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# 1. Outline of Japan Post Holdings Co., Ltd.

## ① Company Outline

Company name (in Japanese):	Nippon Yusei Kabushiki Kaisha
Company name:	JAPAN POST HOLDINGS Co., Ltd.
Head office location:	3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8791, Japan
Telephone:	03-3477-0111 (Japan Post Group main number)
Paid-in capital:	¥3,500 billion
Date of establishment:	January 23, 2006
Legal basis:	Established under the Japan Post Holdings Co., Ltd. Act (Law No. 98 of October 21, 2005)
Line of business:	Strategy formulation of Group management

## ② Information on Shares

(As of March 31, 2022)

### 1. Number of Shares

Total number of authorized shares	18,000,000,000
Total number of issued shares	3,767,870,229
Total number of shareholders	797,689

### 2. Major Shareholders

	Capital contribution to the company	
	Number of shares held	Shareholding ratio (%)
Minister of Finance	1,255,956,800	34.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	365,770,400	9.98
Custody Bank of Japan, Ltd. (Trust Account)	101,501,700	2.77
Japan Post Holdings Employee Shareholding Association	87,064,800	2.37
STATE STREET BANK WEST CLIENT - TREATY 505234	45,506,529	1.24
JPMorgan Securities Japan Co., Ltd.	37,946,207	1.03
JP Morgan Chase Bank 385781	28,899,128	0.78
Government of Norway	27,395,485	0.74
SSBTC Client Omnibus Account	26,204,840	0.71
STATE STREET BANK AND TRUST COMPANY 505103	24,591,225	0.67

Note 1: Japan Post Holdings, which holds 105,143,851 shares of treasury stock, is not included in the above list of major shareholders.

Note 2: The shareholding ratio is calculated by deducting treasury stock from the total number of issued shares.

### 3. Matters Concerning Stock Acquisition Rights

None.

## ③ Number of Employees

1,994 (as of March 31, 2022)

\* The number of employees excludes employees assigned to other companies by Japan Post Holdings but includes employees assigned to Japan Post Holdings by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).

## ④ List of Directors, Executive Officers, and Management Committees

(As of July 1, 2022)

### 1. Directors

Director and Representative Executive Officer, President & CEO .....	MASUDA Hiroya (Concurrently holds the positions of Director of Japan Post Co., Ltd., Director of Japan Post Bank Co., Ltd., and Director of Japan Post Insurance Co., Ltd.)
Director .....	IKEDA Norito (Concurrently holds the position of Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd.)
Director .....	KINUGAWA Kazuhide (Concurrently holds the position of President & CEO (Representative Executive Officer) of Japan Post Co., Ltd.)
Director .....	SENDA Tetsuya (Concurrently holds the position of Director and President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.)
Director (Outside) .....	ISHIHARA Kunio (Concurrently holds the position of Senior Advisor of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.)
Director (Outside) .....	Charles D. Lake II (Concurrently holds the position of Chairman and Representative Director of Aflac Life Insurance Japan Ltd.)
Director (Outside) .....	HIRONO Michiko
Director (Outside) .....	OKAMOTO Tsuyoshi (Concurrently holds the position of Senior Corporate Advisor of Tokyo Gas Co., Ltd.)
Director (Outside) .....	KOEZUKA Miharuru
Director (Outside) .....	AKIYAMA Sakie (Concurrently holds the position of Founder (Advisor) of Saki Corporation)
Director (Outside) .....	KAIAMi Makoto (Attorney)
Director (Outside) .....	SATAKE Akira
Director (Outside) .....	SUWA Takako (Concurrently holds the position of Representative Director of Daiya Seiki Co., LTD.)

### 2. Executive Officers (Excludes persons with concurrent posts in the above 1. Directors)

Representative Executive Officer, Executive Vice President	IIZUKA Atsushi	Managing Executive Officer	TANKA Susumu
Representative Executive Officer, Senior Managing Executive Officer	KAWAMOTO Hiroaki	Managing Executive Officer	ICHIKURA Noboru
Senior Managing Executive Officer	YAMASHIRO Yasuhiko	Managing Executive Officer	OGATA Kenji
Managing Executive Officer	FUKUMOTO Kenji	Executive Officer	SAKURAI Makoto
Managing Executive Officer	FURUSATO Hiroyuki	Executive Officer	KAZAMATSURI Makoto
Managing Executive Officer	NISHIGUCHI Akihito	Executive Officer	YOKOYAMA Akihiko
Managing Executive Officer	KATO Nobuyasu	Executive Officer	KAWANO Youichi
Managing Executive Officer	SHOMURA Tsutomu	Executive Officer	IIDA Yasuhisa
Managing Executive Officer	ASAI Tomonori	Executive Officer	MITANI Masanobu
Managing Executive Officer	NAKATA Hirohito	Executive Officer	ITAGAKI Tadayuki
Managing Executive Officer	HAYAKAWA Masataka	Executive Officer	TAKEMOTO Tsutomu
Managing Executive Officer	TATEBAYASHI Satoru	Executive Officer	SUNAYAMA Naoki
			MAKI Hirohisa

### 3. Nomination Committee

ISHIHARA Kunio (Chair)  
OKAMOTO Tsuyoshi  
MASUDA Hiroya

### 4. Audit Committee

SATAKE Akira (Chair)  
KAIAMi Makoto  
HIRONO Michiko

### 5. Compensation Committee

OKAMOTO Tsuyoshi (Chair)  
ISHIHARA Kunio  
MASUDA Hiroya

## ⑤ Organization Chart

(As of July 1, 2022)



## ⑥ Principal Subsidiaries and Affiliates of Japan Post Holdings Co., Ltd.

(As of March 31, 2022)

