						Reserve for reduction entry of real estate	Retained earnings brought forward	Total retained earnings		
BALANCE, APRIL 1, 2022	¥ 500,000	¥ 405,044	¥ -	¥ 405,044	¥ 76,909	¥ 5,026	¥ 558,353	¥ 640,289	¥ (355)	¥1,544,978
Changes in the fiscal year:										
Cash dividends					7,179		(43,075)	(35,896)		(35,896)
Net income							97,791	97,791		97,791
Purchases of treasury stock									(35,739)	(35,739)
Disposals of treasury stock									12	12
Reversal of reserve for reduction entry of real estate						(259)	259	-		-
Net changes in items other than shareholders' equity in the fiscal year					7,179	(259)	54,975	61,895	(35,727)	26,168
Net changes in the fiscal year	-	-	-	-	7,179	(259)	54,975	61,895	(35,727)	26,168
BALANCE, MARCH 31, 2023	500,000	405,044	-	405,044	84,089	4,767	613,328	702,185	(36,082)	1,571,147
Changes in the fiscal year:										
Cash dividends					7,127		(42,763)	(35,635)		(35,635)
Net income							88,564	88,564		88,564
Disposals of treasury stock									132	132
Cancellation of treasury stock			(35,000)	(35,000)					35,000	-
Reversal of reserve for reduction entry of real estate						(260)	260	-		-
Transfer from retained earnings to capital surplus			35,000	35,000			(35,000)	(35,000)		-
Net changes in items other than shareholders' equity in the fiscal year					7,127	(260)	11,060	17,927	35,133	53,061
Net changes in the fiscal year	-	-	-	-	7,127	(260)	11,060	17,927	35,133	53,061
BALANCE, MARCH 31, 2024	¥ 500,000	¥ 405,044	¥ -	¥ 405,044	¥ 91,216	¥ 4,506	¥ 624,389	¥ 720,112	¥ (948)	¥1,624,208

	Millions of Yen			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
BALANCE, APRIL 1, 2022	¥ 873,764	¥ -	¥ 873,764	¥ 2,418,743
Changes in the fiscal year:				
Cash dividends				(35,896)
Net income				97,791
Purchases of treasury stock				(35,739)
Disposals of treasury stock				12
Reversal of reserve for reduction entry of real estate				-
Net changes in items other than shareholders' equity in the fiscal year	(75,851)	4,607	(71,243)	(71,243)
Net changes in the fiscal year	(75,851)	4,607	(71,243)	(45,075)
BALANCE, MARCH 31, 2023	797,912	4,607	802,520	2,373,667
Changes in the fiscal year:				
Cash dividends				(35,635)
Net income				88,564
Disposals of treasury stock				132
Cancellation of treasury stock				-
Reversal of reserve for reduction entry of real estate				-
Transfer from retained earnings to capital surplus				-
Net changes in items other than shareholders' equity in the fiscal year	977,780	(8,794)	968,986	968,986
Net changes in the fiscal year	977,780	(8,794)	968,986	1,022,047
BALANCE, MARCH 31, 2024	¥ 1,775,693	¥ (4,186)	¥ 1,771,506	¥ 3,395,714

See accompanying notes to non-consolidated financial statements.

	Millions of U.S. Dollars (Note 1)									
	Shareholders' equity									
	Capital surplus				Retained earnings					
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings	Treasury stock	Total shareholders' equity
Reserve for reduction entry of real estate						Retained earnings brought forward				
BALANCE, MARCH 31, 2023	\$ 3,302	\$ 2,675	\$ –	\$ 2,675	\$ 555	\$ 31	\$ 4,051	\$ 4,638	\$ (238)	\$ 10,377
Changes in the fiscal year:										
Cash dividends					47		(282)	(235)		(235)
Net income							585	585		585
Disposals of treasury stock									1	1
Cancellation of treasury stock			(231)	(231)					231	–
Reversal of reserve for reduction entry of real estate						(2)	2	–		–
Transfer from retained earnings to capital surplus			231	231			(231)	(231)		–
Net changes in items other than shareholders' equity in the fiscal year					47	(2)	73	118	232	350
Net changes in the fiscal year	–	–	–	–	47	(2)	73	118	232	350
BALANCE, MARCH 31, 2024	\$ 3,302	\$ 2,675	\$ –	\$ 2,675	\$ 602	\$ 30	\$ 4,124	\$ 4,756	\$ (6)	\$ 10,727

	Millions of U.S. Dollars (Note 1)			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
BALANCE, MARCH 31, 2023	\$ 5,270	\$ 30	\$ 5,300	\$ 15,677
Changes in the fiscal year:				
Cash dividends				(235)
Net income				585
Disposals of treasury stock				1
Cancellation of treasury stock				–
Reversal of reserve for reduction entry of real estate				–
Transfer from retained earnings to capital surplus				–
Net changes in items other than shareholders' equity in the fiscal year	6,458	(58)	6,400	6,400
Net changes in the fiscal year	6,458	(58)	6,400	6,750
BALANCE, MARCH 31, 2024	\$ 11,728	\$ (28)	\$ 11,700	\$ 22,427

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

1. BASIS OF PRESENTATION

The accompanying financial statements of JAPAN POST INSURANCE Co., Ltd. (the "Company"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of financial statements, the Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to the non-consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

All Japanese yen figures in the non-consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account might not be equal to the combined total of individual items.

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151.41 to US\$1, the approximate rate of exchange as of March 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Securities

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

1) Held-to-maturity bonds

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

2) Policy-reserve-matching bonds

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

3) Equities of subsidiaries and affiliates

Equities of subsidiaries and affiliates are carried at cost, and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale securities

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

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

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

(2) Derivative Transactions

All derivative transactions are valued at fair value.

(3) Hedge Accounting

1) Methods for hedge accounting

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

2) Hedging instruments and hedged items

(i) Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds
(ii) Hedging instrument: Interest rate swaps
Hedged item: Insurance liabilities

3) Hedging policies

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

4) Assessment of hedge effectiveness

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

(4) Depreciation

1) Tangible fixed assets (excluding leased assets)

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

Buildings : 2–60 years
Other tangible fixed assets: 2–20 years

2) Intangible fixed assets (excluding leased assets)

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

3) Leased assets

The Company mainly leases vehicles under finance lease arrangements that do not transfer the ownership of leased property to the lessee.

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

(5) Reserve for Possible Loan Losses

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

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

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy, including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amounts written off for loans and other assets during the years ended March 31, 2024 and 2023, were ¥45 million (\$0 million) and ¥92 million, respectively.

(6) Policy Reserves

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

The amount of policy reserves might be affected if the actual results of the basis of the calculation of policy reserves such as assumed mortality rates, assumed interest rates and expected rate of expenses deviate significantly or deviations are expected in the future due to changes in the environment.

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

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

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

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

The Management Network was established in October 2007 to support the privatization of Japan Post by succeeding from Japan Post postal savings such as fixed amount or term postal savings deposited and Postal Life Insurance Contracts concluded by September 2007 to ensure that such postal savings and Postal Life Insurance are managed appropriately and to fulfill the relevant liabilities without fail.

The Company has entered into the reinsurance contracts comprising outsourcing agreements for the administrative operation of the Postal Life Insurance and the reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life Insurance Contracts concluded by September 2007 that have been assumed by the Management Network.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from Japan Post Corporation, the Company has lent loans to the Management Network under the same loan conditions as those of the contracts between Japan Post and its counterparties.

(7) Insurance Premiums and Others

1) Insurance premiums

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

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

2) Reinsurance income

Of the amounts that are paid as insurance claims pertaining to original insurance contracts in accordance with reinsurance contracts, the portions that correspond to reinsurance are recorded as reinsurance income at the time of payment of these insurance claims.

(8) Insurance Claims and Others

1) Insurance claims and others (excluding reinsurance premiums)

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

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

2) Reinsurance premiums

Reinsurance premiums that have been agreed on based on reinsurance contracts are recorded when the said reinsurance contracts are concluded or when insurance premiums corresponding to original insurance contracts are collected, etc.

Some of the policy reserves and reserves for outstanding claims that correspond to reinsurance are not set aside pursuant to Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act.

(9) Reserve for Employees' Retirement Benefits

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

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

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

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

Accounting methods for unrecognized actuarial difference and unrecognized prior service cost are different from those of the consolidated financial statements.

(10) Reserve for Management Board Benefit Trust

To provide for the granting of shares and others of the Company to executive officers of the Company in accordance with the stock benefit rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(11) Reserve for Price Fluctuations

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

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

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

(13) Changes in Accounting Policies For the year ended March 31, 2023

The Company has applied the "Fair Value Measurement Implementation Guidance" from the beginning of the year

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

(14) Additional Information Transactions for granting shares and others of the Company to executive officers of the Company through a trust

Notes to the transactions for granting shares and others of the Company to executive officers of the Company through a trust are omitted as they are presented in Note 2 "SIGNIFICANT ACCOUNTING POLICIES" of the consolidated financial statements.

3. SECURITIES

(1) Securities

Equities of subsidiaries and affiliates were included in "Stocks," and investments in capital of subsidiaries and affiliates were included in "Other securities," all of which are carried at cost because they are instruments with no market price. Such securities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Equities of subsidiaries	¥ 1,784	¥ 1,784	\$ 12
Investments in capital of subsidiaries	41,345	19,386	273
Equities of affiliates	6,462	6,462	43
Investments in capital of affiliates	29,039	26,091	192

Securities lent under lending agreements in the amount of ¥1,597,184 million (\$10,549 million) and ¥1,164,763 million were included in "Securities" in the balance sheets as of March 31, 2024 and 2023, respectively.

The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥141,779 million (\$936 million) and ¥124,202 million as of March 31, 2024 and 2023, respectively.

(2) Policy-Reserve-Matching Bonds

The balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Balance sheet amount	¥ 7,139,629	¥ 8,075,012	\$ 47,154
Fair value	6,954,091	8,237,638	45,929

The outline of the risk management policy of policy-reserve-matching bonds was as follows:

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

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

For the year ended March 31, 2023

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

4. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Assets pledged as collateral:			
Securities	¥ 3,715,475	¥ 3,499,456	\$ 24,539
Liabilities corresponding to assets pledged as collateral:			
Payables under repurchase agreements	3,905,000	3,740,688	25,791

The above securities are those sold under repurchase agreements.

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

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Securities	¥ 213,657	¥ 133,667	\$ 1,411
Margin deposits for futures transactions	4,284	9	28
Cash collateral paid for financial instruments	35,750	4,094	236

5. LOANS

There were no bankrupt loans or quasi-bankrupt loans, doubtful loans, past due loans for three months or more, or restructured loans as of March 31, 2024 and 2023.

Definitions for each of the respective loans are as follows:

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

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

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

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

The amounts of unused commitments as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Amount of unused commitments	¥ 4,890	¥ 15,659	\$ 32

With regard to the loans to the Management Network that became due on March 31, 2024, the due date was moved to the following business day, pursuant to internal rules, as March 31, 2024, fell on a bank holiday. Of this amount, the amount received in advance was recorded as a suspense receipt as its due date had not yet arrived. Details of the loans to the Management Network that became due on March 31, 2024, as well as the amount recorded as accrued interest in accrued revenue and the amount received in advance which was recorded as a suspense receipt for these loans to the Management Network were as follows. March 31, 2023, did not fall on a bank holiday.

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Loans to the Management Network	¥ 242,568	¥ –	\$ 1,602
Accrued income	21,100	–	139
Suspense receipt	13,276	–	88

6. REINSURANCE

Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter the “reserve for outstanding claims—ceded”), as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Reserve for outstanding claims—ceded	¥ 426	¥ 690	\$ 3

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter “policy reserves—ceded”) as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Policy reserves—ceded	¥ 641,745	¥ 880	\$ 4,238

7. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Balance at the beginning of the year	¥ 1,175,171	¥ 1,260,009	\$ 7,762
Policyholder dividends paid	(129,463)	(146,714)	(855)
Interest accrual	137	9	1
Reduction due to the acquisition of additional annuity	(115)	(200)	(1)
Provision for reserve for policyholder dividends	55,899	62,067	369
Balance at the end of the year	¥ 1,101,628	¥ 1,175,171	\$ 7,276

8. RESERVES RELATED TO REINSURANCE CONTRACTS

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

In addition, contingency reserve and reserve for price fluctuations are provided for the category of the reinsurance.

The policy reserves, excluding contingency reserve and including policy reserves—ceded, contingency reserve and reserve for price fluctuations mentioned above as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Policy reserves (excluding contingency reserve and including policy reserves—ceded)	¥ 25,595,821	¥ 27,370,400	\$ 169,050
Contingency reserve	1,283,683	1,260,220	8,478
Reserve for price fluctuations	749,984	711,298	4,953

9. BONDS PAYABLE

Bonds payable, which are subordinated bonds stipulating that their priorities are ranked behind other obligations, as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Subordinated bonds	¥ 400,000	¥ 300,000	\$ 2,642

10. DEPOSITS FROM THE MANAGEMENT NETWORK

Deposits from the Management Network refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid at the end of the fiscal years ended March 31, 2024 and 2023.

11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Deferred tax assets:			
Policy reserves	¥ 998,451	¥ 1,021,572	\$ 6,594
Reserve for price fluctuations	228,547	231,440	1,509
Reserve for outstanding claims	42,693	48,375	282
Reserve for employees' retirement benefits	27,206	19,827	180
Unrealized losses on available-for-sale securities	141,183	151,762	932
Other	43,182	36,611	285
Subtotal	1,481,264	1,509,589	9,783
Valuation allowance	(14,960)	(14,674)	(99)
Total deferred tax assets	1,466,303	1,494,915	9,684
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(817,573)	(453,303)	(5,400)
Other	(12,206)	(12,949)	(81)
Total deferred tax liabilities	(829,779)	(466,253)	(5,480)
Net deferred tax assets (liabilities)	¥ 636,524	¥ 1,028,662	\$ 4,204

Note: Deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term, and therefore deferred tax assets have an effect of reducing the amount of tax payable.

The Company is subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 28.00% for the years ended March 31, 2024 and 2023.

Reconciliation of the statutory tax rate and the effective income tax rate for the years ended March 31, 2024 and 2023, is omitted as the difference was less than 5% of the statutory tax rate.

12. POLICY RESERVES FOR CEDED REINSURANCE

The amount of reversal of reserve for outstanding claims—ceded that is deducted from the calculation of reversal of reserve for outstanding claims for the year ended March 31, 2024, was ¥264 million (\$2 million). The amount of provision for reserve for outstanding claims—ceded that is deducted from the calculation of provision for reserve for outstanding claims for the year ended March 31, 2023, was ¥165 million.

The amount of provision for policy reserves—ceded that is added to the calculation of reversal of policy reserves for the year ended March 31, 2024, was ¥640,865 million (\$4,233 million). The amount of reversal of policy reserves—ceded that is deducted from the calculation of reversal of policy reserves for the year ended March 31, 2023, was ¥27 million.

13. INSURANCE PREMIUMS

Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Insurance premiums	¥ 171,727	¥ 222,610	\$ 1,134

14. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Insurance claims	¥ 2,268,384	¥ 2,535,300	\$ 14,982

15. GAINS ON MONEY HELD IN TRUST

Gains on money held in trust included losses on valuation of ¥3,882 million (\$26 million) and ¥6,360 million for the years ended March 31, 2024 and 2023, respectively.

16. GAINS ON SALES OF SECURITIES

Gains on sales of securities were recognized on the following securities:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Japanese government bonds, etc.	¥ 22,169	¥ 4,480	\$ 146
Stocks	14,394	18,830	95
Foreign securities	114,588	27,256	757

17. LOSSES ON SALES OF SECURITIES

Losses on sales of securities were recognized on the following securities:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Japanese government bonds, etc.	¥ 57,329	¥ 17,833	\$ 379
Stocks	4,489	6,372	30
Foreign securities	115,885	120,852	765
Other securities	–	32,238	–

18. LOSSES ON VALUATION OF SECURITIES

Losses on valuation of securities were recognized on the following securities:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Other securities	¥ 71	¥ 306	\$ 0

19. LOSSES ON DERIVATIVE FINANCIAL INSTRUMENTS

Losses on derivative financial instruments included losses on valuation of ¥38,819 million (\$256 million) for the year ended March 31, 2024, and gains on valuation of ¥4,986 million for the year ended March 31, 2023.

20. EXTRAORDINARY GAINS

Extraordinary gains for the years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Reversal of reserve for price fluctuations	¥ 16,161	¥ 82,645	\$ 107

21. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Losses on sales and disposal of fixed assets	¥ 190	¥ 318	\$ 1

22. PROVISION FOR RESERVE FOR POLICYHOLDER DIVIDENDS

Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Network, for the years ended March 31, 2024 and 2023, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Provision for reserve for policyholder dividends	¥ 46,866	¥ 43,678	\$ 310

23. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

Transactions with the subsidiaries and affiliates for the years ended March 31, 2024 and 2023, and outstanding balances arising from such transactions as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Years ended March 31			
Income	¥ –	¥ –	\$ –
Expenses	19,067	17,473	126

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
March 31			
Monetary claims	¥ 169	¥ 259	\$ 1
Monetary obligations	18,300	16,091	121

24. SUBSEQUENT EVENTS

Issuance of Subordinated Unsecured Bonds for Domestic Public Offering

As indicated below, the Company issued subordinated unsecured bonds by way of domestic public offering on April 17, 2024, and payment for the bonds was completed on the same day.