Affiliation	Company name	Location	Issued capital (Millions)	Main business	Date of establishment	Percentage ownership of voting rights
Consolidated subsidiaries	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000	Postal and domestic logistics business, post office business	October 1, 2007	100.0%
	Japan Post Transport Co., Ltd.	Minato-ku, Tokyo	¥18,250	Postal and domestic logistics business (truck cargo transportation)	November 30, 2007	100.0% (100.0%)
	JAPAN POST MAINTENANCE Co., Ltd.	Koto-ku, Tokyo	¥50	Postal and domestic logistics business (automobile maintenance and machinery maintenance business, product sales business, vehicle maintenance and management business)	March 1, 1991	100.0% (100.0%)
	JP BIZ MAIL Co., Ltd.	Adachi-ku, Tokyo	¥100	Postal and domestic logistics business (preparation and posting of postal items)	February 1, 2006	58.5% (58.5%)
	JP MEDIA DIRECT Co., Ltd.	Minato-ku, Tokyo	¥300	Postal and domestic logistics business (planning, development, and sales of direct mail and contracted shipment of merchandise)	February 29, 2008	51.0% (51.0%)
	JP Rakuten Logistics, Inc.	Chiyoda-ku, Tokyo	¥100	Postal and domestic logistics business (logistics business)	May 14, 2021	50.1% (50.1%)
	Tokyo Beiyu Co., Ltd.	Meguro-ku, Tokyo	¥22	Postal and domestic logistics business (petroleum sales business)	March 10, 1949	82.3% (82.3%)
	Japan Post Trading Service Co., Ltd.	Koto-ku, Tokyo	¥100	Post office business (merchandise business, contracting business for merchandise operations)	September 11, 2007	100.0% (100.0%)
	Japan Post Building Management Co., Ltd.	Chiyoda-ku, Tokyo	¥150	Post office business (property management for commercial buildings)	April 1, 2011	100.0% (100.0%)
	Japan Post Communications Co., Ltd.	Minato-ku, Tokyo	¥350	Post office business (operations related to posting advertisements in post offices)	August 8, 2014	100.0% (100.0%)
	JAPAN POST OFFICE SUPPORT Co., Ltd.	Minato-ku, Tokyo	¥100	Post office business (merchandise sales, facilities management, and contracting business)	March 16, 1971	100.0% (100.0%)
	Japan Post Information Technology Co., Ltd.	Shinjuku-ku, Tokyo	¥3,150	Post office business (communication network maintenance and management)	January 30, 1987	100.0% (67.0%)
	JP GENERAL INSURANCE AGENCY Co., Ltd.	Chiyoda-ku, Tokyo	¥20	Post office business (non-life insurance and automobile liability insurance agency business)	August 7, 1950	70.0% (70.0%)
	System Trust Laboratory Co., Ltd.	Shinagawa-ku, Tokyo	¥99	Post office business (consulting, planning and development business for business systems and basic technologies)	August 1, 1989	100.0% (100.0%)
	YY Gift Co., Ltd.	Nishi-ku, Yokohama-shi, Kanagawa	¥20	Post office business (sales of catalog products, mail-order business, agency business for sales of alcohol)	April 23, 1996	51.0% (51.0%)
	JP TOKYO TOKUSENKAI Co., Ltd.	Taito-ku, Tokyo	¥30	Post office business (sales of catalog products, mail-order business)	March 2, 2015	51.0% (51.0%)
	Toll Holdings Limited	Melbourne, Australia	AUD2,978	International logistics business (forwarding business, 3PL business)	June 20, 1986	100.0% (100.0%)
	JP TOLL LOGISTICS, Co., Ltd.	Chiyoda-ku, Tokyo	¥100	International logistics business (forwarding business, 3PL business)	September 16, 2009	100.0% (100.0%)
	Toll Express Japan Co., Ltd.	Ibaraki-shi, Osaka	¥10	International logistics business (express business)	January 29, 2002	100.0% (100.0%)
	JAPAN POST BANK Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000	Banking business	September 1, 2006	89.0%
	JAPAN POST BANK LOAN CENTER Co., Ltd.	Chuo-ku, Tokyo	¥2,000	Banking business (account overdraft guarantee service and agency operations)	May 28, 1980	100.0% (100.0%)
	Japan Post Investment Corporation	Chiyoda-ku, Tokyo	¥750	Banking business (securities investment management business and investment advisory business)	February 9, 2018	75.0% (75.0%) [25.0%]
	JAPAN POST INSURANCE Co., Ltd.	Chiyoda-ku, Tokyo	¥500,000	Life insurance business	September 1, 2006	49.9%
	JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.	Shinagawa-ku, Tokyo	¥500	Life insurance businesses (commissioning of design, development, maintenance and operation of information systems)	March 8, 1985	100.0% (100.0%)
	JAPAN POST STAFF Co., Ltd.	Minato-ku, Tokyo	¥640	Other businesses (temporary staffing service, contracted business)	July 3, 2007	100.0%
	YUSEI CHALLENGED CO., Ltd.	Setagaya-ku, Tokyo	¥5	Other businesses (office cleaning)	November 20, 2007	100.0%

Affiliation	Company name	Location	Issued capital (Millions)	Main business	Date of establishment	Percentage ownership of voting rights
Consolidated subsidiaries	Japan Post Capital Co., Ltd.	Chiyoda-ku, Tokyo	¥1,500	Other businesses (investment business, consulting business for management and financial matters)	November 1, 2017	100.0%
	Japan Post Real Estate Co., Ltd.	Chiyoda-ku, Tokyo	¥1,500	Other businesses (ownership, leasing and management business of real estate, development business of residential and commercial land, etc.)	April 2, 2018	100.0%
	JP DIGITAL Co., Ltd.	Chiyoda-ku, Tokyo	¥100	Other businesses (digital-related services business)	July 1, 2021	100.0% (100.0%)
	JP TWOWAY CONTACT Co., Ltd.	Nishi-ku, Osaka-shi, Osaka	¥182	Other businesses (telemarketing services)	April 18, 1988	82.9% (82.9%)
	Yusen Real Estate Corporation	Chuo-ku, Tokyo	¥450	Other businesses (holding and rental of buildings, condominiums, and stores; master leases on real estate; etc.)	October 1, 1953	51.0% (51.0%)
	and 214 other companies					
Affiliated companies accounted for under the equity method	SAISON ASSET MANAGEMENT Co., Ltd.	Toshima-ku, Tokyo	¥1,000	Post office business (type II financial instruments business operation and investment trust management business, others)	June 12, 2006	40.0% (40.0%)
	JA FOODS OITA CO., LTD.	Kitsuki-shi, Oita	¥493	Post office business (processing and sales of agricultural products, fruits, and vegetables)	December 2, 1991	20.0% (20.0%)
	RINGBELL Co., Ltd.	Chuo-ku, Tokyo	¥100	Post office business (planning, production and sales of catalog gifts, others)	July 3, 1987	20.0% (20.0%)
	JP Asset Management Co., Ltd.	Chuo-ku, Tokyo	¥500	Banking business (type II financial instruments business operation and investment management business)	August 18, 2015	50.0% (50.0%)
	ATM Japan Business Service, Ltd.	Minato-ku, Tokyo	¥100	Banking business (ATM cash loading and collection as well as ATM management)	August 30, 2012	35.0% (35.0%)
	and 8 other companies					

Note 1: In the Main business column, besides the segment names, a summary of the businesses carried out by the concerned companies is included within the parentheses.

Note 2: Among the affiliated companies listed above, Japan Post, Japan Post Bank, Japan Post Insurance, and Japan Post Information Technology correspond to specified subsidiary.

Note 3: Among the affiliated companies listed above, Japan Post Bank and Japan Post Insurance submit securities reports.

Note 4: The figures in parentheses in the column showing percentage ownership of voting rights indicate the percentage of indirect ownership (within parentheses) through subsidiaries. The figures in brackets indicate "Those parties deemed to exercise voting rights for the same details as their own intentions because of the close relationships between themselves and investments, personnel, capital, technologies, business transactions, etc." or "Those parties that agree to exercise voting rights for the same details as their own intentions" (outside the parentheses).

Note 5: Toll Holdings Limited. is an insolvent company. The amount of the insolvency (excessive liabilities) of Toll Group consolidated companies, of which Toll Holdings is the parent company, is ¥88.1 billion as of March 31, 2022.

Note 6: Among the affiliated companies listed above, the ordinary income (excluding intercompany ordinary income of consolidated companies) of Japan Post, Japan Post Bank, and Japan Post Insurance exceeded 10% of consolidated ordinary income. Information on principal profits and losses of Japan Post is detailed below. Information on Japan Post Bank and Japan Post Insurance is omitted because these companies submit securities reports.

Name	Principal information on profits and losses (Millions of yen)				
	Operating income	Ordinary income	Net income	Net assets	Total assets
Japan Post	¥ 2,885,966	¥ 121,892	¥ 90,526	¥ 734,023	¥ 4,599,523

Note 7: On April 1, 2022, Japan Post Real Estate Co., Ltd. acquired all shares of Japan Post Building Management Co., Ltd. held by Japan Post Holdings. As a result, in the fiscal year ending March 31, 2023, Japan Post Building Management changed reporting segments, moving from the Post Office Business Segment to Other.

Note 8: On April 1, 2022, Yusen Real Estate Corporation changed its name to Japan Post Properties Co., Ltd.

Note 9: On June 1, 2022, Japan Post Staff Co., Ltd. changed its name to Japan Post Corporate Service Co., Ltd.

**① Company Outline**

Company name (in Japanese):	Nippon Yubin Kabushiki Kaisha
Company name:	JAPAN POST Co., Ltd.
Head office location:	3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8792, Japan
Telephone:	03-3477-0111 (Japan Post Group main number)
Paid-in capital:	¥400 billion
Date of establishment:	October 1, 2007
Legal basis:	Established under the Japan Post Co., Ltd. Act (Law No. 100 of October 21, 2005)
Lines of business:	Postal operations; banking counter operations; insurance counter operations; sales of documentary stamps; operations consigned by local government entities; bank and life and non-life insurance agency services other than those mentioned previously; domestic distribution and delivery business and international cargo transport and agency services for air cargo business; logistics business; real estate business; and merchandise sales

**② Management Philosophy****Management Philosophy**

"Japan Post Co., Ltd. will fully utilize its resources that include its post office and delivery networks covering every corner of the country to provide safe, reliable and fast services tailored to the needs of each community while contributing to the realization of a society with an abundance of human contact by supporting people's lifestyles throughout their entire lives."

- We will provide the basic postal services of postal, banking and insurance services extensively across the country into the future.
- We will take on the challenge of providing innovative services that respond accurately to changes in society and enrich people's lives.
- We will fulfill our responsibilities as a corporate citizen by establishing corporate governance systems and strictly implementing compliance.
- Each and every employee will continue to grow to ensure we are appreciated by our customers and trusted and respected by local communities.

**③ Information on Shares**

(As of March 31, 2022)

**1. Number of Shares**

Total shares issued	10,000,000
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**2. Shareholder**

Japan Post Holdings Co., Ltd.	Condition of holdings	
	Shares owned	Percentage of total issued
	10,000,000	100%

**④ Number of Employees**

191,702\* (as of March 31, 2022)

\* The number of employees excludes employees assigned to other companies by Japan Post but includes employees assigned to Japan Post by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).

## ⑤ List of Directors, Audit and Supervisory Board Members, and Executive Officers

(As of July 1, 2022)

### 1. Directors

President & CEO (Representative Executive Officer).....	KINUGAWA Kazuhide	(Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
First Executive Officer (Representative Director).....	TATEBAYASHI Satoru	(Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)
First Executive Officer (Director).....	KANEKO Michio	
Director .....	MASUDA Hiroya	(Concurrently holds the position of Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd.)
Director (Outside) .....	ENOMOTO Chisa	(Concurrently holds the position of Outside Director (Member of Supervisory Committee) of PERSOL HOLDINGS CO., LTD.)
Director (Outside) .....	OGURA Toshikatsu	(Formerly held the position of Senior Executive Vice President, Representative Member of the Board of Nippon Telegraph and Telephone West Corporation)
Director (Outside) .....	SASAKI Kaori	(Concurrently holds the position of President and CEO of ewoman, Inc.)
Director (Outside) .....	TAJI Noriko	(Professor of MBA School & Department of Business Administration, Hosei University)
Director (Outside) .....	NOKINA Akira	(Concurrently holds the position of Representative Director and Chairman of North Pacific Securities Co., Ltd.)
Director (Outside) .....	MATSUDA Yozo	(Concurrently holds the position of President and Representative Director of CHUOKORON-SHINSHA, INC.)

### 2. Audit and Supervisory Board Members

INASAWA Toru  
TAKANO Toshiyuki  
SHIDEHARA Hiroshi  
OGURO Masayasu

### 3. Executive Officers

First Executive Officer	KAWAMOTO Hiroaki	Executive Officer	ASAMI Kanako
First Executive Officer	MINAMI Yoshito	Executive Officer	HASEGAWA Atsushi
First Executive Officer	YAMASHIRO Yasuhiko	Executive Officer	OGAWA Masato
Senior Executive Officer	SANO Kimikazu	Executive Officer	NAKAI Katsunori
Senior Executive Officer	NEGISHI Kazuyuki	Executive Officer	NAMIKI Tsukasa
Senior Executive Officer	TAKAHASHI Yasuhiro	Executive Officer	TANAKA Yutaka
Senior Executive Officer	KOIKE Shinya	Executive Officer	MITOMA Norimasa
Senior Executive Officer	SAKATA Hiroshi	Executive Officer	YOKOYAMA Akihiko
Senior Executive Officer	FUKUMOTO Kenji	Executive Officer	ICHIKI Miho
Senior Executive Officer	OGATA Kenji	Executive Officer	KAZAMATSURI Makoto
Senior Executive Officer	FURUSATO Hiroyuki	Executive Officer	TOYODA Yasumitsu
Senior Executive Officer	KINOSHITA Noriko	Executive Officer	MITANI Masanobu
Senior Executive Officer	NISHIGUCHI Akihito	Executive Officer	IIDA Yasuhisa
Senior Executive Officer	KATO Nobuyasu	Executive Officer	GOMI Yoshihiro
Senior Executive Officer	SHOMURA Tsutomu	Executive Officer	TANAKA Hiroyuki
Senior Executive Officer	ASAI Tomonori	Executive Officer	BANDO Hideki
Senior Executive Officer	ONOKI Kieko	Executive Officer	MEGURO Kenji
Senior Executive Officer	TAKAHASHI Fumiaki	Executive Officer	TAKEBE Shigeki
Senior Executive Officer	KAMIOZAKI Koji	Executive Officer	KAWANO Yoichi
Senior Executive Officer	HAYAKAWA Masataka	Executive Officer	SUNAYAMA Naoki
		Executive Officer	NAKAI Mikiharu
		Executive Officer	MAKI Hirohisa



## ⑥ Organization Chart

(As of July 1, 2022)



Note: The number of Regional Inspection Offices, Compliance Offices, and each Center (excluding Financial Services Contact Centers) is as of April 1, 2022. In addition, the number of directly managed post offices and contracted post offices is as of March 31, 2022.

# 3. Outline of Japan Post Bank Co., Ltd.

## ① Company Outline

Company name (in Japanese):	Kabushiki Kaisha Yucho Ginko
Company name:	JAPAN POST BANK Co., Ltd.
Head office location:	3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8793, Japan
Telephone:	03-3477-0111 (Japan Post Group main number)
Paid-in capital:	¥3,500 billion
Date of establishment:	September 1, 2006 (On October 1, 2007, the name was changed from Yucho Co., Ltd. to Japan Post Bank Co., Ltd.)
Line of business:	Banking
Financial institution code number:	9900

## ② Management Philosophy

### Management Philosophy

Japan Post Bank aims to become “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of our customers.

Trust:	We comply with laws, regulations, and other standards of behavior and value trusted relationships with customers, markets, shareholders, and employees and consistently serve as a responsible corporate citizen.
Innovation:	We work sincerely to improve our management and business operations in response to requests from customers and changes in the business environment.
Efficiency:	We pursue improvements in speed and efficiency of our management and business operations in order to provide customer-oriented financial instruments and services.
Expertise:	We continually strive to strengthen our expertise for the aim of services meeting the expectations of our customers.

## ③ Information on Shares

(As of March 31, 2022)

### 1. Number of Shares

Total shares issued	3,749,545,020
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### 2. Major Shareholders

		Shares owned	Shareholding ratio (%)
1	JAPAN POST HOLDINGS Co., Ltd.	3,337,032,700	88.99
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	60,523,200	1.61
3	Custody Bank of Japan, Ltd. (Trust Account)	13,426,800	0.35
4	Japan Post Bank Employee Shareholding Association	11,282,000	0.30
5	STATE STREET BANK WEST CLIENT – TREATY 505234	10,782,600	0.28
6	STATE STREET BANK AND TRUST COMPANY 505103	6,323,579	0.16
7	BNYM TREATY DTT 15	3,214,303	0.08
8	STATE STREET BANK AND TRUST COMPANY 505225	2,822,900	0.07
9	JP MORGAN CHASE BANK 385771	2,740,644	0.07
10	THE BANK OF NEW YORK MELLON 140044	2,581,973	0.06

Note 1: The shareholding ratio has been calculated excluding treasury stock (70,000 shares) and has been rounded down to the second decimal place.

Note 2: The treasury stock does not include the Bank's shares held by the stock benefit trust (685,900 shares).

## ④ Number of Employees

12,169\* (as of March 31, 2022)

\* The number of employees excludes employees assigned to other companies by Japan Post Bank but includes employees assigned to Japan Post Bank by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).