1. Name of bond	Fourth series of subordinated unsecured bonds with interest deferral option and early redemption option
2. Principal amount	¥100 billion
3. Denomination	¥100 million
4. Maturity date	April 17, 2054 The Company may, at its discretion, redeem the bond (i) on April 17, 2034, and every date which falls five, or a multiple of five, years thereafter or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after the payment date, subject to the prior approval of the regulatory authority.
5. Interest rate	(1) From the day immediately following April 17, 2024, until April 17, 2034: 2.133% (2) From the day immediately following April 17, 2034: 5-year JGB plus 2.300% (reset every 5 years)
6. Interest payment date	April 17 and October 17 of each year
7. Issue price	¥100 per principal amount of ¥100 of each bond
8. Redemption price	¥100 per principal amount of ¥100 of each bond
9. Payment date	April 17, 2024
10. Collateral and guarantees	No collateral or guarantee will be provided.
11. Prioritization	As to the payment of debt in liquidation or other proceedings of the issuer, the bonds shall be subordinated to general debt, ranking substantially pari passu with its pari-passu subordinated debt as well as its most preferred stock of the issuer (if issued by the issuer in the future) and shall be senior to its common stock.
12. Purpose of funds	General working capital

25. SUPPLEMENTARY SCHEDULES

Schedule of Operating Expenses

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Sales activity expenses:	¥ 53,928	¥ 59,980	\$ 356
Field sales staff–related expenses	26,774	25,451	177
Sales agencies–related expenses	27,154	34,529	179
Selection expenses of policyholders	0	0	0
Sales administration expenses:	19,511	19,012	129
Management of sales agencies	13,559	12,883	90
Training and education of sales staff	258	143	2
Advertising	5,693	5,986	38
General administration expenses:	365,091	365,216	2,411
Personnel expenses	107,099	109,303	707
Property expenses	257,990	255,911	1,704
Donation, contribution and miscellaneous dues	403	96	3
Obligations	1	1	0
Total	¥ 438,531	¥ 444,209	\$ 2,896

Notes:

1. "Property expenses" include consignment costs related to the maintenance and control of insurance policies, IT system-related costs and contributions based on Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.

2. "Obligations" are obligations paid to Life Insurance Policyholders Protection Corporation based on the provision of Article 259 of the Insurance Business Act.

Schedule of Tangible and Intangible Fixed Assets

Type of assets	Millions of Yen						
	Year ended March 31, 2024						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	¥ –	¥ –	¥ –	¥ 76,610	¥ –	¥ –	¥ 76,610
Buildings	–	–	–	76,100	31,115	2,764	44,984
Leased assets	–	–	–	7,696	2,369	1,336	5,326
Construction in progress	–	–	–	47	–	–	47
Other	–	–	–	37,834	28,232	3,541	9,602
Total tangible fixed assets	–	–	–	198,288	61,717	7,642	136,571
Intangible fixed assets:							
Software	–	–	–	620,272	517,080	35,285	103,191
Other	–	–	–	34	23	2	10
Total intangible fixed assets	–	–	–	620,306	517,104	35,287	103,202
Long-term prepaid expenses	709	–	–	709	526	30	183
Deferred assets	–	–	–	–	–	–	–

Type of assets	Millions of Yen						
	Year ended March 31, 2023						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	¥ –	¥ –	¥ –	¥ 43,112	¥ –	¥ –	¥ 43,112
Buildings	–	–	–	63,965	28,374	2,741	35,590
Leased assets	–	–	–	6,689	2,499	1,209	4,189
Construction in progress	–	–	–	24	–	–	24
Other	–	–	–	34,429	24,916	3,424	9,512
Total tangible fixed assets	–	–	–	148,220	55,790	7,376	92,429
Intangible fixed assets:							
Software	–	–	–	579,295	481,960	33,716	97,335
Other	–	–	–	33	21	2	12
Total intangible fixed assets	–	–	–	579,329	481,981	33,718	97,347
Long-term prepaid expenses	709	–	–	709	496	30	213
Deferred assets	–	–	–	–	–	–	–

Millions of U.S. Dollars

Year ended March 31, 2024

Type of assets	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	\$ –	\$ –	\$ –	\$ 506	\$ –	\$ –	\$ 506
Buildings	–	–	–	503	206	18	297
Leased assets	–	–	–	51	16	9	35
Construction in progress	–	–	–	0	–	–	0
Other	–	–	–	250	186	23	63
Total tangible fixed assets	–	–	–	1,310	408	50	902
Intangible fixed assets:							
Software	–	–	–	4,097	3,415	233	682
Other	–	–	–	0	0	0	0
Total intangible fixed assets	–	–	–	4,097	3,415	233	682
Long-term prepaid expenses	5	–	–	5	3	0	1
Deferred assets	–	–	–	–	–	–	–

Notes:

1. "Beginning balance," "Increase" and "Decrease" of tangible fixed assets and intangible fixed assets are omitted because the amounts are less than 1% of total assets.
2. Long-term prepaid expenses are included in "Prepaid expenses" in the non-consolidated balance sheets.

Schedule of Reserves

Millions of Yen

Year ended March 31, 2024

	Beginning balance	Increase	Decrease (used for original purposes)	Decrease (for other reasons)	Ending balance
Reserve for possible loan losses	¥ 379	¥ 346	¥ 31	¥ 348	¥ 346
General reserve	31	31	–	31	31
Specific reserve	347	314	31	316	314
Reserve for management board benefit trust	315	228	151	–	391
Reserve for price fluctuations	889,960	17,060	33,221	–	873,799

Millions of Yen

Year ended March 31, 2023

	Beginning balance	Increase	Decrease (used for original purposes)	Decrease (for other reasons)	Ending balance
Reserve for possible loan losses	¥ 379	¥ 379	¥ 20	¥ 359	¥ 379
General reserve	32	31	–	32	31
Specific reserve	347	347	20	327	347
Reserve for management board benefit trust	230	123	38	–	315
Reserve for price fluctuations	972,606	17,769	100,415	–	889,960

Millions of U.S. Dollars

Year ended March 31, 2024

	Beginning balance	Increase	Decrease (used for original purposes)	Decrease (for other reasons)	Ending balance
Reserve for possible loan losses	\$ 3	\$ 2	\$ 0	\$ 2	\$ 2
General reserve	0	0	–	0	0
Specific reserve	2	2	0	2	2
Reserve for management board benefit trust	2	2	1	–	3
Reserve for price fluctuations	5,878	113	219	–	5,771

Note: Decrease (for other reasons) of reserve for possible loan losses represents the reversed amount of the unused balance of the previous year's reserve.

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of JAPAN POST INSURANCE Co., Ltd.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying non-consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2024 and 2023, the non-consolidated statements of income, changes in net assets for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the calculation and sufficiency of policy reserves

The descriptions of the above key audit matter to be provided in our auditor's report on the non-consolidated financial statements are substantially the same as those described for the key audit matter, "Accuracy of the calculation and sufficiency of policy reserves" in our auditor's report on the consolidated financial statements. Therefore, information concerning this key audit matter is omitted in the auditor's report on the non-consolidated financial statements.

Reasonableness of management's judgment on the recoverability of deferred tax assets

The descriptions of the above key audit matter to be provided in our auditor's report on the non-consolidated financial statements are substantially the same as those described for the key audit matter, "Reasonableness of management's judgment on the recoverability of deferred tax assets" in our auditor's report on the consolidated financial statements. Therefore, information concerning this key audit matter is omitted in the auditor's report on the non-consolidated financial statements.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fee-related information is described in the auditor's report on the consolidated financial statements.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ KANNO Masako
Designated Engagement Partner
Certified Public Accountant

/S/ SATO Eihiro
Designated Engagement Partner
Certified Public Accountant

/S/ SUDA Shunsuke
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
September 17, 2024

Notes to the Reader of Independent Auditor’s Report:

This is a copy of the Independent Auditor’s Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

4 Status of Financial Assets (Consolidated)

4-1 Status of Loans under the Insurance Business Act (Consolidated)

(Millions of yen, %)

As of March 31	2023	2024
Bankrupt or quasi-bankrupt loans	¥ -	¥ -
Doubtful loans	-	-
Past due loans for three months or more	-	-
Restructured loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	4,676,174	4,755,406
Total	4,676,174	4,755,406

Notes:

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

4-2 Status of Insurance Claims Paying Ability of the Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)

(Millions of yen)

As of March 31		2023	2024
Total amount of solvency margin	(A)	¥ 5,636,995	¥ 6,928,566
Capital stock, etc.		1,552,875	1,604,045
Reserve for price fluctuations		889,960	873,799
Contingency reserve		1,701,877	1,725,335
Catastrophe loss reserve		–	–
General reserve for possible loan losses		31	31
(Net unrealized gains (losses) on available-for-sale securities (before taxes)-Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		989,508	2,206,874
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		2,534	(21,656)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)		3,273	3,033
Excess of continued Zillmerized reserve		249,674	214,749
Capital raised through debt financing		300,000	400,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		–	–
Deductions		(52,740)	(77,647)
Other		–	–
Total amount of risk	(B)	1,117,128	1,354,164
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$			
Insurance risk R ₁		119,580	107,916
General insurance risk R ₅		–	–
Catastrophe risk R ₆		–	–
Underwriting risk of third-sector insurance R ₈		40,824	37,822
Small amount and short-term insurance risk R ₉		–	–
Anticipated yield risk R ₂		118,481	108,247
Minimum guarantee risk R ₇		–	–
Investment risk R ₃		961,987	1,208,624
Business management risk R ₄		24,817	29,252
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,009.1%	1,023.2%

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

4-3 Status of Insurance Claims Paying Ability of the Company's Subsidiaries (Solvency Margin Ratio)

There are no subsidiaries classified as an insurance company.

5 Status of Financial Assets (Non-Consolidated)

5-1 Status of Loans under the Insurance Business Act

(Millions of yen, %)

As of March 31	2023	2024
Bankrupt or quasi-bankrupt loans	¥ -	¥ -
Doubtful loans	-	-
Past due loans for three months or more	-	-
Restructured loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	4,676,174	4,755,406
Total	4,676,174	4,755,406

Notes:

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

5-2 Loans Concerning the Trusts with Contracts Indemnifying the Principal Amounts

There were no such outstanding balances as of March 31, 2023 and 2024.

5-3 Status of Insurance Claims Paying Ability (Solvency Margin Ratio)

(Millions of yen)

As of March 31	2023	2024
Total amount of solvency margin (A)	¥ 5,687,107	¥ 7,005,333
Capital stock, etc.	1,553,520	1,606,198
Reserve for price fluctuations	889,960	873,799
Contingency reserve	1,701,877	1,725,335
General reserve for possible loan losses	31	31
(Net unrealized gains (losses) on available-for-sale securities (before taxes)·Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	989,508	2,206,874
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	2,534	(21,656)
Excess of continued Zillmerized reserve	249,674	214,749
Capital raised through debt financing	300,000	400,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	–	–
Deductions	–	–
Other	–	–
Total amount of risk (B)	1,133,215	1,377,901
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		
Insurance risk R ₁	119,580	107,916
Underwriting risk of third-sector insurance R ₈	40,824	37,822
Anticipated yield risk R ₂	118,481	108,247
Minimum guarantee risk R ₇	–	–
Investment risk R ₃	977,926	1,232,032
Business management risk R ₄	25,136	29,720
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,003.7%	1,016.8%

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

5-4 Real Net Assets

(Millions of yen, %)

As of March 31	2023	2024
Real net assets	¥ 8,250,958	¥ 7,736,026
[Ratio to general account assets]	[13.2]	[12.7]

Note: These figures are calculated based on the provisions set forth in Article 3, Paragraph 2 of the “Order Providing for Categories Prescribed in Article 132, Paragraph 2 of the Insurance Business Act.”

5-5 Fair Value Information of Securities (Company Total)

(1) Fair Value Information of Securities

1) Net Valuation Gain/Loss of Trading Securities

The Company did not hold securities for trading as of March 31, 2023 and 2024.

2) Fair Value Information of Securities (Other than Trading Securities)

(Millions of yen)

As of March 31	2023					2024				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	¥ 32,935,527	¥ 35,502,364	¥ 2,566,836	¥ 3,130,570	¥ 563,734	¥ 32,343,114	¥ 33,401,975	¥ 1,058,860	¥ 2,097,052	¥1,038,191
Policy-reserve-matching bonds	8,075,012	8,237,638	162,626	447,691	285,064	7,139,629	6,954,091	(185,537)	278,170	463,708
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	12,776,750	13,873,347	1,096,597	1,638,603	542,006	12,353,736	14,800,291	2,446,554	2,950,739	504,184
Corporate and government bonds	3,878,732	3,733,166	(145,565)	11,530	157,095	3,560,198	3,329,202	(230,996)	6,688	237,685
Domestic stocks	1,800,873	2,596,724	795,850	832,041	36,190	1,842,609	3,578,396	1,735,787	1,750,959	15,171
Foreign securities	4,101,245	4,654,311	553,065	725,222	172,156	3,399,190	4,361,735	962,545	1,050,457	87,911
Foreign corporate and government bonds	2,801,828	2,787,121	(14,706)	155,222	169,928	1,932,785	1,954,510	21,725	109,614	87,888
Foreign stocks and other securities	1,299,417	1,867,189	567,772	569,999	2,227	1,466,405	2,407,225	940,820	940,842	22
Other securities	2,424,310	2,316,799	(107,510)	69,053	176,564	2,856,830	2,835,563	(21,266)	142,149	163,416
Monetary claims bought	46,588	47,345	757	757	-	24,907	25,392	484	484	-
Negotiable certificates of deposit	525,000	525,000	-	-	-	670,000	670,000	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	53,787,289	57,613,350	3,826,060	5,216,865	1,390,805	51,836,480	55,156,357	3,319,876	5,325,962	2,006,085
Corporate and government bonds	44,889,271	47,473,169	2,583,897	3,589,792	1,005,894	43,022,942	43,665,713	642,770	2,381,911	1,739,141
Domestic stocks	1,800,873	2,596,724	795,850	832,041	36,190	1,842,609	3,578,396	1,735,787	1,750,959	15,171
Foreign securities	4,101,245	4,654,311	553,065	725,222	172,156	3,419,190	4,381,291	962,101	1,050,457	88,355
Foreign corporate and government bonds	2,801,828	2,787,121	(14,706)	155,222	169,928	1,952,785	1,974,065	21,280	109,614	88,333
Foreign stocks and other securities	1,299,417	1,867,189	567,772	569,999	2,227	1,466,405	2,407,225	940,820	940,842	22
Other securities	2,424,310	2,316,799	(107,510)	69,053	176,564	2,856,830	2,835,563	(21,266)	142,149	163,416
Monetary claims bought	46,588	47,345	757	757	-	24,907	25,392	484	484	-
Negotiable certificates of deposit	525,000	525,000	-	-	-	670,000	670,000	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes:

- This table includes the handling of securities under the Financial Instruments and Exchange Act.
- This table includes money held in trust other than trading securities and its book value was ¥3,484,362 million with net unrealized gains of ¥2,515,569 million as of March 31, 2024 and ¥3,231,805 million with net unrealized gains of ¥1,295,241 million as of March 31, 2023.
- This table excludes stocks, etc. with no market price and investments in partnerships, etc.

○ Held-to-maturity bonds

(Millions of yen)

As of March 31	2023			2024		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Those for which fair value exceeds the balance sheet amount	¥ 27,456,876	¥ 30,587,447	¥ 3,130,570	¥ 25,189,236	¥ 27,286,288	¥ 2,097,052
Corporate and government bonds	27,456,876	30,587,447	3,130,570	25,189,236	27,286,288	2,097,052
Foreign securities	–	–	–	–	–	–
Other	–	–	–	–	–	–
Those for which fair value does not exceed the balance sheet amount	5,478,650	4,914,916	(563,734)	7,153,878	6,115,686	(1,038,191)
Corporate and government bonds	5,478,650	4,914,916	(563,734)	7,153,878	6,115,686	(1,038,191)
Foreign securities	–	–	–	–	–	–
Other	–	–	–	–	–	–

○ Policy-reserve-matching bonds

(Millions of yen)

As of March 31	2023			2024		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Those for which fair value exceeds the balance sheet amount	¥ 4,846,042	¥ 5,293,734	¥ 447,691	¥ 3,703,306	¥ 3,981,476	¥ 278,170
Corporate and government bonds	4,846,042	5,293,734	447,691	3,703,306	3,981,476	278,170
Foreign securities	–	–	–	–	–	–
Other	–	–	–	–	–	–
Those for which fair value does not exceed the balance sheet amount	3,228,969	2,943,904	(285,064)	3,436,323	2,972,614	(463,708)
Corporate and government bonds	3,228,969	2,943,904	(285,064)	3,416,323	2,953,059	(463,264)
Foreign securities	–	–	–	20,000	19,555	(444)
Other	–	–	–	–	–	–

○ Available-for-sale securities

(Millions of yen)

As of March 31	2023			2024		
	Book value	Balance sheet amount	Difference	Book value	Balance sheet amount	Difference
Those for which the balance sheet amount exceeds book value	¥ 2,150,509	¥ 2,424,724	¥ 274,214	¥ 2,301,287	¥ 2,698,092	¥ 396,804
Corporate and government bonds	765,459	776,990	11,530	408,270	414,959	6,688
Domestic stocks	225,660	300,204	74,543	315,950	519,399	203,449
Foreign securities	858,190	1,014,903	156,712	857,720	970,682	112,961
Other securities	284,606	315,278	30,671	704,437	777,658	73,220
Monetary claims bought	16,591	17,348	757	14,909	15,393	484
Negotiable certificates of deposit	–	–	–	–	–	–
Other	–	–	–	–	–	–
Those for which the balance sheet amount does not exceed book value	7,394,434	6,921,575	(472,859)	6,568,086	6,102,267	(465,819)
Corporate and government bonds	3,113,272	2,956,176	(157,095)	3,151,928	2,914,243	(237,685)
Domestic stocks	104,428	97,378	(7,049)	29,023	26,631	(2,392)
Foreign securities	2,106,115	1,934,357	(171,758)	1,242,076	1,154,164	(87,911)
Other securities	1,515,622	1,378,667	(136,955)	1,465,059	1,327,229	(137,830)
Monetary claims bought	29,996	29,996	–	9,998	9,998	–
Negotiable certificates of deposit	525,000	525,000	–	670,000	670,000	–
Other	–	–	–	–	–	–

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

(Millions of yen)

As of March 31	2023	2024
Equities of subsidiaries and affiliates	¥ 53,724	¥ 78,631
Available-for-sale securities	102,639	137,627
Domestic stocks	4,239	4,259
Foreign stocks	–	23,197
Other	98,399	110,170
Total	156,363	216,258

Note: This table includes money held in trust other than trading securities (¥98,399 million as of March 31, 2023 and ¥110,170 million as of March 31, 2024).