## ⑤ List of Directors, Executive Officers, and Management Committees

(As of July 1, 2022)

### 1. Directors

Director, President and Representative Executive Officer.....	IKEDA Norito	(Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
Director, Representative Executive Vice President.....	TANAKA Susumu	(Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)
Director .....	MASUDA Hiroya	(Concurrently holds the position of Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd.)
Director .....	YAZAKI Toshiyuki	
Outside Director .....	CHUBACHI Ryoji	(Concurrently holds the position of Grand Emeritus Advisor, National Institute of Advanced Industrial Science and Technology)
Outside Director .....	TAKEUCHI Keisuke	(Formerly held the position of Principal Corporate Advisor of JGC HOLDINGS CORPORATION)
Outside Director .....	KAIWA Makoto	(Concurrently holds the position of Special Advisor of Tohoku Electric Power Co., Inc.)
Outside Director .....	AIHARA Risa	(Concurrently holds the position of Representative Director and President of Ai-LAND Co., Ltd.)
Outside Director .....	KAWAMURA Hiroshi	(Attorney-at-law)
Outside Director .....	YAMAMOTO Kenzo	(Concurrently holds the position of Representative of Office KY Initiative)
Outside Director .....	URUSHI Shihoko	(President of Shinagawa Joshi Gakuin)
Outside Director .....	NAKAZAWA Keiji	(Concurrently holds the position of Vice President of McDonald's Company (Japan), Ltd.)
Outside Director .....	SATO Atsuko	(Associate Professor, Department of International Studies, Faculty of Economics of Takasaki City University of Economics)

### 2. Executive Officers (Excludes persons with concurrent posts in the above 1. Directors)

Executive Vice President	HAGINO Yoshinori	Executive Officer	MAKINO Yoko
Executive Vice President	TANIGAKI Kunio	Executive Officer	YAMADA Ryotaro
Senior Managing Executive Officer	YANO Harumi	Executive Officer	NAKAO Hideki
Senior Managing Executive Officer	KASAMA Takayuki	Executive Officer	KISHI Etsuko
Senior Managing Executive Officer	KOTOUDA Minoru	Executive Officer	IIMURA Koji
Managing Executive Officer	TAMAKI Masato	Executive Officer	TOUMA Masaya
Managing Executive Officer	TANAKA Takayuki	Executive Officer	DEN Akihiro
Managing Executive Officer	SHINMURA Makoto	Executive Officer	FUKUSHIMA Katsuya
Managing Executive Officer	AMAHA Kunihiro	Executive Officer	HASUKAWA Koji
Managing Executive Officer	NAGURA Shinobu	Executive Officer	YOSHIDA Koichiro
Managing Executive Officer	OGATA Satoru	Executive Officer	KATO Hisanori
Managing Executive Officer	YAMAZAKI Katsuyo	Executive Officer	YAMAMOTO Jun

### 3. Nomination Committee

Chairman	KAIWA Makoto
Member	CHUBACHI Ryoji
Member	TAKEUCHI Keisuke
Member	IKEDA Norito
Member	MASUDA Hiroya

### 4. Audit Committee

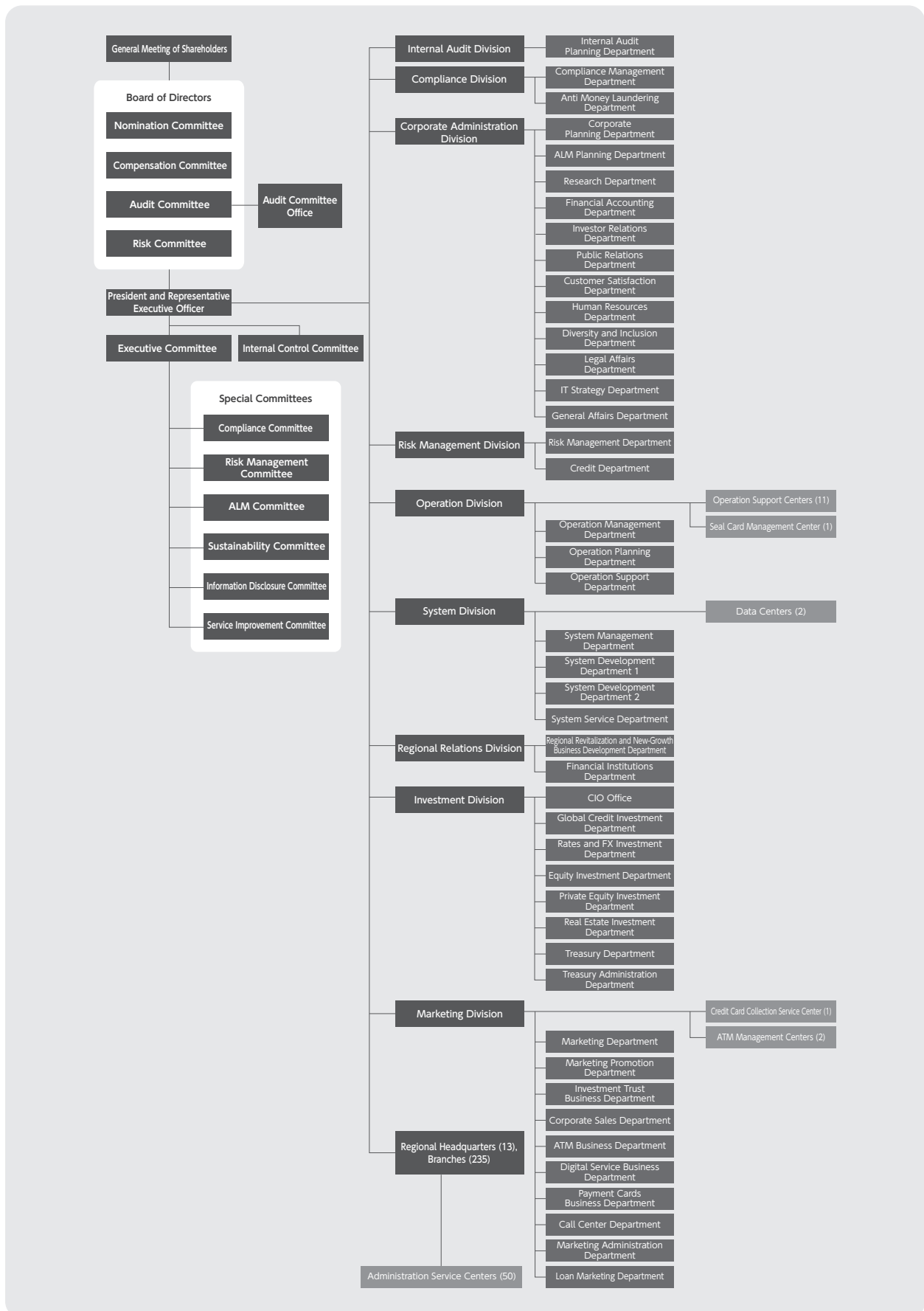
Chairman	KAWAMURA Hiroshi
Member	YAZAKI Toshiyuki
Member	YAMAMOTO Kenzo
Member	NAKAZAWA Keiji

### 5. Compensation Committee

Chairman	CHUBACHI Ryoji
Member	TAKEUCHI Keisuke
Member	URUSHI Shihoko
Member	MASUDA Hiroya

## ⑥ Organization Chart

(As of July 1, 2022)



## ① Company Outline

Company name (in Japanese):	Kabushiki Kaisha Kanpo Seimei Hoken
Company name:	JAPAN POST INSURANCE Co., Ltd.
Head office location:	3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8794, Japan
Telephone:	03-3477-0111 (Japan Post Group main number)
Paid-in capital:	¥500 billion
Date of establishment:	September 1, 2006 (The name of the company was changed from Kampo Co., Ltd. to Japan Post Insurance Co., Ltd., on October 1, 2007.)
Line of business:	Life insurance

## ② Management Philosophy and Management Policy

### Management Philosophy

Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.

### Management Policy

We aim to become the No.1 Japanese insurance company selected by customers.

1. We are always close to people's lives, offering easy-to-understand products and high-quality services.
2. We always ensure that employees who have contact with our customers make full use of their strengths to offer better customer services.
3. We create a working environment in which all employees can develop their talents and work with energy and vitality.
4. We practice sound management based on strong corporate governance, constantly creating new value to achieve sustainable growth.
5. We actively contribute to health promotion, environmental protection, and the development of local communities and society as a whole.
6. We work to communicate closely with all stakeholders.

## ③ Information on Stocks

(As of March 31, 2022)

### 1. Number of Stocks

Issued stocks	399,693,700
---------------	-------------

### 2. Major Shareholders

	Number of shares held and percentage of shares held	
	Number of shares held	Percentage of shares held
JAPAN POST HOLDINGS Co., Ltd.	199,426,100	49.90%
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,199,100	7.06%
Custody Bank of Japan, Ltd. (Trust Account)	9,944,200	2.49%
JPMorgan Securities Japan Co., Ltd.	4,056,881	1.02%
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	3,304,924	0.83%
STATE STREET BANK WEST CLIENT - TREATY 505234	3,272,700	0.82%
Japan Post Insurance Employee Shareholding Association	3,249,800	0.81%
JP MORGAN CHASE BANK 385781	2,571,568	0.64%
STATE STREET BANK AND TRUST COMPANY 505103	2,539,316	0.64%
GOLDMAN SACHS INTERNATIONAL	2,460,269	0.62%

Note: The ratio of shares held is calculated by excluding treasury stock (11,150 shares), and rounded to two decimal places.  
The number of treasury stock excludes the shares of the Company held in the Board Benefit Trust (140,300 shares).