(2) Data on Fair Value of Money Held in Trust

(Millions of yen)

As of March 31	2023					2024				
	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	¥ 4,672,032	¥ 4,672,032	¥ –	¥ –	¥ –	¥ 6,158,055	¥ 6,158,055	¥ –	¥ –	¥ –

Note: Excluding money held in trust not subject to fair value disclosure (¥100,288 million as of March 31, 2023 and ¥113,360 million as of March 31, 2024).

1) Money Held in Trust for Trading Purposes

The Company did not have money held in trust for trading purposes as of March 31, 2023 and 2024.

2) Assets Held-to-Maturity in Trust/Assets Held for Reserves in Trust/Other Money Held in Trust

(Millions of yen)

As of March 31	2023					2024				
	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	3,376,790	4,672,032	1,295,241	1,364,388	69,147	3,642,486	6,158,055	2,515,569	2,553,934	38,365
Domestic stocks	1,470,785	2,199,142	728,356	757,497	29,140	1,497,635	3,032,366	1,534,730	1,547,510	12,779
Foreign stocks	275,471	534,515	259,043	259,043	–	285,216	742,211	456,995	456,995	–
Foreign bonds	643,194	673,286	30,092	64,204	34,111	687,182	795,422	108,239	130,157	21,917
Other	987,339	1,265,088	277,748	283,643	5,895	1,172,451	1,588,056	415,604	419,272	3,668

Notes:

1. Excluding other money held in trust not subject to fair value disclosure (¥100,288 million as of March 31, 2023 and ¥113,360 million as of March 31, 2024).
2. "Domestic stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds as well as mutual funds which exclusively invest in these assets.
3. "Other" includes cash and deposits, bank loans, and alternative investment.

Due to the application of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" from the fiscal year ended March 31, 2023, mutual funds with no transaction price on the market are measured by assuming net asset value as the fair value.

(3) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting)

1) Qualitative Information

(i) Detail of the transactions

The derivative transactions used by the Company are as follows:

- Interest rate-related: Interest rate swap transactions
- Currency-related: Foreign exchange contracts and currency option transactions
- Bond-related: Over-the-counter bond options and bond futures

(ii) Policy for using derivative transactions

The Company uses derivative transactions primarily for the purpose of hedging foreign exchange fluctuation risk of our investment assets.

(iii) Purposes of the use of derivative transactions

The Company mainly conducts derivative transactions relating to currencies to control foreign exchange risks associated with foreign currency-denominated assets.

An overview of the hedge accounting using derivative transactions conducted by the Company is as follows:

(1) Methods for hedge accounting

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

(2) Hedging instruments and hedged items

- (i) Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds
- (ii) Hedging instrument: Interest rate swaps
Hedged item: Insurance liabilities

(3) Hedging policies

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

(4) Assessment of hedge effectiveness

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

(iv) Description of the risks

Derivative transactions used by the Company are exposed to market risk (risks due to fluctuations in interest rates, foreign exchange rates, etc.) and credit risk (risks of transaction partners’ default, including bankruptcy).

The Company uses derivative transactions primarily for the purpose of hedging the risks of our investment assets, and therefore it believes that the market-related risk of derivative transactions is reduced and limited.

Meanwhile, as we engage in derivative transactions through exchanges or select transaction partners with superior creditworthiness based on their ratings and other factors, the credit risk of derivative transactions is believed to be limited.

(v) Risk management framework

The Company has formulated the Basic Risk Management Policy, which sets out the investment policies of derivative transactions, and uses derivative transactions primarily for hedging purposes.

In addition, we prevent risks by setting credit limits for each transaction partner selected on the basis of superior creditworthiness verified by their ratings and other factors.

The Risk Management Department is in place as an organizational unit responsible for comprehensively managing all types of risks, as part of an effort to reinforce our internal management system.

(vi) Additional notes about quantitative information

- Additional notes about credit risk
We calculate the credit risk amount associated with derivative transactions by using the current exposure method.
- Additional notes about the calculation of fair value
We calculate fair value on the following basis:
 - [Interest rate swap transactions]
Appraised values obtained from information vendors
 - [Foreign exchange contracts]
Fair value is calculated using the forward foreign exchange rate as of the fiscal year-end date.
 - [Currency options]
Appraised values obtained from information vendors
 - [Over-the-counter bond options]
Appraised values obtained from information vendors
 - [Bond futures]
Closing price as of the fiscal year-end date.
- Additional notes about net unrealized gains (losses)
We use derivative transactions primarily as a means to hedge the market risk of our investment assets, and there are no so-called transactions for trading purposes.
Profit or loss from derivative transactions and the hedged assets and liabilities is recognized on a combined basis, whereby the effect of a reduction in interest rate risk and foreign exchange fluctuation risk has been verified.

2) Quantitative Information

(i) Breakdown of net unrealized gains (losses) (breakdown of portions with hedge accounting applied and not applied)

(Millions of yen)

	(ii) Interest rate related	(iii) Currency related	(iv) Stock related	(v) Bond related	(vi) Others	Total
As of March 31, 2023	¥ 6,399	¥ 4,986	¥ –	¥ –	¥ –	¥ 11,385
Portion with hedge accounting applied	6,399	5,168	–	–	–	11,568
Portion with hedge accounting not applied	–	(182)	–	–	–	(182)
As of March 31, 2024	(5,814)	(38,819)	–	–	–	(44,634)
Portion with hedge accounting applied	(5,814)	(37,722)	–	–	–	(43,537)
Portion with hedge accounting not applied	–	(1,097)	–	–	–	(1,097)

Notes:

- Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥5,168 million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2023 are accrued in the statement of income.
- Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥(37,722) million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2024, are accrued in the statement of income.

Derivative transactions to which hedge accounting is not applied

(ii) Interest rate-related derivatives

There were no such outstanding balances as of March 31, 2023 and 2024.

(iii) Currency-related derivatives

(Millions of yen)

Category	Type	As of March 31, 2023				As of March 31, 2024			
		Contract amount, etc.		Fair value	Net unrealized gains (losses)	Contract amount, etc.		Fair value	Net unrealized gains (losses)
			Due after 1 year				Due after 1 year		
Over-the-counter	Foreign currency exchange contracts								
	Sold	¥17,678	¥ –	¥ (182)	¥ (182)	¥58,287	¥ –	¥ (1,097)	¥ (1,097)
	U.S. dollars	17,678	–	(182)	(182)	53,516	–	(1,005)	(1,005)
	Euros	–	–	–	–	4,770	–	(91)	(91)
	Total				(182)				(1,097)

Notes:

- Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
- Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock-related derivatives

There were no such outstanding balances as of March 31, 2023 and 2024.

(v) Bond-related derivatives

There were no such outstanding balances as of March 31, 2023 and 2024.

(vi) Others

There were no such outstanding balances as of March 31, 2023 and 2024.

Derivative transactions to which hedge accounting is applied

(ii) Interest rate-related derivatives

(Millions of yen)

Hedge accounting method	Type	Major hedged item	As of March 31, 2023			As of March 31, 2024		
			Contract amount, etc.		Fair value	Contract amount, etc.		Fair value
				Due after 1 year			Due after 1 year	
Principle treatment method	Interest rate swaps Receivable fixed rate / Payable floating rate	Insurance liability	100,000	100,000	6,399	250,000	250,000	(5,814)
Total					6,399			(5,814)

Note: Fair value (present value) of interest rate swaps is represented by net unrealized gains (losses).

(Reference) Interest Rate Swaps by Maturity Date

(Millions of yen, %)

Category		Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	Total
As of March 31, 2023	Notional principal of swaps for receivable fixed rate	–	–	–	–	–	100,000	100,000
	Average receivable fixed rate	–	–	–	–	–	1.27	1.27
	Average payable floating rate	–	–	–	–	–	(0.02)	(0.02)
	Notional principal of swaps for payable fixed rate	–	–	–	–	–	–	–
	Average payable fixed rate	–	–	–	–	–	–	–
	Average receivable floating rate	–	–	–	–	–	–	–
Total		–	–	–	–	–	100,000	100,000
As of March 31, 2024	Notional principal of swaps for receivable fixed rate	–	–	–	–	–	250,000	250,000
	Average receivable fixed rate	–	–	–	–	–	1.28	1.28
	Average payable floating rate	–	–	–	–	–	0.00	0.00
	Notional principal of swaps for payable fixed rate	–	–	–	–	–	–	–
	Average payable fixed rate	–	–	–	–	–	–	–
	Average receivable floating rate	–	–	–	–	–	–	–
Total		–	–	–	–	–	250,000	250,000

(iii) Currency-related derivatives

(Millions of yen)

Hedge accounting method	Type	Major hedged item	As of March 31, 2023			As of March 31, 2024		
			Contract amount, etc.		Fair value	Contract amount, etc.		Fair value
				Due after 1 year			Due after 1 year	
Fair value hedge accounting	Foreign exchange contracts							
	Sold		¥ 1,882,083	¥ –	¥ 5,168	¥ 1,352,953	¥ –	¥ (37,722)
	U.S. dollars	Available-for-sale securities	1,074,323	–	9,972	842,648	–	(23,249)
	Euros		180,142	–	(5,537)	161,215	–	(7,561)
	Australian dollars		391,275	–	4,005	227,770	–	(5,314)
	Other		236,341	–	(3,271)	121,319	–	(1,597)
Total					5,168			(37,722)

Notes:

1. Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
2. Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock-related derivatives

There were no such outstanding balances as of March 31, 2023 and 2024.

(v) Bond-related derivatives

There were no such outstanding balances as of March 31, 2023 and 2024.

(vi) Others

There were no such outstanding balances as of March 31, 2023 and 2024.

5-6 Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

For the years ended March 31		2023	2024
Core income		¥ 6,295,497	¥ 6,614,726
Insurance premiums and others		2,200,945	2,484,007
Investment income		951,260	866,607
Other ordinary income		3,030,473	3,072,094
Reversal of policy reserves		3,026,117	3,028,885
Other core income		112,817	192,017
Core expenses		6,103,150	6,390,720
Insurance claims and others		5,487,997	5,778,590
Provision for policy reserves and others		7,788	137
Investment expenses		8,234	8,936
Operating expenses		444,209	438,531
Other ordinary expenses		75,481	83,034
Other core expenses		79,438	81,491
Core profit	A	192,346	224,005
Capital gains		287,199	427,662
Gains on money held in trust		150,378	181,439
Gains on trading securities		–	–
Gains on sales of securities		50,567	151,153
Gains on derivative financial instruments		–	–
Gains on foreign exchanges		6,814	13,579
Other capital gains		79,438	81,491
Capital losses		351,009	417,565
Losses on money held in trust		–	–
Losses on trading securities		–	–
Losses on sales of securities		177,296	177,704
Losses on valuation of securities		306	71
Losses on derivative financial instruments		60,588	95,835
Losses on foreign exchanges		–	–
Other capital losses		112,817	143,953
Net capital gains (losses)	B	(63,810)	10,097
Core profit including net capital gains (losses)	A+B	128,535	234,103
Other one-time gains		–	–
Reinsurance income		–	–
Reversal of contingency reserve		–	–
Reversal of specific reserve for possible loan losses		–	–
Other		–	–
Other one-time losses		10,883	71,521
Reinsurance premiums		–	–
Provision for contingency reserve		10,883	23,457
Provision for specific reserve for possible loan losses		–	–
Provision for reserve for specific foreign loans		–	–
Write-off of loans		–	–
Other		–	48,063
Other one-time profits (losses)	C	(10,883)	(71,521)
Ordinary profit	A+B+C	117,652	162,581

Notes:

1. "Investment income" and "investment expenses" exclude the amount regarding net capital gains (losses).
2. "Reversal of policy reserves" excludes the amount regarding other one-time profits (reversal of contingency reserve) and includes the amount regarding other one-time losses (provision for contingency reserve).

(Reference) Breakdown of Other Items

(Millions of yen)

For the years ended March 31	2023	2024
Other core income	112,817	192,017
Amount equivalent to income gains associated with money held in trust	112,817	143,953
Costs for hedging currency fluctuations	–	–
Gain/loss from reinsurance cession of the existing policies	–	48,063
Other core expenses	79,438	81,491
Gains on cancellation of mutual funds	20,826	34
Amount equivalent to income gains associated with money held in trust	–	–
Costs for hedging currency fluctuations	58,612	81,456
Other capital gains	79,438	81,491
Gains on cancellation of mutual funds	20,826	34
Amount equivalent to income gains associated with money held in trust	–	–
Costs for hedging currency fluctuations	58,612	81,456
Other capital losses	112,817	143,953
Amount equivalent to income gains associated with money held in trust	112,817	143,953
Costs for hedging currency fluctuations	–	–
Other one-time losses – Other	–	48,063
Provision for additional policy reserves	–	–
Gain/loss from reinsurance cession of the existing policies	–	48,063

(Reference) Breakdown of Core Profit

(Millions of yen)

For the years ended March 31	2023	2024
Core profit	¥ 192,346	¥ 224,005
Spread (positive/negative spread)	94,063	91,835
Core profit attributable to life insurance activities	98,282	132,170

Spread (Positive/Negative Spread)

A spread is the differential between the assumed return on insurance premium investments and the actual investment return. When the actual investment return is higher than the assumed return on insurance premium investments, there is a “positive spread.” Conversely, a “negative spread” exists when the actual investment return is lower than the assumed return on insurance premium investments. For the year ended March 31, 2024, there was a positive spread of ¥91.8 billion.

The spread (positive/negative spread) is calculated according to the following formula:

$$\text{Positive spread} = [\text{investment return on core profit} - \text{average assumed rate of return}] \times \text{general account policy reserves}$$

¥91.8billion [1.84%] [1.66%] ¥49,887.8 billion

- Investment return on core profit is the return on general account policy reserves after deducting the provision for interest on policyholder dividends from the general account investment revenue included in core profit.
- Average assumed rate of return is the return of assumed interest on general account policy reserves.
- General account policy reserves are calculated as follows for policy reserves in the general account, excluding contingency reserve: (Policy reserves at beginning of period + policy reserves at end of period – assumed interest) × 1/2
- Policy reserves and assumed interest are calculated based on the actual cumulative amount.

6 Main Business Indicators

6-1 Key Business Indicators (Non-Consolidated)

(Billions of yen unless specifically indicated)

As of/For the years ended March 31	2020	2021	2022	2023	2024
Ordinary income	¥ 7,211.4	¥ 6,786.2	¥ 6,454.1	¥ 6,379.5	¥ 6,745.4
Ordinary profit	286.8	345.0	355.7	117.6	162.5
Core profit	400.6	421.9	429.7	192.3	224.0
Net income	151.1	165.5	157.8	97.7	88.5
Capital stock	500.0	500.0	500.0	500.0	500.0
(Number of shares issued: thousands of shares)	(562,600)	(562,600)	(399,693)	(399,693)	(383,192)
Total assets	71,667.3	70,173.8	67,174.8	62,685.2	60,857.0
Separate account	—	—	—	—	—
Policy reserves	62,293.1	59,397.7	56,533.4	53,518.2	50,512.7
Loans	5,662.7	4,964.0	4,251.9	3,605.8	3,281.3
Securities	55,871.5	55,274.5	53,418.5	49,842.4	47,694.5
Solvency margin ratio (%)	1,068.9%	1,118.1%	1,042.4%	1,003.7%	1,016.8%
Number of employees (persons)	7,638	7,645	7,545	19,148	18,427
Policy amount in force	51,846.2	47,476.0	43,526.5	39,923.8	37,452.6
Individual insurance	49,915.5	45,912.2	42,283.8	38,950.9	36,698.0
Individual annuities	1,930.6	1,563.8	1,242.7	972.9	754.5
Group insurance	—	—	—	—	—
Policy amount in force for group annuities	—	—	—	—	—

Notes:

1. In the calculation of core profit, partial amendments (including costs for hedging currency fluctuations and excluding gains on cancellation of mutual funds from the calculation) have been made from the fiscal year ended March 31, 2023, from the perspective of reflecting the economic situation and encouraging consistency in the handling among companies. The figure for core profit for the fiscal year ended March 31, 2022 is calculated by applying such calculation procedures. Therefore, core profit is calculated based on different standards for the fiscal years ended March 31, 2020 through 2021 and the fiscal year ended March 31, 2022 onwards.
2. The Company cancelled its treasury stock on May 31, 2019, reducing the total number of shares issued by 37,400 thousand shares.
3. The Company cancelled its treasury stock on August 20, 2021, reducing the total number of shares issued by 162,906 thousand shares.
4. The Company cancelled its treasury stock on May 8, 2023, reducing the total number of shares issued by 16,501 thousand shares.
5. "Policy amount in force" is the total of individual insurance, individual annuities and group insurance.

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

6-2 Selected Financial Data and Other Information

(1) Policies in Force and New Policies

1) Policies in Force

(Number of policies, millions of yen, %)

As of March 31	2023				2024			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Year-on-year comparison		Year-on-year comparison		Year-on-year comparison		Year-on-year comparison
Individual insurance	13,722,373	93.1%	¥ 38,950,900	92.1%	13,095,779	95.4%	¥ 36,698,079	94.2%
Individual annuities	686,620	80.8	972,944	78.3	540,708	78.7	754,563	77.6
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

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

2) New Policies

(Number of policies, millions of yen, %)

For the years ended March 31	2023						2024					
	Number of policies		Policy amount				Number of policies		Policy amount			
		Year-on-year comparison		Year-on-year comparison	New policies	Net increase by conversion		Year-on-year comparison		Year-on-year comparison	New policies	Net increase by conversion
Individual insurance	314,291	181.3%	¥ 836,677	144.9%	¥ 836,665	12	628,840	200.1%	¥ 1,557,845	186.2%	¥ 1,557,837	8
Individual annuities	122	290.5	557	274.6	557	-	417	341.8	2,011	361.0	2,011	-
Group insurance	-	-	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- Number of policies includes policies after conversion.
- Policy amounts for "individual annuities" are the total of the accumulated contribution payment as of the date of annuity payment commencement.

(2) Annualized Premiums

1) Policies in Force

(Millions of yen, %)

As of March 31	2023		2024	
		Year-on-year comparison		Year-on-year comparison
Individual insurance	¥ 2,353,983	91.1%	¥ 2,200,282	93.5%
Individual annuities	244,689	81.1	193,670	79.1
Total	¥ 2,598,672	90.0	¥ 2,393,952	92.1
Medical coverage, living benefits and other	322,178	94.8	308,878	95.9

Notes:

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

2) New Policies

(Millions of yen, %)

For the years ended March 31	2023		2024	
		Year-on-year comparison		Year-on-year comparison
Individual insurance	¥ 65,888	142.7%	¥ 116,830	177.3%
Individual annuities	47	281.8	169	354.7
Total	¥ 65,936	142.7	¥ 116,999	177.4
Medical coverage, living benefits and other	6,439	296.3	10,392	161.4

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.

(3) New Policies by Product

(Number of policies, millions of yen)

For the years ended March 31	2023		2024	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	314,231 [314,291]	¥ 836,665 [836,677]	628,817 [628,840]	¥ 1,557,837 [1,557,845]
Lump-sum payment whole life insurance	–	–	164,839	399,969
Ordinary whole life insurance	41,215	84,204	73,121	149,503
Fixed amount type	15,371	25,363	25,644	43,017
Increased amount type	25,844	58,841	47,477	106,485
(Inclusive) Ordinary whole life insurance (low cash value)	11,188	22,133	17,141	33,055
Fixed amount type	5,081	8,710	7,668	13,606
Increased amount type	6,107	13,423	9,473	19,449
Ordinary whole life insurance with relaxed underwriting criteria	3,730	2,542	6,250	4,251
(Inclusive) Ordinary whole life insurance with relaxed underwriting criteria (low cash value)	1,243	865	1,935	1,319
Special whole life insurance	8,984	23,954	21,987	66,146
(Inclusive) Special whole life insurance (low cash value)	2,755	7,598	6,684	20,993
Ordinary term insurance	13,665	19,614	29,514	53,457
Ordinary endowment insurance	151,744	455,112	174,976	503,205
Ordinary endowment insurance with relaxed underwriting criteria	5,896	5,867	6,484	5,990
Special endowment insurance	63,967	195,055	81,086	246,345
Educational endowment insurance (H24)	25,030	50,314	70,560	128,967
Individual annuities	122	¥ 557	417	¥ 2,011
Longevity support insurance (low cash value)	122	557	417	2,011
Asset-formation insurance	3	¥ 0	2	¥ 0
Asset-formation savings insurance	3	0	2	0
Asset-formation housing funding insurance	–	–	–	–
Asset-formation annuities	–	¥ –	–	¥ –
Asset-formation whole life annuity	–	–	–	–

Notes:

1. Figures within brackets "[]" in the sub-total row of individual insurance are the number of new policies plus the number of converted policies, and the policy amount of new policies plus net increase by conversion.
2. Figures for number of policies for "asset-formation insurance" and "asset-formation annuities" are the number of insured persons.
3. Policy amounts for "individual annuities" and "asset-formation annuities" are the total of the accumulated contribution payment as of the date of annuity payment commencement.
4. Policy amount for "asset-formation insurance" is the amount of the first premium payment.

(4) Policies in Force by Product

(Number of policies, millions of yen)

As of March 31	2023		2024	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	13,722,373	¥ 38,950,900	13,095,779	¥ 36,698,079
Lump-sum payment whole life insurance	–	–	164,810	399,893
Ordinary whole life insurance	3,090,707	8,951,973	3,051,897	8,608,589
Fixed amount type	1,121,717	2,494,691	1,106,693	2,448,472
Increased amount type	1,968,990	6,457,282	1,945,204	6,160,116
(Inclusive) Ordinary whole life insurance (low cash value)	202,838	530,972	211,783	541,633
Fixed amount type	92,036	176,144	95,863	182,551
Increased amount type	110,802	354,828	115,920	359,082
Ordinary whole life insurance with relaxed underwriting criteria	52,087	86,393	55,607	87,588
(Inclusive) Ordinary whole life insurance with relaxed underwriting criteria (low cash value)	11,474	17,177	12,848	18,396
Special whole life insurance	1,765,815	5,690,253	1,751,852	5,548,566
(Inclusive) Special whole life insurance (low cash value)	40,339	132,408	45,721	148,671
Whole life insurance with nursing care benefit	104	169	103	142
Ordinary term insurance	18,702	41,531	46,956	95,723
Ordinary endowment insurance	4,057,560	10,576,835	3,535,118	9,369,269
Ordinary endowment insurance with relaxed underwriting criteria	36,049	66,634	40,689	73,544
Special endowment insurance	2,100,924	8,384,625	1,883,132	7,447,926
Designated endowment insurance	4,209	9,614	2,839	6,701
Educational endowment insurance	906,723	1,611,180	852,882	1,505,686
Educational endowment insurance with scholarship annuity	74,181	138,337	70,261	128,944
Educational endowment insurance (H24)	1,614,973	3,392,157	1,639,298	3,424,383
Husband-and-wife insurance	18	55	17	53
Whole life insurance with whole life annuity	320	1,136	317	1,063
Husband-and-wife insurance with husband-and-wife annuity	1	3	1	3
Individual annuities	686,620	¥ 972,944	540,708	¥ 754,563
Longevity support insurance (low cash value)	1,307	6,672	1,669	8,415
Immediate whole life annuity	745	2,483	698	2,253
Deferred whole life annuity	9,237	70,920	9,085	69,381
Whole life annuity with additional nursing annuity	5	49	5	49
Immediate term annuity	79,461	35,626	42,146	13,380
Deferred term annuity	595,855	857,136	487,095	661,030
Immediate husband-and-wife annuity	1	2	1	2
Deferred husband-and-wife annuity	9	52	9	51
Asset-formation insurance	28	¥ 27	24	¥ 24
Asset-formation savings insurance	25	21	21	18
Asset-formation housing funding insurance	3	6	3	6
Asset-formation annuities	11	¥ 46	11	¥ 46
Asset-formation whole life annuity	11	46	11	46

Notes:

- Figures for number of policies for “asset-formation insurance” and “asset-formation annuities” are the number of insured persons.
- Policy amounts for “individual annuities” and “asset-formation annuities” are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) the amount of policy reserves for the annuity after payments have commenced.
- Policy amount for “asset-formation insurance” is the amount of policy reserves.
- “Educational endowment insurance (H24)” includes educational endowment insurance (H24) (without premium protection agreement).

(5) Policies in Force by Benefit Type

(Millions of yen)

As of March 31			Policy amount in force	
			2023	2024
Death benefit	General death	Individual insurance	¥ 35,558,743	¥ 33,273,695
		Individual annuities	–	–
		Group insurance	–	–
		Group annuities	–	–
		Net, including others	49,232,943	45,219,890
	Accidental death	Individual insurance	[46,227,768]	[42,483,640]
		Individual annuities	[7,806]	[7,288]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[75,410,805]	[68,719,535]
	Other conditional death	Individual insurance	[–]	[–]
		Individual annuities	[–]	[–]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[–]	[–]
Survival benefit	Maturity/living benefits	Individual insurance	3,392,157	3,424,383
		Individual annuities	150,827	96,737
		Group insurance	–	–
		Group annuities	–	–
		Net, including others	4,531,520	4,328,254
	Annuities	Individual insurance	[17,744]	[16,880]
		Individual annuities	[253,678]	[201,225]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[689,306]	[604,543]
	Others	Individual insurance	–	–
		Individual annuities	822,117	657,826
		Group insurance	–	–
		Group annuities	–	–
		Net, including others	9,472,332	9,193,042
Hospitalization benefit	Hospitalization due to accident	Individual insurance	[38,795]	[36,104]
		Individual annuities	[17]	[16]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[63,666]	[58,658]
	Hospitalization due to illness	Individual insurance	[38,532]	[35,872]
		Individual annuities	[5]	[5]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[63,343]	[58,374]
	Other conditional hospitalization	Individual insurance	[4,657]	[4,086]
		Individual annuities	[2]	[2]
		Group insurance	[–]	[–]
		Group annuities	[–]	[–]
		Net, including others	[7,647]	[6,943]

Notes:

- Figures within brackets “[]” are supplementary benefits of the basic policy and rider benefits.
- Policy amounts for “individual annuities” in the “maturity/living benefits” column in “survival benefit” are the accumulated contribution payments as of the date of annuity payment commencement for the annuity before payments commence.
- Policy amounts of “annuities” in survival benefit are the amounts of annuities to be paid annually.
- Policy amounts of “others” in survival benefit are the amounts of policy reserves for individual annuities (the annuity after payments have commenced).
- Policy amounts for “hospitalization benefits” are the amounts of daily hospitalization benefits.

(Number of policies)

As of March 31		Number of policies in force	
		2023	2024
Disability benefit	Individual insurance	[8,029,332]	[7,448,107]
	Individual annuities	[2,178]	[2,045]
	Group insurance	[-]	[-]
	Group annuities	[-]	[-]
	Net, including others	[14,469,231]	[13,295,584]
Surgery benefit	Individual insurance	[10,294,953]	[9,715,570]
	Individual annuities	[3,312]	[3,123]
	Group insurance	[-]	[-]
	Group annuities	[-]	[-]
	Net, including others	[18,014,648]	[16,506,903]

Note: Figures within brackets “[]” are supplementary benefits of the basic policy and rider benefits.

(6) Policies in Force by Type of Policy of Individual Insurance and Individual Annuity

(Millions of yen)

As of March 31		Policy amount in force	
		2023	2024
Death protection insurance	Whole life insurance	¥ 14,728,790	¥ 14,644,779
	Whole life insurance with term rider	-	-
	Term insurance	41,531	95,723
	Net, including others	14,771,460	14,741,569
Mixed insurance	Endowment insurance	19,037,709	16,897,442
	Endowment insurance with term rider	-	-
	Term insurance with living benefits	-	-
	Net, including others	20,787,282	18,532,126
Pure endowment insurance		3,392,157	3,424,383
Annuities	Individual annuities	972,944	754,563
Accident/illness riders	Accident rider	17,265,608	15,148,704
	Nursing care rider	179	179
	Accident hospitalization rider	1	1
	Illness hospitalization rider	0	0
	Illness and accident hospitalization rider	418	369
	Non-participating accident hospitalization rider	162	124
	Non-participating illness and accident hospitalization rider	27,519	24,161
	Non-participating accidental rider	4,753,928	5,195,113
	Non-participating injury medical care rider	111	117
	Non-participating general medical care rider	10,364	11,097
	Non-participating general medical care rider with relaxed underwriting criteria	235	249
	Non-participating advanced medical care rider	(Number of policies) 224,965	(Number of policies) 281,211

Notes:

1. Policy amounts for “individual annuities” are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) the amount of policy reserves for the annuity after payments have commenced.
2. Policy amounts for “hospitalization/medical riders” are the amounts of daily hospitalization benefits.
3. The figure for “non-participating advanced medical care rider” represents the number of policies.

(7) Annualized Premiums from Policies in Force by Type of Policy of Individual Insurance and Individual Annuity

(Millions of yen)

As of March 31		Annualized premiums from policies in force	
		2023	2024
Death protection insurance	Whole life insurance	¥ 691,172	¥ 712,757
	Whole life insurance with term rider	–	–
	Term insurance	643	1,599
	Net, including others	691,913	714,453
Mixed insurance	Endowment insurance	1,319,422	1,148,931
	Endowment insurance with term rider	–	–
	Term insurance with living benefits	–	–
	Net, including others	1,434,721	1,257,371
Pure endowment insurance		227,348	228,457
Annuities	Individual annuities	244,689	193,670

Note: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.

(8) Embedded Value (“EV”)

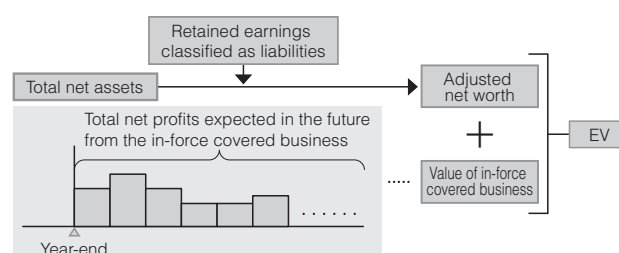
Embedded value (“EV”) is one of the corporate value indicators for life insurance companies.

The profit-loss structure in the life insurance business involves a loss at the time of sale and profit over a policy’s duration. A loss occurs temporarily at the time of sale, caused by a considerable amount of expenses generally incurred with the sale of a policy. Future profit is generated as the policy’s long duration serves to provide revenues over a long period of time, covering these initial expenses.

Under the current statutory accounting practices in Japan, gains and losses are recognized as they occur in each fiscal year. EV, on the other hand, is used to represent the present value of gains and losses that cover the entire duration. EV is the sum of the adjusted net worth (ANW), which reflects gains/losses from business activities in the past, and the value of in-force covered business (VIF), which is the present value of the expected future profits from the in-force covered business.

Since the end of the year ended March 31, 2013, we have been disclosing EV calculated on the basis of the European Embedded Value Principles (“EEV Principles”) as additional information supplementary to the financial data provided under the current statutory accounting practices.

Outline of EV



Note:

The EEV Principles and Guidance were published in May 2004 by the CFO Forum, a group representing the Chief Financial Officers of major European insurance companies, in order to improve consistency and transparency in EV calculation and reporting.

1) EV Results

(Billions of yen)

As of March 31	2023	2024	
			Increase (Decrease)
EV	¥ 3,463.8	¥ 3,965.0	¥ 501.2
Adjusted net worth	2,010.8	1,980.9	(29.9)
Total net assets on the balance sheet (Note 1)	1,571.5	1,622.9	51.4
Reserve for price fluctuations (Note 2)	178.6	123.8	(54.8)
Contingency reserve (Note 2)	441.6	441.6	(0.0)
Others (Note 3)	(10.1)	(68.3)	(58.1)
Tax effect on the above	(170.8)	(139.2)	31.6
Value of in-force covered business	1,452.9	1,984.1	531.1
Certainty equivalent present value of future profits	1,763.6	2,322.7	559.0
Time value of financial options and guarantees	(159.4)	(223.2)	(63.8)
Cost of holding required capital	(0.0)	(0.0)	(0.0)
Allowance for non-hedgeable risks	(151.3)	(115.3)	35.9

For the years ended March 31	2023	2024	
			Increase (Decrease)
Value of new business (Note 4)	¥ (7.4)	¥ 20.8	¥ 28.3
Certainty equivalent present value of future profits	(3.6)	30.7	34.3
Time value of financial options and guarantees	(1.6)	(3.5)	(1.9)
Cost of holding required capital	(0.0)	(0.1)	(0.1)
Allowance for non-hedgeable risks	(2.1)	(6.1)	(4.0)

Notes:

- The total net assets are the total net assets as on the consolidated balance sheet, excluding the total amount of accumulated other comprehensive income.
In addition, the board benefit trust reported as treasury stock has been added at book value.
- Excluding amounts in respect of the Postal Life Insurance policies that are included in the VIF.
- Unrealized gains/losses on securities, loans and real estate; general reserve for possible loan losses (excluding those related to insurance policies); unfunded retirement benefit obligations (unrecognized prior service costs and unrecognized actuarial differences); and unrealized gains/losses on subordinated bonds.
- The value of new business includes the net increase in value from policies issued using the conditional cancellation system and policies converted using the policy conversion system. New business includes policy renewals over the reporting period.