## ④ Number of Employees

7,545\* (as of March 31, 2022)

\* The number of employees excludes employees assigned to other companies by Japan Post Insurance but includes employees assigned to Japan Post Insurance by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).

## ⑤ List of Directors, Executive Officers, and Management Committees

(As of July 1, 2022)

### 1. Directors

Director and President, CEO, Representative Executive Officer .....	SENDA Tetsuya (Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
Director and Deputy President, Representative Executive Officer .....	ICHIKURA Noboru (Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)
Director .....	NARA Tomoaki
Director .....	MASUDA Hiroya (Concurrently holds the position of Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd.)
Outside Director .....	SUZUKI Masako (Concurrently holds the position of Executive Advisor of Pasona Group Inc.)
Outside Director .....	SAITO Tamotsu (Concurrently holds the position of Senior Counselor of IHI Corporation)
Outside Director .....	HARADA Kazuyuki (Concurrently holds the position of Chairman of the Board of Keikyu Corporation)
Outside Director .....	YAMAZAKI Hisashi (Attorney-at-law)
Outside Director .....	TONOSU Kaori (Formerly held the position of Partner of Deloitte Touche Tohmatsu LLC)
Outside Director .....	TOMII Satoshi (Concurrently holds the position of Chairman of DBJ Investment Advisory Co., Ltd.)

### 2. Executive Officers (Excludes persons holding concurrent posts in addition to the above. 1. Directors)

Deputy President Executive Officer	SHIMA Toshitaka	Executive Officer	MIYAMOTO Susumu
Senior Managing Executive Officer	HIRONAKA Yasuaki	Executive Officer	MURO Takashi
Senior Managing Executive Officer	TACHIBANA Atsushi	Executive Officer	IMAIZUMI Michinori
Managing Executive Officer	MIYANISHI Yoshiki	Executive Officer	TAGUCHI Yoshihiro
Managing Executive Officer	KOIE Junko	Executive Officer	MAETANI Isao
Managing Executive Officer	TANAKA Motonori	Executive Officer	KUROSUKI Yoshiyuki
Managing Executive Officer	ONISHI Toru	Executive Officer	SHIGEMATSU Jun
Managing Executive Officer	FUJIMORI Norihiro	Executive Officer	YOSHIDA Syouichi
Managing Executive Officer	SAKAMOTO Hidekazu	Executive Officer	KIMURA Yoshihisa
Managing Executive Officer	FUJII Shinsuke	Executive Officer	NISHIZAWA Yuki
Managing Executive Officer	HARUNA Takayuki	Executive Officer	HAMASAKI Rika
Managing Executive Officer	KUME Takeshi	Executive Officer	HANDA Shuji
Managing Executive Officer	IIDA Takashi		
Managing Executive Officer	YOKOYAMA Masamichi		
Managing Executive Officer	MIYAZAWA Hitoshi		

### 3. Nomination Committee

Chairman	HARADA Kazuyuki
Member	SENDA Tetsuya
Member	MASUDA Hiroya
Member	SAITO Tamotsu
Member	YAMAZAKI Hisashi

### 4. Audit Committee

Chairman	SUZUKI Masako
Member	NARA Tomoaki
Member	YAMAZAKI Hisashi
Member	TONOSU Kaori

### 5. Compensation Committee

Chairman	SAITO Tamotsu
Member	MASUDA Hiroya
Member	HARADA Kazuyuki
Member	TOMII Satoshi

## 6 Organization Chart

(As of July 1, 2022)



Top Commitment

Value Creation Strategy

Sustainability

Corporate Governance

Data Compilation

## 5. Transition of Significant Management Indicators, etc.

## Japan Post Group (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Total income</b>	12,920,375	12,774,999	11,950,185	11,720,403	11,264,774
<b>Income before income taxes</b>	916,144	830,696	864,457	914,164	991,464
<b>Net income</b>	460,623	479,419	483,733	418,238	501,685
<b>Comprehensive income (loss)</b>	118,564	291,836	(2,225,078)	3,567,160	(805,187)
<b>Net assets</b>	14,743,234	14,788,654	12,616,774	16,071,067	14,688,981
<b>Total assets</b>	290,640,154	286,170,709	286,098,449	297,738,131	303,846,980
<b>Consolidated capital adequacy ratio (domestic standard)</b>	19.11%	17.73%	17.66%	17.55%	17.21%

Notes:

1. The amount of net income attributable to Japan Post Holdings has been used for net income of the Japan Post Group (Consolidated).
2. The consolidated capital adequacy ratio (domestic standard) has been calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006).

## Japan Post Holdings (Non-consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Operating income</b>	280,850	274,551	289,447	167,933	284,688
<b>Net operating income</b>	218,727	213,623	236,452	104,871	203,545
<b>Net ordinary income</b>	219,729	215,900	243,027	114,800	217,753
<b>Net income</b>	196,232	220,791	397,647	(2,129,989)	325,460
<b>Net assets</b>	7,950,122	7,940,442	8,031,667	5,912,969	5,740,721
<b>Total assets</b>	8,127,442	8,079,602	8,129,402	5,997,547	5,848,650

## Japan Post (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Operating income</b>	3,881,943	3,960,669	3,839,318	3,837,635	3,656,920
<b>Net operating income</b>	86,564	182,021	179,034	155,070	148,268
<b>Net ordinary income</b>	85,459	179,865	168,111	149,191	143,545
<b>Net income</b>	58,476	126,614	87,155	53,415	93,217
<b>Net assets</b>	831,253	915,130	855,378	871,293	910,154
<b>Total assets</b>	5,098,926	5,182,809	5,179,414	5,175,507	5,180,966

Notes:

1. The amount of net income attributable to Japan Post has been used for net income of Japan Post (Consolidated).
2. Japan Post has applied Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019, and has restated significant management indicators, etc., for the fiscal year ended March 31, 2018.



## [Postal and domestic logistics business segment (Consolidated)]

(Millions of yen)

	For the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Operating income</b>	2,022,526	2,114,950	2,125,313	2,068,426	2,041,210
<b>Net operating income</b>	41,903	121,388	147,505	123,716	102,245

## [Post office business segment (Consolidated)]

(Millions of yen)

	For the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Operating income</b>	1,358,798	1,362,579	1,298,774	1,243,466	1,151,797
<b>Net operating income</b>	39,771	59,619	44,598	37,727	24,569

## [International logistics business segment (Consolidated)]

(Millions of yen)

	For the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Operating income</b>	704,302	700,650	634,954	749,878	687,506
<b>Net operating income (loss)</b>	10,254	10,300	(8,683)	3,505	28,788

Note:

For the international logistics business segment, the amount presented in net operating income (loss) is EBIT.

## Japan Post Bank (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Ordinary income</b>	2,044,940	1,845,413	1,799,544	1,946,728	1,977,640
<b>Net ordinary income</b>	499,654	373,978	379,137	394,221	490,891
<b>Net income</b>	352,775	266,189	273,435	280,130	355,070
<b>Net assets</b>	11,521,680	11,362,365	9,003,256	11,394,827	10,302,261
<b>Total assets</b>	210,629,821	208,974,134	210,910,882	223,870,673	232,954,480
<b>Consolidated capital adequacy ratio (domestic standard)</b>	17.43%	15.80%	15.58%	15.53%	15.56%

Notes:

1. The amount of net income attributable to Japan Post Bank has been used for net income of Japan Post Bank (Consolidated).
2. The consolidated capital adequacy ratio (domestic standard) has been calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency, 2006).

## Japan Post Insurance (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Ordinary income</b>	7,952,951	7,916,655	7,211,405	6,786,226	6,454,208
<b>Net ordinary income</b>	309,233	264,870	286,601	345,736	356,113
<b>Net income</b>	104,487	120,480	150,687	166,103	158,062
<b>Net assets</b>	2,003,126	2,135,137	1,928,380	2,841,475	2,421,063
<b>Total assets</b>	76,831,261	73,905,017	71,664,781	70,172,982	67,174,796
<b>Consolidated solvency margin ratio</b>	1,131.8%	1,189.8%	1,070.9%	1,121.2%	1,045.5%

Notes:

1. The amount of net income attributable to Japan Post Insurance has been used for net income of Japan Post Insurance (Consolidated).
2. The consolidated solvency margin ratio has been calculated in accordance with Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and Notification No. 23 issued by the Financial Services Agency in 2011.

## CONSOLIDATED BALANCE SHEETS MARCH 31, 2022 AND 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)	2022 (As of March 31, 2022)
<b>ASSETS:</b>			
Cash and due from banks (Notes 3 and 4)	¥ 68,502,665	¥ 62,719,113	\$ 559,708
Call loans (Note 21)	2,510,000	1,520,000	20,508
Receivables under resale agreements (Note 21)	11,958,586	9,721,360	97,709
Receivables under securities borrowing transactions	—	2,585,087	—
Monetary claims bought (Notes 4 and 21)	436,845	638,985	3,569
Trading account securities (Note 21)	11	13	0
Money held in trust (Notes 4 and 21)	10,762,356	10,029,932	87,935
Securities (Notes 3, 4, 5, 6 and 21)	193,172,232	193,703,491	1,578,333
Loans (Notes 6 and 21)	8,693,923	9,655,811	71,035
Foreign exchanges (Note 6)	213,924	80,847	1,748
Other assets (Notes 5 and 6)	3,183,566	2,716,321	26,012
Tangible fixed assets (Note 7)			
Buildings	1,038,414	1,106,006	8,484
Land	1,608,472	1,543,915	13,142
Construction in progress	165,308	136,149	1,351
Other tangible fixed assets	292,909	367,668	2,393
Total tangible fixed assets	3,105,104	3,153,739	25,371
Intangible assets			
Software	197,692	217,282	1,615
Goodwill	8,905	2,383	73
Other intangible assets	18,333	20,528	150
Total intangible assets	224,931	240,194	1,838
Asset for retirement benefits (Note 14)	69,639	64,184	569
Deferred tax assets (Note 16)	1,019,228	919,448	8,328
Reserve for possible loan losses	(6,036)	(10,400)	(49)
<b>Total assets</b>	<b>¥ 303,846,980</b>	<b>¥ 297,738,131</b>	<b>\$ 2,482,613</b>

See the accompanying notes to consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)	2022 (As of March 31, 2022)
<b>LIABILITIES:</b>			
Deposits (Notes 5 and 21)	¥ 191,731,173	¥ 187,984,760	\$ 1,566,559
Payables under repurchase agreements (Note 5)	22,032,546	14,886,481	180,019
Policy reserves and others			
Reserve for outstanding claims (Note 8)	402,608	419,021	3,290
Policy reserves (Notes 8 and 15)	56,533,454	59,397,720	461,912
Reserve for policyholder dividends (Note 10)	1,260,009	1,342,855	10,295
Total policy reserves and others	58,196,072	61,159,597	475,497
Payables under securities lending transactions (Note 5)	3,751,134	6,092,013	30,649
Borrowed money (Notes 3, 5, 11 and 21)	5,942,886	4,228,180	48,557
Foreign exchanges	697	514	6
Bonds (Notes 12 and 21)	300,000	300,000	2,451
Other liabilities (Notes 11 and 13)	3,455,867	2,851,705	28,237
Reserve for bonuses	127,237	126,149	1,040
Liability for retirement benefits (Note 14)	2,223,051	2,210,273	18,164
Reserve for employee stock ownership plan trust	515	535	4
Reserve for management board benefit trust	1,139	952	9
Reserve for reimbursement of deposits	58,813	73,830	481
Reserve for insurance claims and others	—	2,851	—
Reserve for price fluctuations (Note 15)	972,606	904,816	7,947
Deferred tax liabilities (Note 16)	364,257	844,400	2,976
<b>Total liabilities</b>	<b>¥ 289,157,998</b>	<b>¥ 281,667,063</b>	<b>\$ 2,362,595</b>
<b>NET ASSETS (Note 17):</b>			
Capital stock	¥ 3,500,000	¥ 3,500,000	\$ 28,597
Capital surplus	1,458,718	4,085,191	11,919
Retained earnings	6,138,069	4,374,229	50,152
Treasury stock	(96,106)	(831,661)	(785)
Total shareholders' equity	11,000,681	11,127,759	89,882
Net unrealized gains (losses) on available-for-sale securities	1,731,180	2,893,921	14,145
Net deferred gains (losses) on hedges	(479,930)	(329,275)	(3,921)
Foreign currency translation adjustments	(112,443)	(104,433)	(919)
Accumulated adjustments for retirement benefits	169,902	206,389	1,388
Total accumulated other comprehensive income	1,308,709	2,666,601	10,693
Non-controlling interests	2,379,590	2,276,705	19,443
<b>Total net assets</b>	<b>14,688,981</b>	<b>16,071,067</b>	<b>120,018</b>
<b>Total liabilities and net assets</b>	<b>¥ 303,846,980</b>	<b>¥ 297,738,131</b>	<b>\$ 2,482,613</b>

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED MARCH 31, 2022 AND 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022 (From April 1, 2021 to March 31, 2022)	2021 (From April 1, 2020 to March 31, 2021)	2022 (From April 1, 2021 to March 31, 2022)
<b>INCOME:</b>			
Postal business income	¥ 2,688,197	¥ 2,778,065	\$ 21,964
Banking business income	1,976,004	1,944,878	16,145
Life insurance business income	6,454,191	6,786,210	52,735
Other income (Notes 7 and 18)	175,820	224,945	1,437
<b>Total income</b>	<b>11,294,215</b>	<b>11,734,100</b>	<b>92,281</b>
<b>EXPENSES:</b>			
Operating expenses	7,398,205	7,822,474	60,448
Personnel expenses (Note 14)	2,429,768	2,473,924	19,853
Depreciation and amortization	255,361	286,283	2,086
Other expenses (Note 19)	369,591	456,893	3,020
<b>Total expenses</b>	<b>10,452,927</b>	<b>11,039,575</b>	<b>85,407</b>
<b>Income before income taxes</b>	<b>841,287</b>	<b>694,525</b>	<b>6,874</b>
<b>Income taxes</b> (Note 16):			
Current	221,456	224,804	1,809
Deferred	1,322	(38,998)	11
<b>Total income taxes</b>	<b>222,779</b>	<b>185,806</b>	<b>1,820</b>
<b>Net income</b>	<b>618,508</b>	<b>508,718</b>	<b>5,054</b>
Net income attributable to non-controlling interests	116,823	90,480	955
<b>Net income attributable to Japan Post Holdings</b>	<b>¥ 501,685</b>	<b>¥ 418,238</b>	<b>\$ 4,099</b>

	Yen		U.S. Dollars (Note 1)
	2022 (From April 1, 2021 to March 31, 2022)	2021 (From April 1, 2020 to March 31, 2021)	2022 (From April 1, 2021 to March 31, 2022)
<b>Per share of common stock</b> (Note 27):			
Basic net income	¥ 131.93	¥ 103.44	\$ 1.08
Diluted net income	—	—	—

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED MARCH 31, 2022 AND 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022 (From April 1, 2021 to March 31, 2022)	2021 (From April 1, 2020 to March 31, 2021)	2022 (From April 1, 2021 to March 31, 2022)
<b>Net income</b>	<b>¥ 618,508</b>	<b>¥ 508,718</b>	<b>\$ 5,054</b>
<b>Other comprehensive income (loss)</b> (Note 20)			
Net unrealized gains (losses) on available-for-sale securities	(1,210,064)	3,116,179	(9,887)
Net deferred gains (losses) on hedges	(169,335)	(41,932)	(1,384)
Foreign currency translation adjustments	(7,771)	(12,539)	(63)
Adjustments for retirement benefits	(36,525)	(3,262)	(298)
Share of other comprehensive income (loss) of affiliates	0	(3)	0
<b>Total other comprehensive income (loss)</b>	<b>(1,423,696)</b>	<b>3,058,441</b>	<b>(11,632)</b>
<b>Comprehensive income (loss)</b>	<b>¥ (805,187)</b>	<b>¥ 3,567,160</b>	<b>\$ (6,579)</b>
Total comprehensive income (loss) attributable to:			
Japan Post Holdings	¥ (705,175)	¥ 2,960,822	\$ (5,762)
Non-controlling interests	(100,011)	606,337	(817)

See the accompanying notes to consolidated financial statements.