2) Movement Analysis

(Billions of yen)

	Adjusted net worth	Value of in-force covered business	EV
Values as of March 31, 2023	¥ 2,010.8	¥ 1,452.9	¥ 3,463.8
(1) Opening adjustments	(35.6)	–	(35.6)
Values as of March 31, 2023 after adjustment	¥ 1,975.2	¥ 1,452.9	¥ 3,428.1
(2) Value of new business	–	20.8	20.8
(3) Expected existing business contribution (risk-free rate)	(1.7)	18.1	16.3
(4) Expected existing business contribution (in excess of risk-free rate)	8.4	162.4	170.9
(5) Expected transfer from value of in-force covered business to adjusted net worth	20.9	(20.9)	–
On in-force at the beginning of the fiscal year	91.1	(91.1)	–
On new business	(70.2)	70.2	–
(6) Non-economic experience variances	12.7	(12.7)	0.0
(7) Non-economic assumption changes	–	52.4	52.4
(8) Economic variances	(34.7)	310.9	276.2
Values as of March 31, 2024	¥ 1,980.9	¥ 1,984.1	¥ 3,965.0

3) Sensitivities

(Billions of yen)

Assumptions	EV		Value of new business	
		Change in EV		Change in value of new business
Base Scenario March 31, 2024	¥ 3,965.0	¥ –	¥ 20.8	¥ –
Sensitivity 1 50bp increase in risk-free rate (Note 1)	3,865.2	(99.7)	48.6	27.8
Sensitivity 2 50bp decrease in risk-free rate (Notes 1 and 2)	4,045.0	80.0	(22.5)	(43.4)
Sensitivity 3 10% decrease in equity and real estate value	3,784.6	(180.3)	20.8	–
Sensitivity 4 10% decrease in maintenance expenses	4,143.0	177.9	28.2	7.3
Sensitivity 5 10% decrease in surrender and lapse rates	4,003.4	38.3	23.9	3.0
Sensitivity 6 5% decrease in claim incidence rates for life business	4,047.4	82.4	23.8	3.0
Sensitivity 7 5% decrease in claim incidence rates for annuity business	3,926.5	(38.4)	20.8	(0.0)
Sensitivity 8 Change the required capital to statutory minimum	3,965.0	0.0	20.9	0.1
Sensitivity 9 25% increase in implied volatilities of equity and real estate values	3,943.6	(21.4)	20.9	0.0
Sensitivity 10 25% increase in implied volatilities of swaptions	3,906.0	(58.9)	18.9	(1.8)

Notes:

- For the long-duration risk-free rates at terms longer than the extrapolation entry term, extrapolation to the ultimate forward rate is applied without changing the ultimate forward rate itself.
- The 50bp decrease is applied to both positive and negative risk-free rates, without a floor.

4) Main EV Assumptions

(i) Economic Assumptions

Based on the assets held by Japan Post Insurance, the risk-free rates for use in the certainty equivalent calculation have been determined based on Japanese government bonds as of the valuation date.

The table on the right shows, for selected terms, the risk-free rates (converted to spot rates) used for the calculation. For interest rates at longer durations, for which reference rates are not available, we take an extrapolation approach utilizing an ultimate forward rate assumed to converge over a period of time to a fixed ultimate level, commonly set based on macroeconomic or other methods.

We have assumed an ultimate forward rate of 3.8%, and as the market of Japanese government bonds beyond 30 years is not considered deep and liquid, we have determined the extrapolation entry term as 30 years. For the forward rate for year 31 and later years, we have applied the Smith-Wilson approach with convergence to the ultimate forward rate over 30 years.

Term (Years)	For calculation of the value of in-force covered business		For calculation of the value of new business	
	March 31, 2023	March 31, 2024	Fiscal year ended March 31, 2023 (Rate at September 30, 2022)	Fiscal year ended March 31, 2024 (Rate at December 31, 2023)
1	(0.115)%	0.054%	(0.115)%	(0.026)%
2	(0.061)%	0.189%	(0.050)%	0.048%
3	(0.052)%	0.202%	(0.037)%	0.056%
4	0.024%	0.277%	0.009%	0.134%
5	0.101%	0.358%	0.085%	0.219%
10	0.396%	0.758%	0.286%	0.660%
15	0.800%	1.167%	0.745%	1.104%
20	1.108%	1.561%	1.055%	1.492%
25	1.234%	1.695%	1.290%	1.627%
30	1.370%	1.930%	1.503%	1.800%
40	1.789%	2.337%	1.936%	2.180%
50	2.162%	2.615%	2.285%	2.482%
60	2.429%	2.808%	2.532%	2.697%

Source: Analysis of Ministry of Finance data

(ii) Other Assumptions

All cash flows (premiums, expenses, claims and benefits, cash surrender values, taxes, etc.) are projected applying the best estimate assumptions up to the termination of the policies. Best estimate assumptions are specified by product group, considering recent experience and expected future prospects.

5) Notes on the Use of Results

- (i) As the profits arising from the release of the contingency reserve and reserve for price fluctuations related to the Postal Life Insurance policies form a part of the reinsurance dividend paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network, the EV calculations take into consideration the profits net of this reinsurance dividend. Therefore, the contingency reserve and reserve for price fluctuations related to these policies are included in the VIF, rather than the ANW, as it is assumed that these reserves will be released in the future.
- (ii) The calculation of EV is based on many assumptions, including future outlook, which involves certain risks and uncertainties. Since actual performance may differ materially from these assumptions, we strongly recommend that users exercise caution.
- (iii) We requested an independent actuarial firm to review the assumptions and the calculation of our EV results and obtained a written opinion verifying the validity. For further details of this written opinion and our EV, please refer to our website (https://www.jp-life.japanpost.jp/english/news/2024/en_news_id000167.html).

6-3 Insurance Policy Indicators

(1) Policies in Force and New Policies

1) Policies in Force

(Number of policies, millions of yen, %)

As of March 31	2023				2024			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	13,722,373	(6.9)%	¥ 38,950,900	(7.9)%	13,095,779	(4.6)%	¥ 36,698,079	(5.8)%
Death protection insurance	4,927,736	(2.0)	14,771,460	(4.0)	5,071,543	2.9	14,741,569	(0.2)
Mixed insurance	7,179,664	(11.2)	20,787,282	(11.5)	6,384,938	(11.1)	18,532,126	(10.8)
Pure endowment insurance	1,614,973	(0.7)	3,392,157	(0.9)	1,639,298	1.5	3,424,383	1.0
Individual annuities	686,620	(19.2)	972,944	(21.7)	540,708	(21.3)	754,563	(22.4)
Group insurance	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–
Asset-formation insurance	28	(20.0)	27	(18.1)	24	(14.3)	24	(11.0)
Asset-formation annuities	11	0.0	46	0.0	11	0.0	46	0.0

Notes:

- Figures for number of policies for “asset-formation insurance” and “asset-formation annuities” are the number of insured persons.
- Policy amounts for “individual annuities” and “asset-formation annuities” are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) the amount of policy reserves for the annuity after payments have commenced.
- Policy amount for “asset-formation insurance” is the amount of policy reserves.

2) New Policies

(Number of policies, millions of yen, %)

For the years ended March 31	2023				2024			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	314,231	81.3%	¥ 836,665	44.9%	628,817	100.1%	¥ 1,557,837	86.2%
Death protection insurance	67,594	244.8	130,315	131.7	295,711	337.5	673,327	416.7
Mixed insurance	221,607	66.1	656,034	37.3	262,546	18.5	755,541	15.2
Pure endowment insurance	25,030	23.4	50,314	15.7	70,560	181.9	128,967	156.3
Individual annuities	122	190.5	557	174.6	417	241.8	2,011	261.0
Group insurance	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–
Asset-formation insurance	3	200.0	0	250.0	2	(33.3)	0	(42.9)
Asset-formation annuities	–	–	–	–	–	–	–	–

Notes:

- Converted policies are not included.
- Figures for number of policies for “asset-formation insurance” and “asset-formation annuities” are the number of insured persons.
- Policy amounts for “individual annuities” and “asset-formation annuities” are the total of the accumulated contribution payment as of the date of annuity payment commencement.
- Policy amount for “asset-formation insurance” is the amount of the first premium payment.

(2) Average Policy Amount of New Policies and Policies in Force (individual insurance)

(Thousands of yen)

Items	New Policies		Policies in Force	
	For the year ended March 31, 2023	For the year ended March 31, 2024	As of March 31, 2023	As of March 31, 2024
Individual insurance	¥ 2,662	¥ 2,477	¥ 2,838	¥ 2,802
Death protection insurance	1,927	2,276	2,997	2,906
Mixed insurance	2,960	2,877	2,895	2,902
Pure endowment insurance	2,010	1,827	2,100	2,088

Note: Converted policies are not included in average policy amount of new policies.

(3) Ratio of New Policies (against the policy in force at the beginning of fiscal year)

(%)

For the years ended March 31	2023	2024
Individual insurance	2.0%	4.0%
Individual annuities	0.0	0.2
Group insurance	—	—

Notes:

- Converted policies are not included.
- This refers to the ratio of the policy amount of new policies against the policy amount in force at the beginning of fiscal year.

(4) Ratio of Surrender and Lapse (against the policy in force at the beginning of fiscal year)

(%)

For the years ended March 31	2023	2024
Individual insurance	3.0%	2.8%
Individual annuities	0.8	1.0
Group insurance	—	—

Notes:

- Ratio of surrender and lapse is calculated based on the policy amount associated with surrenders and lapses as modified by decrease or increase in policy amount, as well as the amount of the policy reinstatement.
- Ratio of surrender and lapse for "individual annuities" is based on the annuity before payments commence.

(5) Average Premium for New Policies of Individual Insurance (monthly payment agreement)

(Yen)

For the years ended March 31	2023	2024
Individual insurance	¥ 219,376	¥ 197,436

Notes:

- Converted policies are not included.
- These are annual premiums for the policies involving monthly payment agreement.

(6) Mortality Rates (basic policies in individual insurance)

(‰)

For the years ended March 31	2023	2024
In terms of number of policies	2.91‰	3.18‰
In terms of policy amount	2.32	2.54

Notes:

- Mortality rates are calculated by dividing the number of/policy amount for policies filing death claim by the number of/policy amount for policies exposed to risk.
- Number of/policy amount for policies exposed to risk is calculated by the formula as follows:

$$(\text{Number of/policy amount for policies in force at the beginning of fiscal year} + \text{number of/policy amount for policies in force at the end of fiscal year} + \text{the number of/policy amount for policies filing death claim}) \div 2$$

(7) Ratio of Riders Filing Claim (individual insurance)

For the years ended March 31		2023	2024
Accident death benefit policy	In terms of number of policies	0.12 ‰	0.13 ‰
	In terms of policy amount	0.10	0.11
Disability benefit policy	In terms of number of policies	0.33	0.39
	In terms of policy amount	0.09	0.11
Accident hospitalization benefit policy	In terms of number of policies	6.33	7.31
	In terms of policy amount	0.19	0.22
Illness hospitalization benefit policy	In terms of number of policies	157.40	63.19
	In terms of policy amount	2.90	1.36
Lifestyle disease hospitalization benefit policy	In terms of number of policies	–	–
	In terms of policy amount	–	–
Illness/accident surgery benefit policy	In terms of number of policies	41.02	47.92
Lifestyle disease surgery benefit policy	In terms of number of policies	–	–

Notes:

- Ratio of the number of/policy amount for riders filing claim is calculated by dividing the number of/policy amount for riders filing claim by the number of/policy amount for policies exposed to risk.
- Number of/policy amount for policies exposed to risk is calculated by the formula as follows:

$$(\text{Number of/policy amount for policies in force at the beginning of fiscal year} + \text{number of/policy amount for policies in force at the end of fiscal year} + \text{the number of/policy amount for policies filing full-paid rider claim}) \div 2$$

(8) Ratio of Operating Expenses (against premium revenues)

For the year ended March 31, 2023	For the year ended March 31, 2024
20.34%	17.77%

(9) In the Cases Where Insurance Policies are Reinsured, Number of Principal Insurance Companies Accepting Reinsurance

(Number of companies)

For the year ended March 31, 2023	For the year ended March 31, 2024
5	6

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(10) In the Cases Where Insurance Policies are Reinsured, Ratio of Reinsurance Premiums Paid to the Top Five Reinsurers in Terms of the Volume of Reinsurance Premiums Paid, Against Reinsurance Premiums Paid to All Reinsurers Accepting Reinsurance

For the year ended March 31, 2023	For the year ended March 31, 2024
100.0%	100.0%

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(11) In the Cases Where Insurance Policies are Reinsured, Ratio of Reinsurance Premiums Paid, of Each Group of Principal Reinsurers Accepting Reinsurance, Where the Grouping is Done Based on Ratings by a Rating Agency

(%)

Category of credit ratings	For the year ended March 31, 2023	For the year ended March 31, 2024
A or superior	100.0%	100.0%
BBB or superior	—	—
Other	—	—

Notes:

- The above ratings are based on the ratings provided by S&P (Standard & Poor's) at each fiscal year-end, where "A or superior" represents A- or superior, while "BBB or superior" represents the range from BBB- to less than A-.
- This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(12) Amount of Reinsurance Proceeds Yet to be Recovered

(Millions of yen)

For the year ended March 31, 2023	For the year ended March 31, 2024
¥ 3,667	¥ 3,488

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(13) Ratio of the Insurance Amount Paid Against Earned Premiums by Reason of Benefit or Class of Insurance in Third-Sector Insurance

(%)

For the years ended March 31	2023	2024
Claim-filing ratio in third-sector insurance	49.9%	42.5%
Medical (Illness)	45.3	36.1
Cancer	—	—
Nursing care	102.4	98.7
Other	75.9	78.2

6-4 Accounting Data
(1) Reserve for Outstanding Claims

(Millions of yen)

As of March 31		2023	2024
Insurance claims	Death benefits	¥ 15,402	¥ 13,850
	Accidental benefits	3,402	2,873
	Serious disability benefits	1,186	1,795
	Maturity benefits	71,535	65,698
	Other	249,776	233,844
	Subtotal	341,303	318,062
Annuity payments		6,905	7,501
Benefits		42,601	29,571
Surrender benefits		17,621	16,930
Deferred insurance benefits payment		—	—
Net, including other reserve for outstanding claims		410,387	373,913

(2) Policy Reserves

(Millions of yen)

As of March 31		2023		2024	
Policy reserves [excluding contingency reserve]	Individual insurance	¥	23,492,684	¥	23,095,608
	[General account]	[	23,492,684]	[	23,095,608]
	[Separate account]	[-]	[-]
	Individual annuities		953,198		736,929
	[General account]	[	953,198]	[	736,929]
	[Separate account]	[-]	[-]
	Group insurance		-		-
	[General account]	[-]	[-]
	[Separate account]	[-]	[-]
	Group annuities		-		-
	[General account]	[-]	[-]
	[Separate account]	[-]	[-]
	Other		27,370,459		24,954,918
[General account]	[	27,370,459]	[	24,954,918]	
[Separate account]	[-]	[-]	
Subtotal		51,816,342		48,787,456	
[General account]	[	51,816,342]	[	48,787,456]	
[Separate account]	[-]	[-]	
Contingency reserve		1,701,877		1,725,335	
Total		53,518,219		50,512,792	
[General account]	[	53,518,219]	[	50,512,792]	
[Separate account]	[-]	[-]	

Note: "Other" includes asset-formation insurance, asset-formation annuities and assumed reinsurance.

(3) Balance of Policy Reserves

(Millions of yen)

	Insurance premium reserves	Unearned premiums	Reserve for refunds	Contingency reserve	Total
As of March 31, 2023	¥ 47,591,714	¥ 4,224,628	¥ -	¥ 1,701,877	¥ 53,518,219
As of March 31, 2024	45,309,104	3,478,352	-	1,725,335	50,512,792

(4) Reserving Method, Reserve Ratio and Reserve Balance for Policy Reserves for Individual Insurance and Individual Annuities (by contract year)

1) Reserving Method and Reserve Ratio for Policy Reserves

As of March 31		2023	2024
Reserving method	Contracts subject to the standard policy reserves	The method prescribed by Ordinance No. 48 issued by the Ministry of Finance in 1996 (standard policy reserves)	The method prescribed by Ordinance No. 48 issued by the Ministry of Finance in 1996 (standard policy reserves)
	Contracts outside the scope of the standard policy reserves	—	—
Reserve ratio (excluding contingency reserve)		100.0%	100.0%

Notes:

- Individual insurance and individual annuities are subject to the reserving method and the reserve ratio. Asset-formation insurance, asset-formation annuities and receiving reinsurance are not included here, while they are computed based on the net level premium method.
- Reserve ratios here are the ratios against insurance premium reserves and unearned premiums as calculated by the method prescribed by the public notification No. 48 issued by the Ministry of Finance in 1996.

2) Balance of Policy Reserves (by contract year)

(Millions of yen)

Contract year	Balance of policy reserves	Assumed rates of return
For the years ended March 31, 2008 to 2011	¥ 3,513,742	1.00%–1.50%
For the year ended March 31, 2012	1,327,002	0.80%–1.50%
For the year ended March 31, 2013	1,484,992	0.70%–1.50%
For the year ended March 31, 2014	1,771,545	0.70%–1.00%
For the year ended March 31, 2015	3,627,540	0.55%–1.00%
For the year ended March 31, 2016	3,257,304	0.50%–1.00%
For the year ended March 31, 2017	3,565,694	0.50%–1.00%
For the year ended March 31, 2018	2,033,166	0.25%
For the year ended March 31, 2019	1,619,357	0.25%
For the year ended March 31, 2020	609,352	0.25%
For the year ended March 31, 2021	95,602	0.25%
For the year ended March 31, 2022	127,525	0.25%
For the year ended March 31, 2023	166,058	0.25%
For the year ended March 31, 2024	633,653	0.25%–0.75%

Notes:

- Balance of policy reserves includes policy reserves for individual insurance and individual annuities (excluding policy reserves in the separate account and the contingency reserve).
- Assumed rates of return here refer to the main assumed rates of return applicable to policy reserves by contract year.

(5) Balance of Policy Reserves in General Account Associated with Insurance Policies Involving a Separate Account with a Guarantee for Minimum Insurance Claims and Others, Their Calculation Methods and the Multiplier Used in Such Calculation

Not applicable as of March 31, 2023 and 2024.

(6) Rationality and Adequacy of the Confirmation under Article 121, Paragraph 1, Item 1 of the Insurance Business Act (limited to the confirmation pertaining to third-sector insurance)

1) Principles for Ensuring Appropriateness of Policy Reserves for Third-sector Insurance

We carry out the liability adequacy test and stress test as required by laws and regulations in order to ensure a sufficient level of policy reserves.

The scope of the stress test includes the applicable products of Postal Life Insurance.

2) Rationality and Adequacy of the Level of Risk Frequency and Others Assumed for the Purpose of the Liability Adequacy Test and Stress Test

For the purpose of assuming risk frequency, we calculate the occurrence rate that covers the fluctuations of payment of hospitalization benefits and others with certain rates of probability (99% and 97.7%) during the next 10 years, based on the historical actual payment, etc. of hospitalization benefits and others.

3) Results of the Liability Adequacy Test and Stress Test

We have verified as a result of the stress test that there is no need for an additional provision of contingency reserve or policy reserves for third-sector insurance, as the expected occurrence rate we assumed beforehand adequately covers the risks expected to materialize in the future.

(7) Reserve for Policyholder Dividends

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance Asset-formation annuities	Other insurance	Total
For the year ended March 31, 2023							
Balance at the beginning of the fiscal year	¥ 114,954	¥ 1,216	¥ –	¥ –	¥ –	¥ 1,143,838	¥ 1,260,009
Interest accrual	9	0	–	–	–	–	9
Reduction due to policyholder dividends paid	12,063	18	–	–	–	134,632	146,714
Reduction due to the acquisition of additional annuity	–	2	–	–	–	197	200
Provision for reserve for policyholder dividends	18,386	2	–	–	–	43,678	62,067
Balance at the end of the fiscal year	121,286	1,197	–	–	–	1,052,687	1,175,171
	[101,873]	[1,194]	[–]	[–]	[–]	[–]	[103,068]
For the year ended March 31, 2024							
Balance at the beginning of the fiscal year	121,286	1,197	–	–	–	1,052,687	1,175,171
Interest accrual	10	0	–	–	–	126	137
Reduction due to policyholder dividends paid	13,919	86	–	–	–	115,457	129,463
Reduction due to the acquisition of additional annuity	–	3	–	–	–	112	115
Provision for reserve for policyholder dividends	9,027	5	–	–	–	46,866	55,899
Balance at the end of the fiscal year	116,405	1,112	–	–	–	984,110	1,101,628
	[106,411]	[1,105]	[–]	[–]	[–]	[–]	[107,516]

Note: Figures within brackets “[]” are accumulated dividends. Meanwhile, the reserve for policyholder dividends associated with the reinsurance from the Management Network (¥1,052,687 million for the year ended March 31, 2023 and ¥984,110 million for the year ended March 31, 2024) is scheduled to be distributed/paid to the Management Network, based on the reinsurance contract.

(8) Reserves

(Millions of yen)

For the years ended March 31		2023			2024		
		Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Changes in the fiscal year	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Changes in the fiscal year
Reserve for Possible Loan Losses	General reserve for possible loan losses	¥ 32	¥ 31	¥ (1)	¥ 31	¥ 31	¥ 0
	Specific reserve for possible loan losses	347	347	0	347	314	(33)
	Reserve for specific foreign loans	–	–	–	–	–	–
Reserve for employees' retirement benefits		70,470	70,806	336	70,806	97,157	26,350
Reserve for management board benefit trust		230	315	85	315	391	76
Reserve for price fluctuations		972,606	889,960	(82,645)	889,960	873,799	(16,161)

Note: Reason for reserving and its calculation method are omitted here as they are stated in the notes (notes to non-consolidated financial statements).

(9) Provision for Reserve for Specific Foreign Loans

Not applicable for the years ended March 31, 2023 and 2024.

(10) Capital Stock, etc.

(Millions of yen)

		Balance at the beginning of the year ended March 31, 2024	Increase in the fiscal year	Decrease in the fiscal year	Balance at the end of the year ended March 31, 2024	Remarks
Capital stock		¥ 500,000	¥ –	¥ –	¥ 500,000	
Of which shares issued	[Common stock]	[399,693 thousand shares]	–	[16,501 thousand shares]	[383,192 thousand shares]	Decrease due to the cancellation of treasury stock
		500,000	–	–	500,000	
	Total	500,000	–	–	500,000	
Capital surplus	[Legal capital surplus]	405,044	–	–	405,044	
	Total	405,044	–	–	405,044	

(11) Premiums

(Millions of yen)

For the years ended March 31	2023	2024
Individual insurance	¥ 1,953,642	¥ 2,289,177
(Lump-sum payment)	–	400,754
(Annual payment)	–	–
(Semi-annual payment)	–	–
(Monthly payment)	1,953,642	1,888,423
Individual annuities	4,859	3,950
(Lump-sum payment)	–	–
(Annual payment)	–	–
(Semi-annual payment)	–	–
(Monthly payment)	4,859	3,950
Group insurance	–	–
Group annuities	–	–
Net, including other premiums	2,183,985	2,467,931

Note: "Net, including other premiums" includes asset-formation insurance, asset-formation annuities and receiving reinsurance.

• Premiums by Income Year

(Millions of yen)

For the years ended March 31		2023	2024
Individual insurance	First-year premiums	¥ 60,983	¥ 485,110
	Premiums for the following years	1,897,518	1,808,017
Individual annuities	Subtotal	1,958,502	2,293,128
Group insurance	First-year premiums	–	–
	Premiums for the following years	–	–
Group annuities	Subtotal	–	–
Net, including other premiums	First-year premiums	61,088	485,369
	Premiums for the following years	2,122,896	1,982,561
	Total	2,183,985	2,467,931

Note: "Net, including other premiums" includes asset-formation insurance, asset-formation annuities and receiving reinsurance.

(12) Insurance Claims

1) Insurance Claims (amounts)

(Millions of yen)

	Death benefits	Accidental benefits	Serious disability benefits	Maturity benefits	Other	Total
For the year ended March 31, 2023						
Individual insurance	¥ 91,782	¥ 7,247	¥ 2,007	¥ 1,814,036	¥ –	¥ 1,915,073
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	10	–	10
Other insurance	–	–	–	–	2,536,833	2,536,833
Total	91,782	7,247	2,007	1,814,046	2,536,833	4,451,916
For the year ended March 31, 2024						
Individual insurance	93,113	6,325	2,620	1,777,530	–	1,879,589
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	6	–	6
Other insurance	–	–	–	–	2,270,173	2,270,173
Total	93,113	6,325	2,620	1,777,536	2,270,173	4,149,769

Note: "Other insurance" includes receiving reinsurance.

2) Insurance Claims (number of benefits)

(Number of benefits)

	Death benefits	Accidental benefits	Serious disability benefits	Maturity benefits	Other	Total
For the year ended March 31, 2023						
Individual insurance	40,563	3,605	765	912,060	–	956,993
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	9	–	9
Other insurance	–	–	–	–	9,857,421	9,857,421
Total	40,563	3,605	765	912,069	9,857,421	10,814,423
For the year ended March 31, 2024						
Individual insurance	41,813	3,063	938	933,659	–	979,473
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	5	–	5
Other insurance	–	–	–	–	9,018,739	9,018,739
Total	41,813	3,063	938	933,664	9,018,739	9,998,217

Note: "Other insurance" includes receiving reinsurance.

(13) Annuities

(Millions of yen)

For the year ended March 31, 2023						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 119	¥ 268,682	¥ –	¥ –	¥ –	¥ –	¥ 268,802

For the year ended March 31, 2024						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 140	¥ 218,848	¥ –	¥ –	¥ –	¥ –	¥ 218,989

(14) Benefits

1) Benefits (amounts)

(Millions of yen)

	Death benefits	Hospitalization benefits	Surgery benefits	Disability benefits	Living benefits	Other	Total
For the year ended March 31, 2023							
Individual insurance	¥ 122	¥ 83,289	¥ 25,590	¥ 1,955	¥ 100,044	¥ 919	¥ 211,922
Individual annuities	–	16	6	11	–	0	35
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	122	83,305	25,597	1,966	100,044	920	211,958
For the year ended March 31, 2024							
Individual insurance	112	39,969	27,440	2,258	129,968	952	200,702
Individual annuities	–	14	6	1	–	0	23
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	112	39,983	27,447	2,260	129,968	953	200,725

2) Benefits (number of benefits)

(Number of benefits)

	Death benefits	Hospitalization benefits	Surgery benefits	Disability benefits	Living benefits	Other	Total
For the year ended March 31, 2023							
Individual insurance	92	2,081,668	396,459	2,693	313,881	16,047	2,810,840
Individual annuities	–	198	69	2	–	3	272
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	92	2,081,866	396,528	2,695	313,881	16,050	2,811,112
For the year ended March 31, 2024							
Individual insurance	92	833,324	436,295	3,021	362,963	16,905	1,652,600
Individual annuities	–	119	70	2	–	5	196
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	92	833,443	436,365	3,023	362,963	16,910	1,652,796

(15) Surrender Benefits

(Millions of yen)

For the year ended March 31, 2023						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 455,403	¥ 2,250	¥ –	¥ –	¥ 1	¥ –	¥ 457,654

For the year ended March 31, 2024						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 437,208	¥ 1,809	¥ –	¥ –	¥ 0	¥ –	¥ 439,018

(16) Depreciation and Amortization

(Millions of yen, %)

	Cost	Depreciation and amortization in the fiscal year	Accumulated depreciation and amortization	Balance at the end of the fiscal year	Accumulated depreciation percentage
For the year ended March 31, 2023					
Tangible fixed assets	¥ 105,083	¥ 7,376	¥ 55,790	¥ 49,293	53.1
Buildings	63,965	2,741	28,374	35,590	44.4
Leased assets	6,689	1,209	2,499	4,189	37.4
Other tangible fixed assets	34,429	3,424	24,916	9,512	72.4
Intangible fixed assets	579,329	33,718	481,981	97,347	83.2
Others	709	30	496	213	70.0
Total	685,123	41,125	538,269	146,853	78.6
For the year ended March 31, 2024					
Tangible fixed assets	121,631	7,642	61,717	59,913	50.7
Buildings	76,100	2,764	31,115	44,984	40.9
Leased assets	7,696	1,336	2,369	5,326	30.8
Other tangible fixed assets	37,834	3,541	28,232	9,602	74.6
Intangible fixed assets	620,306	35,287	517,104	103,202	83.4
Others	709	30	526	183	74.2
Total	742,647	42,959	579,348	163,298	78.0

Notes:

1. "Buildings" includes all buildings, facilities and structures.
2. "Intangible fixed assets" includes software in progress.

(17) Operating Expenses

(Millions of yen)

For the years ended March 31	2023	2024
Sales activity expenses	¥ 59,980	¥ 53,928
Sales administration expenses	19,012	19,511
General administration expenses	365,216	365,091
Total	444,209	438,531

Note: "General administration expenses" do not include the contributions to the Life Insurance Policyholders Protection Corporation of Japan, pursuant to Article 259 of the Insurance Business Act.

(18) Taxes

(Millions of yen)

For the years ended March 31	2023		2024	
National taxes	¥	21,777	¥	22,550
Consumption tax		20,119		20,413
Special corporate enterprise tax		1,427		1,675
Stamp duty		220		264
Registration license tax		2		197
Other national taxes		6		–
Local taxes		11,793		12,929
Local consumption tax		5,674		5,757
Enterprise tax		4,912		5,682
Fixed property tax		777		765
Real estate acquisition tax		5		394
Business office tax		422		330
Other local taxes		0		–
Total		33,571		35,480

Note: "Fixed property tax" includes city planning tax.

(19) Lease Transactions

Lease transactions (as lessee)

[Finance lease transactions without transfer of ownership that apply an accounting treatment equivalent to those for operating lease transactions]

Not applicable for the years ended March 31, 2023 and 2024.

(20) Borrowings by Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2023							
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000	¥ 300,000
Payables under repurchase agreements	3,740,688	–	–	–	–	–	3,740,688
Total	3,740,688	–	–	–	–	300,000	4,040,688
As of March 31, 2024							
Bonds payable	–	–	–	–	–	400,000	400,000
Payables under repurchase agreements	3,905,000	–	–	–	–	–	3,905,000
Total	3,905,000	–	–	–	–	400,000	4,305,000

6-5 Indicators Related to Asset Management (General Account)

(1) Portfolio Trends

Asset Structure, Increase/Decrease in Assets

(Millions of yen, %)

As of March 31	2023			2024		
	Amount	Percentage	Increase/decrease	Amount	Percentage	Increase/decrease
Cash, deposits, call loans	¥ 1,468,483	2.3	¥ 163,412	¥ 1,192,730	2.0	¥ (275,752)
Receivables under resale agreements	1,384,764	2.2	(735,373)	1,047,192	1.7	(337,571)
Receivables under securities borrowing transactions	–	–	–	–	–	–
Monetary claims bought	47,345	0.1	7,801	25,392	0.0	(21,953)
Trading account securities	–	–	–	–	–	–
Money held in trust	4,772,321	7.6	250,408	6,271,415	10.3	1,499,094
Securities	49,842,478	79.5	(3,576,086)	47,694,597	78.4	(2,147,881)
Corporate and government bonds	44,743,706	71.4	(2,004,240)	42,791,946	70.3	(1,951,759)
Domestic stocks	410,088	0.7	(15,465)	558,536	0.9	148,448
Foreign securities	2,949,260	4.7	(1,383,259)	2,168,841	3.6	(780,419)
Foreign corporate and government bonds	2,787,121	4.4	(1,394,405)	1,974,510	3.2	(812,611)
Foreign stocks and other securities	162,139	0.3	11,146	194,331	0.3	32,192
Other securities	1,739,423	2.8	(173,121)	2,175,272	3.6	435,848
Loans	3,605,832	5.8	(646,123)	3,281,313	5.4	(324,518)
Policy loans	140,355	0.2	(625)	149,707	0.2	9,351
Industrial and commercial loans	916,374	1.5	(49,497)	849,174	1.4	(67,200)
Loans to the Management Network	2,549,102	4.1	(596,000)	2,282,432	3.8	(266,670)
Real estate	78,727	0.1	(1,845)	121,642	0.2	42,914
Investment property	–	–	–	–	–	–
Deferred tax assets	1,028,662	1.6	23,304	636,524	1.0	(392,137)
Other	456,994	0.7	24,882	586,628	1.0	129,633
Reserve for possible loan losses	(379)	(0.0)	0	(346)	(0.0)	32
General account total	62,685,230	100.0	(4,489,618)	60,857,090	100.0	(1,828,139)
Foreign-currency-denominated assets	4,343,334	6.9	(1,123,410)	4,084,392	6.7	(258,942)

Notes:

1. "Loans to the Management Network" includes lending to the Management Network (Postal Life Insurance Account).
2. "Real estate" is booked as the sum total of land, buildings and construction in progress.

(2) Yield

For the years ended March 31	2023	2024
Cash, deposits and call loans	0.00%	0.00%
Receivables under resale agreements	–	–
Receivables under securities borrowing transactions	–	–
Monetary claims bought	0.71	0.96
Trading account securities	–	–
Money held in trust	4.44	5.17
Securities	1.33	1.40
Corporate and government bonds	1.49	1.46
Domestic stocks	6.68	6.53
Foreign securities	(0.68)	0.21
Loans	1.81	1.78
Industrial and commercial loans	1.06	1.06
Real estate	–	–
General account total	1.43	1.54
Overseas loans and investments	0.29	1.88

Notes:

1. Yields are calculated by dividing investment income less investment expenses by the daily average balance based on book value.
2. "General account total" includes assets related to securities trusts.
3. "Overseas loans and investments" is the total of assets denominated in foreign currencies and yen-denominated assets.

(3) Average Balance on Primary Assets

For the years ended March 31	2023	2024
Cash, deposits and call loans	¥ 509,049	¥ 587,202
Receivables under resale agreements	–	–
Receivables under securities borrowing transactions	–	–
Monetary claims bought	46,047	29,987
Trading account securities	–	–
Money held in trust	3,387,021	3,509,817
Securities	51,949,411	49,164,676
Corporate and government bonds	46,033,726	44,293,675
Domestic stocks	353,328	350,733
Foreign securities	3,727,944	2,499,614
Loans	4,067,756	3,451,081
Industrial and commercial loans	945,345	890,505
Real estate	79,766	78,154
General account total	63,774,347	60,236,877
Overseas loans and investments	5,015,494	3,911,242

Notes:

1. "General account total" includes assets related to securities trusts.
2. "Real estate" is booked as the sum total of land, buildings and construction in progress.
3. "Overseas loans and investments" is the total of assets denominated in foreign currencies and yen-denominated assets.