# **CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS YEARS ENDED MARCH 31, 2022 AND 2021**

2021 (From April 1, 2020 to March 31, 2021)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2020	¥ 3,500,000	¥ 4,084,763	¥ 4,057,087	¥ (831,707)	¥ 10,810,143
Changes in the fiscal year:					
Cash dividends			(101,096)		(101,096)
Net income attributable to Japan Post Holdings			418,238		418,238
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		428			428
Disposals of treasury stock				45	45
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	428	317,142	45	317,616
BALANCE, MARCH 31, 2021	¥ 3,500,000	¥ 4,085,191	¥ 4,374,229	¥ (831,661)	¥ 11,127,759

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income (loss)		
BALANCE, APRIL 1, 2020	¥ 295,671	¥ (291,823)	¥ (89,698)	¥ 209,860	¥ 124,008	¥ 1,682,622	¥ 12,616,774
Changes in the fiscal year:							
Cash dividends							(101,096)
Net income attributable to Japan Post Holdings							418,238
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							428
Disposals of treasury stock							45
Net changes in items other than shareholders' equity in the fiscal year	2,598,250	(37,452)	(14,734)	(3,470)	2,542,592	594,083	3,136,675
Net changes in the fiscal year	2,598,250	(37,452)	(14,734)	(3,470)	2,542,592	594,083	3,454,292
BALANCE, MARCH 31, 2021	¥2,893,921	¥ (329,275)	¥ (104,433)	¥ 206,389	¥ 2,666,601	¥ 2,276,705	¥ 16,071,067

See the accompanying notes to consolidated financial statements.

2022 (From April 1, 2021 to March 31, 2022)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2021	¥ 3,500,000	¥ 4,085,191	¥ 4,374,229	¥ (831,661)	¥ 11,127,759
Cumulative effects of changes in accounting policies			(4,972)		(4,972)
RESTATED BALANCE, APRIL 1, 2021	3,500,000	4,085,191	4,369,257	(831,661)	11,122,787
Changes in the fiscal year:					
Cash dividends		(202,193)			(202,193)
Deficit disposition		(1,267,127)	1,267,127		—
Net income attributable to Japan Post Holdings			501,685		501,685
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(76,336)			(76,336)
Purchases of treasury stock				(345,450)	(345,450)
Disposals of treasury stock				189	189
Cancellation of treasury stock		(1,080,816)		1,080,816	—
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	(2,626,473)	1,768,812	735,555	(122,105)
BALANCE, MARCH 31, 2022	¥ 3,500,000	¥ 1,458,718	¥ 6,138,069	¥ (96,106)	¥ 11,000,681

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income (loss)		
BALANCE, APRIL 1, 2021	¥ 2,893,921	¥ (329,275)	¥ (104,433)	¥ 206,389	¥ 2,666,601	¥ 2,276,705	¥ 16,071,067
Cumulative effects of changes in accounting policies						(13)	(4,985)
RESTATED BALANCE, APRIL 1, 2021	2,893,921	(329,275)	(104,433)	206,389	2,666,601	2,276,692	16,066,081
Changes in the fiscal year:							
Cash dividends							(202,193)
Deficit disposition							—
Net income attributable to Japan Post Holdings							501,685
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(76,336)
Purchases of treasury stock							(345,450)
Disposals of treasury stock							189
Cancellation of treasury stock							—
Net changes in items other than shareholders' equity in the fiscal year	(1,162,740)	(150,654)	(8,009)	(36,487)	(1,357,892)	102,898	(1,254,994)
Net changes in the fiscal year	(1,162,740)	(150,654)	(8,009)	(36,487)	(1,357,892)	102,898	(1,377,099)
BALANCE, MARCH 31, 2022	¥ 1,731,180	¥ (479,930)	¥ (112,443)	¥ 169,902	¥ 1,308,709	¥ 2,379,590	¥ 14,688,981

See the accompanying notes to consolidated financial statements.

2022 (From April 1, 2021 to March 31, 2022)

(Millions of U.S. Dollars (Note 1))

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2021	\$ 28,597	\$ 33,378	\$ 35,740	\$ (6,795)	\$ 90,920
Cumulative effects of changes in accounting policies			(41)		(41)
RESTATED BALANCE, APRIL 1, 2021	28,597	33,378	35,699	(6,795)	90,880
Changes in the fiscal year:					
Cash dividends		(1,652)			(1,652)
Deficit disposition		(10,353)	10,353		—
Net income attributable to Japan Post Holdings			4,099		4,099
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(624)			(624)
Purchases of treasury stock				(2,823)	(2,823)
Disposals of treasury stock				2	2
Cancellation of treasury stock		(8,831)		8,831	—
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	(21,460)	14,452	6,010	(998)
BALANCE, MARCH 31, 2022	\$ 28,597	\$ 11,919	\$ 50,152	\$ (785)	\$ 89,882

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income (loss)		
BALANCE, APRIL 1, 2021	\$ 23,645	\$ (2,690)	\$ (853)	\$ 1,686	\$ 21,788	\$ 18,602	\$ 131,310
Cumulative effects of changes in accounting policies						(0)	(41)
RESTATED BALANCE, APRIL 1, 2021	23,645	(2,690)	(853)	1,686	21,788	18,602	131,270
Changes in the fiscal year:							
Cash dividends							(1,652)
Deficit disposition							—
Net income attributable to Japan Post Holdings							4,099
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(624)
Purchases of treasury stock							(2,823)
Disposals of treasury stock							2
Cancellation of treasury stock							—
Net changes in items other than shareholders' equity in the fiscal year	(9,500)	(1,231)	(65)	(298)	(11,095)	841	(10,254)
Net changes in the fiscal year	(9,500)	(1,231)	(65)	(298)	(11,095)	841	(11,252)
BALANCE, MARCH 31, 2022	\$ 14,145	\$ (3,921)	\$ (919)	\$ 1,388	\$ 10,693	\$ 19,443	\$ 120,018

See the accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2022 AND 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022 (From April 1, 2021) (to March 31, 2022)	2021 (From April 1, 2020) (to March 31, 2021)	2022 (From April 1, 2021) (to March 31, 2022)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income before income taxes	¥ 841,287	¥ 694,525	\$ 6,874
Income taxes paid	(274,815)	(168,644)	(2,245)
Policyholder dividends paid	(155,691)	(159,817)	(1,272)
Depreciation and amortization	255,361	286,283	2,086
Losses on impairment of fixed assets	11,280	93,545	92
Amortization of goodwill	1,317	167	11
Equity in (earnings) losses of affiliates	(1,527)	(560)	(12)
Net change in reserve for outstanding claims	(16,412)	(42,203)	(134)
Net change in policy reserves	(2,864,265)	(2,895,445)	(23,403)
Provision for interest on policyholder dividends	9	8	0
Provision for reserve for policyholder dividends	73,113	65,465	597
Net change in reserve for possible loan losses	(1,403)	2	(11)
Net change in reserve for bonuses	504	3,779	4
Net change in asset and liability for retirement benefits	7,055	(18,844)	58
Net change in reserve for employee stock ownership plan trust	(20)	(70)	(0)
Net change in reserve for management board benefit trust	186	(31)	2
Net change in reserve for reimbursement of deposits	(15,016)	(6,494)	(123)
Net change in reserve for insurance claims and others	(2,851)	(26,870)	(23)
Net change in reserve for price fluctuations	67,789	46,477	554
Interest income (accrual basis)	(1,369,735)	(1,198,391)	(11,192)
Interest expenses (accrual basis)	226,652	241,154	1,852
Net (gains) losses on securities	219,842	236,608	1,796
Net (gains) losses on money held in trust	(401,224)	(360,343)	(3,278)
Net (gains) losses on foreign exchanges	(1,105,269)	(469,687)	(9,031)
Net (gains) losses on sales and disposal of fixed assets	(17,070)	(4,081)	(139)
Net change in loans	248,159	268,257	2,028
Net change in deposits	3,746,412	6,606,901	30,610
Net change in borrowed money	1,686,100	3,907,400	13,776
Net change in call loans, etc.	(1,257,041)	(386,825)	(10,271)
Net change in receivables under securities borrowing transactions for banking business	—	112,491	—
Net change in call money, etc.	4,575,165	30,856	37,382
Net change in payables under securities lending transactions for banking business	9,894	(714,840)	81
Net change in foreign exchanges (assets)	(133,076)	66,622	(1,087)
Net change in foreign exchanges (liabilities)	182	3	1
Interest received (cash basis)	1,337,037	1,276,210	10,924
Interest paid (cash basis)	(343,003)	(429,822)	(2,803)
Other, net	(364,760)	(88,628)	(2,980)
Total adjustments	4,142,880	6,270,630	33,850
<b>Net cash provided by operating activities</b>	<b>¥ 4,984,168</b>	<b>¥ 6,965,155</b>	<b>\$ 40,724</b>