(4) Investment Income

(Millions of yen)

For the years ended March 31	2023	2024
Interest and dividend income	¥ 950,717	¥ 866,469
Gains on trading account securities	–	–
Gains on money held in trust	150,378	181,439
Gains on trading securities	–	–
Gains on sales of securities	50,567	151,153
Gains on redemption of securities	498	110
Gains on derivative financial instruments	–	–
Gains on foreign exchanges	6,814	13,579
Reversal of reserve for possible loan losses	1	–
Other investment income	44	27
Total	1,159,020	1,212,778

(5) Investment Expenses

(Millions of yen)

For the years ended March 31	2023	2024
Interest expenses	¥ 4,639	¥ 4,993
Losses on trading account securities	–	–
Losses on money held in trust	–	–
Losses on trading securities	–	–
Losses on sales of securities	177,296	177,704
Losses on valuation of securities	306	71
Losses on redemption of securities	1,554	240
Losses on derivative financial instruments	60,588	95,835
Losses on foreign exchanges	–	–
Provision for reserve for possible loan losses	–	0
Write-off loans	–	–
Depreciation of real estate for lease and other assets	–	–
Other investment expenses	2,040	3,701
Total	246,426	282,548

(6) Interest, Dividends and Other Income

(Millions of yen)

For the years ended March 31	2023	2024
Interest on deposits	¥ 34	¥ 86
Interest and dividends on securities	869,716	794,962
Interest on corporate and government bonds	699,116	685,485
Domestic stock dividends	11,221	13,101
Interest and dividends on foreign securities	117,700	81,562
Interest on loans	13,385	12,954
Interest on loans to the Management Network	60,171	48,373
Rent revenue from real estate	–	–
Net, including other income	950,717	866,469

(7) Gains on Sales of Securities

(Millions of yen)

For the years ended March 31	2023	2024
Japanese government bonds and other bonds	¥ 4,480	¥ 22,169
Domestic stocks and other securities	18,830	14,394
Foreign securities	27,256	114,588
Net, including other gains on sales of securities	50,567	151,153

(8) Losses on Sales of Securities

(Millions of yen)

For the years ended March 31	2023	2024
Japanese government bonds and other bonds	¥ 17,833	¥ 57,329
Domestic stocks and other securities	6,372	4,489
Foreign securities	120,852	115,885
Net, including other losses on sales of securities	177,296	177,704

(9) Losses on Valuation of Securities

(Millions of yen)

For the years ended March 31	2023	2024
Japanese government bonds and other bonds	¥ –	¥ –
Domestic stocks and other securities	–	–
Foreign securities	–	–
Other securities	306	71
Net, including other losses on valuation of securities	306	71

(10) Proprietary Trading Securities

Not applicable as of March 31, 2023 and 2024.

(11) Proceeds on Sales of Proprietary Trading Securities

Not applicable as of March 31, 2023 and 2024.

(12) Securities Composition

(Millions of yen, %)

As of March 31	2023		2024	
	Amount	Percentage	Amount	Percentage
Corporate and government bonds	¥ 44,743,706	89.8	¥ 42,791,946	89.7
Japanese government bonds	37,114,603	74.5	36,037,546	75.6
Japanese local government bonds	3,400,150	6.8	2,634,528	5.5
Japanese corporate bonds	4,228,952	8.5	4,119,871	8.6
Public entity bonds	2,345,987	4.7	2,240,226	4.7
Domestic stocks	410,088	0.8	558,536	1.2
Foreign securities	2,949,260	5.9	2,168,841	4.5
Foreign corporate and government bonds	2,787,121	5.6	1,974,510	4.1
Foreign stocks and other securities	162,139	0.3	194,331	0.4
Other securities	1,739,423	3.5	2,175,272	4.6
Total	49,842,478	100.0	47,694,597	100.0

(13) Securities by Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2023	¥ 2,451,310	¥ 3,244,152	¥ 5,076,038	¥ 6,682,513	¥ 7,301,203	¥25,659,606	¥50,414,824
Securities	1,896,313	3,244,152	5,076,038	6,682,513	7,301,203	25,642,257	49,842,478
Japanese government bonds	562,309	1,943,577	4,165,805	5,222,626	5,883,253	19,337,030	37,114,603
Japanese local government bonds	797,363	617,877	140,849	200,836	451,160	1,192,063	3,400,150
Japanese corporate bonds	225,075	327,147	314,020	402,588	505,668	2,454,452	4,228,952
Domestic stocks	–	–	–	–	–	410,088	410,088
Foreign securities	311,565	355,549	455,363	856,461	461,121	509,199	2,949,260
Foreign corporate and government bonds	311,565	355,549	455,363	856,461	461,121	347,060	2,787,121
Foreign stocks and other securities	–	–	–	–	–	162,139	162,139
Other securities	–	–	–	–	–	1,739,423	1,739,423
Monetary claims bought	29,996	–	–	–	–	17,348	47,345
Negotiable certificates of deposit	525,000	–	–	–	–	–	525,000
Other	–	–	–	–	–	–	–
As of March 31, 2024	2,181,335	2,883,572	6,783,072	5,129,949	6,363,387	25,048,670	48,389,989
Securities	1,501,337	2,883,572	6,783,072	5,129,949	6,363,387	25,033,276	47,694,597
Japanese government bonds	515,686	2,412,446	5,627,063	4,356,978	4,941,745	18,183,625	36,037,546
Japanese local government bonds	522,180	194,972	170,294	193,045	493,725	1,060,310	2,634,528
Japanese corporate bonds	239,531	142,663	449,570	359,210	639,496	2,289,398	4,119,871
Domestic stocks	–	–	–	–	–	558,536	558,536
Foreign securities	223,939	133,489	536,144	220,715	288,419	766,133	2,168,841
Foreign corporate and government bonds	223,939	133,489	536,144	220,715	288,419	571,802	1,974,510
Foreign stocks and other securities	–	–	–	–	–	194,331	194,331
Other securities	–	–	–	–	–	2,175,272	2,175,272
Monetary claims bought	9,998	–	–	–	–	15,393	25,392
Negotiable certificates of deposit	670,000	–	–	–	–	–	670,000
Other	–	–	–	–	–	–	–

Note: Includes the handling of securities based on "Accounting Standard for Financial Instruments"(Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

(14) Bond Term-End Balance Yield

(%)

As of March 31	2023	2024
Corporate and government bonds	1.54%	1.56%
Foreign corporate and government bonds	2.93	3.27

(15) Breakdown of Local Government Bonds by Region

(Millions of yen)

As of March 31	2023	2024
Hokkaido	¥ 104,851	¥ 97,163
Tohoku	40,991	27,359
Kanto	898,885	780,819
Chubu	485,391	388,711
Kinki	609,411	581,054
Chugoku	150,489	122,736
Shikoku	19,434	13,869
Kyushu	340,322	293,291
Other	750,373	329,523
Total	3,400,150	2,634,528

Note: "Other" indicates the balance of joint issuance local government bonds.

(16) Shareholdings by Industry Sector

(Millions of yen, %)

As of March 31	2023		2024	
	Amount	Percentage	Amount	Percentage
Fishery, agriculture and forestry	¥ –	–	¥ –	–
Mining	–	–	–	–
Construction	12,638	3.1	24,474	4.4
Manufacturing				
Foods	11,772	2.9	9,010	1.6
Textiles and apparel	1,928	0.5	–	–
Pulp and paper	–	–	–	–
Chemicals	64,531	15.7	77,283	13.8
Pharmaceuticals	26,855	6.5	27,364	4.9
Oil and coal products	–	–	–	–
Rubber products	–	–	–	–
Glass and ceramic products	11,578	2.8	11,153	2.0
Iron and steel	–	–	–	–
Nonferrous metals	5,169	1.3	8,415	1.5
Metal products	1,796	0.4	2,919	0.5
Machinery	29,598	7.2	41,263	7.4
Electric appliances	55,154	13.4	90,354	16.2
Transportation equipment	21,130	5.2	32,573	5.8
Precision instruments	11,486	2.8	17,438	3.1
Other products	3,144	0.8	5,793	1.0
Electric power and gas	–	–	–	–
Transportation, information and communications				
Land transportation	5,959	1.5	8,333	1.5
Marine transportation	–	–	–	–
Air transportation	–	–	–	–
Warehousing and port transportation services	–	–	–	–
Information and communications	33,314	8.1	40,795	7.3
Trade and services				
Wholesale trade	28,062	6.8	38,998	7.0
Retail trade	31,436	7.7	45,172	8.1
Finance and insurance				
Banking	24,386	5.9	38,081	6.8
Securities and trading	495	0.1	1,295	0.2
Insurance	4,230	1.0	4,565	0.8
Other financial services	2,458	0.6	2,903	0.5
Real estate	7,230	1.8	10,452	1.9
Services	15,727	3.8	19,893	3.6
Total	410,088	100.0	558,536	100.0

Note: Industry sector category is based on the sector classification table of the Securities Identification Code Committee.

(17) Loans

(Millions of yen)

As of March 31	2023	2024
Policy loans	¥ 140,355	¥ 149,707
Policyholder loans	140,352	149,704
Policy premium loans	3	2
Industrial and commercial loans	3,465,477	3,131,606
(Loans to non-residents)	(-)	(-)
Loans to companies	2,690,360	2,401,556
(Loans to domestic corporations)	(2,690,360)	(2,401,556)
Loans to state, international organizations and government organizations	-	-
Loans to public bodies and public businesses	775,116	730,050
Housing loans	-	-
Consumer loans	-	-
Other	-	-
Total	3,605,832	3,281,313

Note: Loans to the Management Network (Postal Life Insurance Account) are recorded as loans to companies, as they are classified into loans to companies in "finance and insurance" in the Loans Questionnaire by Industrial Type in the "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, the Bank of Japan.

(18) Loans by Contractual Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
Total industrial and commercial loans as of March 31, 2023	¥ 341,084	¥ 1,227,279	¥ 597,365	¥ 435,422	¥ 386,406	¥ 477,919	¥ 3,465,477
Floating rate loans	9,250	5,000	-	-	-	-	14,250
Fixed rate loans	331,834	1,222,279	597,365	435,422	386,406	477,919	3,451,227
Total industrial and commercial loans as of March 31, 2024	759,093	802,379	499,308	356,991	317,770	396,064	3,131,606
Floating rate loans	5,000	-	-	-	-	-	5,000
Fixed rate loans	754,093	802,379	499,308	356,991	317,770	396,064	3,126,606

Notes:

1. "Fixed rate loans" includes loans to the Management Network (Postal Life Insurance Account).
2. Among the loans to the Management Network (Postal Life Insurance Account), the legal designated period is accrued as current maturity.

(19) Loans to Domestic Companies by Company Size

(Number of borrowers, millions of yen, %)

As of March 31		2023		2024	
			Percentage		Percentage
Large companies	Number of borrowers	13	43.3	8	29.6
	Amount of loans	¥ 76,090	2.8	¥ 46,840	2.0
Medium-sized companies	Number of borrowers	–	–	–	–
	Amount of loans	¥ –	–	¥ –	–
Small companies	Number of borrowers	17	56.7	19	70.4
	Amount of loans	¥ 2,614,270	97.2	¥ 2,354,716	98.0
Total loans to domestic companies	Number of borrowers	30	100.0	27	100.0
	Amount of loans	¥ 2,690,360	100.0	¥ 2,401,556	100.0

Notes:

- Loans to the Management Network (Postal Life Insurance Account) are classified as “small and medium-sized companies” in the “Corporate Guideline of Entry Statistics Questionnaire” as specified by the Research and Statistics Department, the Bank of Japan.
- Classifications are defined as shown below.
- “Number of borrowers” indicates the number of borrowers identified by name and is not the number of loans.

Industry type	1. All industries (excluding 2–4)		2. Retail and restaurant		3. Service		4. Wholesale	
Large companies	More than 300 employees	Paid-in capital over ¥1 billion	More than 50 employees	Paid-in capital over ¥1 billion	More than 100 employees	Paid-in capital over ¥1 billion	More than 100 employees	Paid-in capital over ¥1 billion
Medium-sized companies		Paid-in capital between ¥0.3 billion and ¥1 billion		Paid-in capital between ¥0.05 billion and ¥1 billion		Paid-in capital between ¥0.05 billion and ¥1 billion		Paid-in capital between ¥0.1 billion and ¥1 billion
Small companies	Paid-in capital under ¥0.3 billion or fewer than 300 employees		Paid-in capital under ¥0.05 billion or fewer than 50 employees		Paid-in capital under ¥0.05 billion or fewer than 100 employees		Paid-in capital under ¥0.1 billion or fewer than 100 employees	

(20) Breakdown of Loans by Industry

(Millions of yen, %)

As of March 31	2023		2024	
	Amount	Percentage	Amount	Percentage
Domestic				
Manufacturing	¥ 12,450	0.4	¥ –	–
Foods	–	–	–	–
Textiles and apparel	–	–	–	–
Wood, wood products	–	–	–	–
Pulp and paper	5,450	0.2	–	–
Printing	–	–	–	–
Chemicals	–	–	–	–
Oil and coal products	–	–	–	–
Ceramics, soil and stone	7,000	0.2	–	–
Iron and steel	–	–	–	–
Nonferrous metals	–	–	–	–
Metal products	–	–	–	–
General purpose, production and industrial machinery	–	–	–	–
Electric appliances	–	–	–	–
Transportation equipment	–	–	–	–
Other manufacturing products	–	–	–	–
Agriculture and forestry	–	–	–	–
Fishery	–	–	–	–
Mining, quarrying and gravel extraction	–	–	–	–
Construction	–	–	–	–
Electric power, gas, heat supply and waterworks	59,455	1.7	66,696	2.1
Information and communications	1,400	0.0	1,400	0.0
Transportation and postal	19,440	0.6	16,440	0.5
Wholesale trade	15,000	0.4	11,000	0.4
Retail trade	–	–	–	–
Financing and insurance	2,564,102	74.0	2,290,432	73.1
Real estate	18,512	0.5	15,587	0.5
Rental	–	–	–	–
Academic research, specialist and technology services	–	–	–	–
Lodging	–	–	–	–
Restaurant	–	–	–	–
Lifestyle-related services, amusement	–	–	–	–
Education and learning support	–	–	–	–
Medical and welfare	–	–	–	–
Other services	–	–	–	–
Local organizations and public entities	775,116	22.4	730,050	23.3
Individuals (residential/consumption/local taxes/other)	–	–	–	–
Total	3,465,477	100.0	3,131,606	100.0
Overseas				
Governments and public entities	–	–	–	–
Financial institutions	–	–	–	–
Commerce and industry, etc.	–	–	–	–
Total	–	–	–	–
Total industrial and commercial loans	3,465,477	100.0	3,131,606	100.0

Notes:

- Domestic classification is based on the industrial classification of the Bank of Japan's rental payment previous to loans (by industry and new loans for equipment rentals).
- Loans to the Management Network (Postal Life Insurance Account) are classified as "financing and insurance" in the Loans Questionnaire by Industrial Type in the "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, the Bank of Japan.

(21) Breakdown of Industrial Loans by Use

(Millions of yen, %)

As of March 31	2023		2024	
	Amount	Percentage	Amount	Percentage
Capital investments	¥ 710,641	20.5	¥ 683,026	21.8
Operations	2,754,835	79.5	2,448,579	78.2
Total	3,465,477	100.0	3,131,606	100.0

Note: Loans to the Management Network (Postal Life Insurance Account) are classified as "operations."

(22) Breakdown of Loans by Region

(Millions of yen, %)

As of March 31	2023		2024	
	Amount	Percentage	Amount	Percentage
Hokkaido	¥ 12,274	0.4	¥ 11,845	0.4
Tohoku	37,308	1.1	34,458	1.1
Kanto	2,902,125	83.7	2,599,143	83.0
Chubu	223,970	6.5	215,156	6.9
Kinki	154,296	4.5	145,275	4.6
Chugoku	39,511	1.1	37,051	1.2
Shikoku	5,226	0.2	4,512	0.1
Kyushu	90,765	2.6	84,164	2.7
Total	3,465,477	100.0	3,131,606	100.0

Notes:

- Loans to individuals, non-residents and for insurance policies are not included.
- Regional classification depends on the location of the borrower's headquarters.
- Loans to the Management Network (Postal Life Insurance Account) are classified under "Kanto," as the Network is located in Tokyo.

(23) Breakdown of Loans by Collateral

(Millions of yen, %)

As of March 31	2023		2024	
	Amount	Percentage	Amount	Percentage
Secured loans	¥ 59,768	1.7	¥ 66,883	2.1
Loans secured by securities	–	–	–	–
Loans secured by real estate, movable property or foundation	–	–	–	–
Loans secured by nominative claims	59,768	1.7	66,883	2.1
Guaranteed loans	7,040	0.2	4,040	0.1
Credit loans	849,566	24.5	778,250	24.9
Other	2,549,102	73.6	2,282,432	72.9
Industrial and commercial loans	3,465,477	100.0	3,131,606	100.0
Subordinated loans	1,000	0.0	–	–

Note: Loans to the Management Network (Postal Life Insurance Account) are classified as "Other."

(24) Tangible Fixed Assets

1) Tangible Fixed Assets

(Millions of yen, %)

	Balance at the end of the previous fiscal year	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Balance at the end of the fiscal year	Accumulated depreciation	Accumulated depreciation percentage
For the year ended March 31, 2023							
Land	¥ 43,112	¥ –	¥ –	¥ –	¥ 43,112	¥ –	¥ –
Buildings, net	37,027	1,333	28	2,741	35,590	28,374	44.4
Leased assets, net	2,518	2,911	30	1,209	4,189	2,499	37.4
Construction in progress	432	1,925	2,333	–	24	–	–
Others, net	11,074	2,032	169	3,424	9,512	24,916	72.4
Total	94,165	8,203	2,562	7,376	92,429	55,790	–
(Includes rentals and other real estate)	–	–	–	–	–	–	–
For the year ended March 31, 2024							
Land	43,112	34,038	539	–	76,610	–	–
Buildings, net	35,590	12,292	135	2,764	44,984	31,115	40.9
Leased assets, net	4,189	2,566	93	1,336	5,326	2,369	30.8
Construction in progress	24	12,690	12,667	–	47	–	–
Others, net	9,512	3,705	74	3,541	9,602	28,232	74.6
Total	92,429	65,293	13,509	7,642	136,571	61,717	–
(Includes rentals and other real estate)	–	–	–	–	–	–	–

Note: "Buildings, net" includes all buildings, facilities and structures.

2) Breakdown of Real Estate Holdings by Use

(Millions of yen, number of buildings)

As of March 31	2023	2024
Value of real estate holdings	¥ 78,727	¥ 121,642
For business operations	78,727	121,642
For lease	–	–
Number of buildings held for leasing	–	–

Note: "Value of real estate holdings" includes all land, buildings (including facilities and structures) and construction in progress.

(25) Gains on Disposal of Fixed Assets

(Millions of yen)

For the years ended March 31	2023	2024
Tangible fixed assets	¥ –	¥ –
Land	–	–
Buildings	–	–
Leased assets	–	–
Other assets	–	–
Intangible fixed assets	–	–
Others	–	–
Total	–	–
(Includes rentals and other real estate)	–	–

(26) Losses on Disposal of Fixed Assets

(Millions of yen)

For the years ended March 31	2023	2024
Tangible fixed assets	¥ 263	¥ 174
Land	–	–
Buildings	63	42
Leased assets	30	93
Other assets	169	38
Intangible fixed assets	55	16
Others	–	–
Total	318	190
Includes rentals and other real estate	–	–

(27) Depreciation on Real Estate, Movables and Other Assets Held for Leasing

Not applicable for the years ended March 31, 2023 and 2024.

(28) Overseas Loans and Investments
1) Breakdown by Asset Composition

(Millions of yen, %)

As of March 31		2023		2024	
		Amount	Percentage	Amount	Percentage
Foreign-currency-denominated assets	Corporate and government bonds	¥ 2,679,595	56.0	¥ 1,865,943	40.9
	Stocks	534,515	11.2	766,205	16.8
	Cash and cash equivalents	1,129,224	23.6	1,452,243	31.9
	Subtotal	4,343,334	90.8	4,084,392	89.6
Foreign-currency-denominated assets with fixed yen value	Corporate and government bonds	–	–	–	–
	Cash and cash equivalents	–	–	–	–
	Subtotal	–	–	–	–
Yen-denominated assets	Loans to non-residents	–	–	–	–
	Foreign corporate and government bonds and other assets	442,290	9.2	475,125	10.4
	Subtotal	442,290	9.2	475,125	10.4
Net overseas loans and investments		4,785,625	100.0	4,559,518	100.0

Note: "Foreign-currency-denominated assets with fixed yen value" is recorded under assets on the balance sheets as the fixed yen value that was determined at settlement with foreign exchange forward contracts.

2) Overseas Loans and Investments by Geographic Area

(Millions of yen, %)

	Foreign securities						Loans to non-residents	
	Foreign securities		Corporate and government bonds		Stocks and other securities		Amount	Percentage
	Amount	Percentage	Amount	Percentage	Amount	Percentage		
As of March 31, 2023	¥ 4,654,311	100.0	¥ 2,787,121	100.0	¥ 1,867,189	100.0	–	–
North America	2,220,028	47.7	1,720,456	61.7	499,572	26.8	–	–
Europe	518,467	11.1	443,603	15.9	74,864	4.0	–	–
Oceania	80,779	1.7	80,779	2.9	–	–	–	–
Asia	82,383	1.8	82,383	3.0	–	–	–	–
Central and South America	1,336,661	28.7	43,908	1.6	1,292,753	69.2	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	–	–	–	–	–	–	–	–
International organization	415,989	8.9	415,989	14.9	–	–	–	–
As of March 31, 2024	4,405,730	100.0	1,974,510	100.0	2,431,220	100.0	–	–
North America	1,890,957	42.9	1,192,421	60.4	698,536	28.7	–	–
Europe	421,798	9.6	331,300	16.8	90,497	3.7	–	–
Oceania	87,202	2.0	87,202	4.4	–	–	–	–
Asia	105,826	2.4	105,826	5.4	–	–	–	–
Central and South America	1,686,143	38.3	43,957	2.2	1,642,186	67.5	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	–	–	–	–	–	–	–	–
International organization	213,801	4.9	213,801	10.8	–	–	–	–

3) Composition of Foreign-Currency-Denominated Assets by Currency

(Millions of yen, %)

As of March 31	2023		2024	
	Amount	Percentage	Amount	Percentage
U.S. dollar	¥ 3,230,768	74.4	¥ 3,282,958	80.4
Euro	359,554	8.3	384,342	9.4
Australian dollar	398,631	9.2	241,597	5.9
New Zealand dollar	95,015	2.2	91,667	2.2
Canadian dollar	63,962	1.5	40,424	1.0
Singapore dollar	36,504	0.8	26,809	0.7
British pound	15,316	0.4	16,592	0.4
Swedish krona	88,580	2.0	–	–
Polish zloty	55,001	1.3	–	–
Total	4,343,334	100.0	4,084,392	100.0

(29) Yield on Overseas Loans and Investments

(%)

For the years ended March 31	2023	2024
Yield on overseas loans and investments	0.29%	1.88%

(30) Summary of New Public-Sector Investment Underwriting and Loans

(Millions of yen)

For the years ended March 31		2023	2024
Public bonds	Japanese government bonds	¥ –	¥ –
	Japanese local government bonds	–	–
	Public entity bonds	–	–
	Subtotal	–	–
Loans	Government organizations	–	–
	Public entities	1,000	–
	Subtotal	1,000	–
Total		1,000	–

(31) Loan Interest Rates

Not applicable for the years ended March 31, 2023 and 2024.

(32) Other Assets

(Millions of yen)

Asset class	Cost	Balance at the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation and amortization	Balance at the end of the fiscal year	Remarks
For the year ended March 31, 2023							
Other	¥ 1,520	¥ 2,552	¥ 33,118	¥ 34,150	¥ –	¥ 1,520	
Total	1,520	2,552	33,118	34,150	–	1,520	
For the year ended March 31, 2024							
Other	6,338	1,520	114,954	110,136	–	6,338	
Total	6,338	1,520	114,954	110,136	–	6,338	

6-6 Fair Value Information of Securities (General Account)

(1) Fair Value of Securities

1) Net Valuation Gain/Loss of Trading Securities

Japan Post Insurance did not hold securities for trading as of March 31, 2023 and 2024.

2) Fair Value Information of Securities (Other than Trading Securities)

(Millions of yen)

As of March 31	2023					2024				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	¥ 32,935,527	¥ 35,502,364	¥ 2,566,836	¥ 3,130,570	¥ 563,734	32,343,114	33,401,975	1,058,860	2,097,052	1,038,191
Policy-reserve-matching bonds	8,075,012	8,237,638	162,626	447,691	285,064	7,139,629	6,954,091	(185,537)	278,170	463,708
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	12,776,750	13,873,347	1,096,597	1,638,603	542,006	12,353,736	14,800,291	2,446,554	2,950,739	504,184
Corporate and government bonds	3,878,732	3,733,166	(145,565)	11,530	157,095	3,560,198	3,329,202	(230,996)	6,688	237,685
Domestic stocks	1,800,873	2,596,724	795,850	832,041	36,190	1,842,609	3,578,396	1,735,787	1,750,959	15,171
Foreign securities	4,101,245	4,654,311	553,065	725,222	172,156	3,399,190	4,361,735	962,545	1,050,457	87,911
Foreign corporate and government bonds	2,801,828	2,787,121	(14,706)	155,222	169,928	1,932,785	1,954,510	21,725	109,614	87,888
Foreign stocks and other securities	1,299,417	1,867,189	567,772	569,999	2,227	1,466,405	2,407,225	940,820	940,842	22
Other securities	2,424,310	2,316,799	(107,510)	69,053	176,564	2,856,830	2,835,563	(21,266)	142,149	163,416
Monetary claims bought	46,588	47,345	757	757	-	24,907	25,392	484	484	-
Negotiable certificates of deposit	525,000	525,000	-	-	-	670,000	670,000	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	53,787,289	57,613,350	3,826,060	5,216,865	1,390,805	51,836,480	55,156,357	3,319,876	5,325,962	2,006,085
Corporate and government bonds	44,889,271	47,473,169	2,583,897	3,589,792	1,005,894	43,022,942	43,665,713	642,770	2,381,911	1,739,141
Domestic stocks	1,800,873	2,596,724	795,850	832,041	36,190	1,842,609	3,578,396	1,735,787	1,750,959	15,171
Foreign securities	4,101,245	4,654,311	553,065	725,222	172,156	3,419,190	4,381,291	962,101	1,050,457	88,355
Foreign corporate and government bonds	2,801,828	2,787,121	(14,706)	155,222	169,928	1,952,785	1,974,065	21,280	109,614	88,333
Foreign stocks and other securities	1,299,417	1,867,189	567,772	569,999	2,227	1,466,405	2,407,225	940,820	940,842	22
Other securities	2,424,310	2,316,799	(107,510)	69,053	176,564	2,856,830	2,835,563	(21,266)	142,149	163,416
Monetary claims bought	46,588	47,345	757	757	-	24,907	25,392	484	484	-
Negotiable certificates of deposit	525,000	525,000	-	-	-	670,000	670,000	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes:

- This table includes the handling of securities under the Financial Instruments and Exchange Act, etc.
- This table includes money held in trust other than trading securities and its book value was ¥3,484,362 million with net unrealized gains (losses) of ¥2,515,569 million as of March 31, 2024 and ¥3,231,805 million with net unrealized gains (losses) of ¥1,295,241 million as of March 31, 2023.
- This table excludes stocks, etc. with no market price and investments in partnerships, etc.

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

(Millions of yen)

As of March 31	2023		2024	
Equities of subsidiaries and affiliates	¥	53,724	¥	78,631
Available-for-sale securities		102,639		137,627
Domestic stocks		4,239		4,259
Foreign stocks		–		23,197
Other		98,399		110,170
Total		156,363		216,258

Notes:

1. This table includes money held in trust other than trading securities (¥98,399 million as of March 31, 2023 and ¥110,170 million as of March 31, 2024).

(2) Fair Value of Money Held in Trust

(Millions of yen)

As of March 31	2023					2024				
	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	¥4,672,032	¥4,672,032	¥ –	¥ –	¥ –	¥6,158,055	¥6,158,055	¥ –	¥ –	¥ –

Note: Excluding money held in trust not subject to fair value disclosure (¥100,288 million as of March 31, 2023 and ¥113,360 million as of March 31, 2024).

1) Money Held in Trust for Trading Purposes

The Company did not hold money held in trust for trading purposes as of March 31, 2023 and 2024.

2) Assets Held-to-Maturity in Trust/Assets Held for Reserves in Trust/Other Money Held in Trust

(Millions of yen)

As of March 31	2023					2024				
	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	3,376,790	4,672,032	1,295,241	1,364,388	69,147	3,642,486	6,158,055	2,515,569	2,553,934	38,365
Domestic stocks	1,470,785	2,199,142	728,356	757,497	29,140	1,497,635	3,032,366	1,534,730	1,547,510	12,779
Foreign stocks	275,471	534,515	259,043	259,043	–	285,216	742,211	456,995	456,995	–
Foreign bonds	643,194	673,286	30,092	64,204	34,111	687,182	795,422	108,239	130,157	21,917
Other	987,339	1,265,088	277,748	283,643	5,895	1,172,451	1,588,056	415,604	419,272	3,668

Notes:

1. Excluding other money held in trust not subject to fair value disclosure (¥100,288 million as of March 31, 2023 and ¥113,360 million as of March 31, 2024).
2. "Domestic stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds as well as mutual funds which exclusively invest in these assets
3. "Other" includes cash and deposits, bank loans, and alternative investment.
Due to the application of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" from the fiscal year ended March 31, 2023, mutual funds with no transaction price on the market are measured by assuming net asset value as the fair value.

3) Balances of Securities in Money Held in Trust

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2023							
Domestic stocks						¥ 2,199,142	
Foreign securities						1,705,050	
Foreign corporate and government bonds						—	
Foreign stocks and other securities						1,705,050	
Other securities						721,253	4,625,446
As of March 31, 2024							
Domestic stocks						3,032,366	
Foreign securities						2,236,889	
Foreign corporate and government bonds						—	
Foreign stocks and other securities						2,236,889	
Other securities						840,846	6,110,101

Note: Including money held in trust not subject to fair value disclosure.

4) Currency Composition of Money Held in Trust

(Millions of yen, %)

As of March 31	2023		2024	
	Amount	Percentage	Amount	Percentage
Japanese yen	¥ 2,963,117	64.1	¥ 3,921,702	64.2
U.S. dollar	1,509,362	32.6	1,993,254	32.6
Euro	144,615	3.1	184,689	3.0
Others	8,350	0.2	10,455	0.2
Total	4,625,446	100.0	6,110,101	100.0

Note: Includes money held in trust not subject to fair value disclosure.
Excluding cash and deposits.

5) Industry Composition of Japanese Stocks of Money Held in Trust

(Millions of yen, %)

As of March 31	2023		2024	
	Fair value	Percentage	Fair value	Percentage
Fishery, agriculture and forestry	¥ 1,834	0.1	¥ 2,347	0.1
Mining	5,892	0.3	9,603	0.3
Construction	68,578	3.1	93,614	3.1
Manufacturing				
Foods	90,972	4.1	105,656	3.5
Textiles and apparel	9,637	0.4	10,277	0.3
Pulp and paper	3,481	0.2	4,737	0.2
Chemicals	143,450	6.5	176,739	5.8
Pharmaceuticals	107,263	4.9	126,959	4.2
Oil and coal products	8,519	0.4	14,057	0.5
Rubber products	14,467	0.7	19,315	0.6
Glass and ceramic products	18,033	0.8	21,105	0.7
Iron and steel	18,143	0.8	25,001	0.8
Nonferrous metals	19,917	0.9	22,742	0.8
Metal products	10,845	0.5	17,316	0.6
Machinery	106,764	4.9	169,184	5.6
Electric appliances	373,533	17.0	490,844	16.2
Transportation equipment	178,402	8.1	279,269	9.2
Precision instruments	50,065	2.3	62,892	2.1
Other products	55,479	2.5	79,916	2.6
Electric power and gas	15,675	0.7	24,491	0.8
Transportation, information and communications				
Land transportation	57,250	2.6	65,113	2.1
Marine transportation	16,426	0.7	35,213	1.2
Air transportation	8,322	0.4	9,853	0.3
Warehousing and port transportation services	3,289	0.1	4,013	0.1
Information and communications	213,657	9.7	257,869	8.5
Trade and services				
Wholesale trade	160,635	7.3	246,090	8.1
Retail trade	85,033	3.9	112,732	3.7
Finance and insurance				
Banking	115,538	5.3	193,437	6.4
Securities and trading	13,764	0.6	25,120	0.8
Insurance	71,796	3.3	119,234	3.9
Other financial services	22,584	1.0	35,708	1.2
Real estate	37,753	1.7	60,588	2.0
Services	92,132	4.2	111,317	3.7
Total	2,199,142	100.0	3,032,366	100.0

(3) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting)

(i) Breakdown of gains (losses) (breakdown of portions with hedge accounting applied and not applied)

(Millions of yen)

	(ii) Interest rate related	(iii) Currency related	(iv) Stock related	(v) Bond related	(vi) Others	Total
As of March 31, 2023	¥ 6,399	¥ 4,986	¥ –	¥ –	¥ –	¥ 11,385
Portion with hedge accounting applied	6,399	5,168	–	–	–	11,568
Portion with hedge accounting not applied	–	(182)	–	–	–	(182)
As of March 31, 2024	(5,814)	(38,819)	–	–	–	(44,634)
Portion with hedge accounting applied	(5,814)	(37,722)	–	–	–	(43,537)
Portion with hedge accounting not applied	–	(1,097)	–	–	–	(1,097)

Notes:

- Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥5,168 million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2023 are accrued in the statement of income.
- Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥(37,722) million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2024, are accrued in the statement of income.

(ii) Interest rate related

(Millions of yen)

Category	As of March 31 Type	2023				2024			
		Contract amount, etc.		Fair value	Net unrealized gains (losses)	Contract amount, etc.		Fair value	Net unrealized gains (losses)
			Due after 1 year				Due after 1 year		
Over-the-counter	Interest rate swaps								
	Receivable fixed rate / Payable floating rate	¥100,000	¥100,000	¥ 6,399	¥ 6,399	¥250,000	¥250,000	¥ (5,814)	¥ (5,814)
Total					6,399				(5,814)

Note: "Net unrealized gains (losses)" are represented by the fair value (present value) of swap transactions.

(Reference) Interest Rate Swaps by Maturity Date

(Millions of yen, %)

Category		Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years	Total
As of March 31, 2023	Notional principal of swaps for receivable fixed rate	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 100,000	¥ 100,000
	Average receivable fixed rate	–	–	–	–	–	1.27	1.27
	Average payable floating rate	–	–	–	–	–	(0.02)	(0.02)
	Total	–	–	–	–	–	100,000	100,000
As of March 31, 2024	Notional principal of swaps for receivable fixed rate	–	–	–	–	–	250,000	250,000
	Average receivable fixed rate	–	–	–	–	–	1.28	1.28
	Average payable floating rate	–	–	–	–	–	0.00	0.00
	Total	–	–	–	–	–	250,000	250,000

(iii) Currency related

(Millions of yen)

Category	As of March 31 Type	2023				2024			
		Contract amount, etc.		Fair value	Net gain/ loss	Contract amount, etc.		Fair value	Net gain/ loss
			Over one year				Over one year		
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥1,899,761	¥ -	¥ 4,986	¥ 4,986	¥1,411,241	¥ -	¥ (38,819)	¥ (38,819)
	U.S. dollars	1,092,002	-	9,789	9,789	896,165	-	(24,254)	(24,254)
	Euros	180,142	-	(5,537)	(5,537)	165,985	-	(7,652)	(7,652)
	Australian dollars	391,275	-	4,005	4,005	227,770	-	(5,314)	(5,314)
	Other	236,341	-	(3,271)	(3,271)	121,319	-	(1,597)	(1,597)
	Total				4,986				(38,819)

Notes:

1. Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
2. Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock related

There were no such outstanding balances as of March 31, 2023 and 2024.

(v) Bond related

There were no such outstanding balances as of March 31, 2023 and 2024.

(vi) Others

There were no such outstanding balances as of March 31, 2023 and 2024.

7 Indicators for Separate Accounts

Not applicable.