See the accompanying notes to consolidated financial statements.



	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022 (From April 1, 2021 to March 31, 2022)	2021 (From April 1, 2020 to March 31, 2021)	2022 (From April 1, 2021 to March 31, 2022)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of call loans	¥ (7,600,000)	¥ (7,660,000)	\$ (62,097)
Proceeds from redemption of call loans	7,690,000	7,910,000	62,832
Net change in receivables under resale agreements	(2,096,833)	—	(17,132)
Net change in payables under repurchase agreements	2,570,899	—	21,006
Purchases of monetary claims bought	(384,982)	(1,434,928)	(3,146)
Proceeds from sale and redemption of monetary claims bought	621,790	1,476,386	5,080
Net change in receivables under securities borrowing transactions for life insurance business	2,585,087	606,623	21,122
Net change in payables under securities lending transactions for life insurance business	(2,350,772)	297,328	(19,207)
Purchases of securities	(44,871,665)	(33,050,485)	(366,629)
Proceeds from sale of securities	7,159,507	5,705,239	58,497
Proceeds from redemption of securities	38,079,332	28,137,974	311,131
Increase in money held in trust	(1,136,176)	(1,167,348)	(9,283)
Decrease in money held in trust	885,997	780,139	7,239
Payments for loans	(435,102)	(571,239)	(3,555)
Proceeds from collection of loans	1,146,131	1,269,999	9,365
Purchases of tangible fixed assets	(140,274)	(172,376)	(1,146)
Proceeds from sale of tangible fixed assets	45,991	18,540	376
Purchases of intangible assets	(63,516)	(54,472)	(519)
Proceeds from sale of stocks of subsidiaries and affiliates	—	7	—
Purchases of stocks of subsidiaries resulting in change in the scope of consolidation	(23,721)	—	(194)
Proceeds from purchase of stocks of subsidiaries resulting in change in the scope of consolidation	4,990	—	41
Payments for sale of stocks of subsidiaries resulting in change in the scope of consolidation	(30)	—	(0)
Proceeds from sale of stocks of subsidiaries resulting in change in the scope of consolidation	—	649	—
Other, net	(273,431)	(76,837)	(2,234)
<b>Net cash provided by investing activities</b>	<b>¥ 1,413,220</b>	<b>¥ 2,015,201</b>	<b>\$ 11,547</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings	¥ 89,187	¥ 186,728	\$ 729
Repayment of borrowings	(98,193)	(204,584)	(802)
Proceeds from issuance of bonds	—	198,798	—
Purchases of treasury stock	(345,450)	—	(2,823)
Purchases of treasury stock of subsidiaries	(548)	(295)	(4)
Proceeds from disposals of treasury stock of subsidiaries	52	71	0
Dividends paid	(202,176)	(101,257)	(1,652)
Dividends paid to non-controlling interests	(45,894)	(18,125)	(375)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	(1)	(1)	(0)
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	1,189	12	10
Other, net	(19,205)	(10,766)	(157)
<b>Net cash provided by financing activities</b>	<b>(621,040)</b>	<b>50,578</b>	<b>(5,074)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>4,920</b>	<b>3,161</b>	<b>40</b>
<b>Net change in cash and cash equivalents</b>	<b>5,781,269</b>	<b>9,034,097</b>	<b>47,236</b>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	<b>62,637,954</b>	<b>53,603,857</b>	<b>511,790</b>
<b>Cash and cash equivalents at the end of the fiscal year (Note 3)</b>	<b>¥ 68,419,223</b>	<b>¥ 62,637,954</b>	<b>\$ 559,026</b>

See the accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

### 1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Japan Post Holdings 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, Ordinance for Enforcement of the Banking Law, 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 International Financial Reporting Standards ("IFRS").

The accounts of overseas subsidiaries and affiliates, are, in principle, integrated with those of the Company's accounting policies for purposes of consolidation unless they apply different accounting principles and standards as required under U.S. GAAP or IFRS, in which case a certain limited number of items are adjusted based on materiality.

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 which 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 may 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 ¥122.39 to U.S.\$1, the approximate rate of exchange as of March 31, 2022. 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 as of and for the fiscal years ended March 31, 2022 and 2021 include the accounts of the Company and its significant subsidiaries (collectively, the "Group").

##### A) Consolidated subsidiaries

The Company has 245 (259 in 2021) consolidated subsidiaries. Principal consolidated subsidiaries are Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.

During the fiscal year ended March 31, 2022, JP Rakuten Logistics, Inc. and 4 other companies were included in the scope of consolidation due to their establishment. In addition, Yusen Real Estate Corporation was included in the scope of consolidation due to the acquisition of its stock. On the other hand, 10 subsidiaries of Toll Holdings Limited (changed its trade name to Toll Holdings Pty Limited on July 21, 2022, hereinafter referred to as "Toll") were excluded from the scope of consolidation due to their liquidation. In addition, Japan Hotel Service Co., Ltd. and 9 subsidiaries of Toll were excluded from the scope of consolidation due to the sale of their stock.

Yusen Real Estate Corporation changed its trade name to Japan Post Properties Co., Ltd. on April 1, 2022, and Japan Post Staff Co., Ltd. changed its trade name to Japan Post Corporate Service Co., Ltd. on June 1, 2022.

During the fiscal year ended March 31, 2021, 3 subsidiaries of Toll were included in the scope of consolidation due to their establishment. In addition, 1 subsidiary of Toll was excluded from the scope of consolidation due to liquidation, and 3 subsidiaries of Toll were excluded from the scope of consolidation due to the sale of its stock.

##### B) Non-consolidated subsidiaries

The Company has 6 (6 in 2021) non-consolidated subsidiaries, namely, silent partnership(s) investing in real estate, etc.

The non-consolidated subsidiaries are excluded from the scope of consolidation because their assets, income, net income (loss) (amount corresponding to the Group's equity position), retained

earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial, and the exclusion of these companies from the scope of consolidation does not hinder a reasonable understanding of the Group's financial position and results of operations.

##### 2) Application of the equity method

##### A) Non-consolidated subsidiaries accounted for by the equity method

There were no non-consolidated subsidiaries accounted for by the equity method for all periods presented.

##### B) Affiliates accounted for by the equity method

The Company has 13 (15 in 2021) affiliates accounted for by the equity method, namely, JA Foods Oita Co., Ltd., Ring Bell Co., Ltd., Saison Asset Management Co., Ltd., ATM Japan Business Service, Ltd., JP Asset Management Co., Ltd. and Toll's affiliates for the fiscal years ended March 31, 2022 and 2021, respectively.

During the fiscal year ended March 31, 2022, 2 affiliates of Toll were excluded from the scope of the equity method due to their liquidation.

During the fiscal year ended March 31, 2021, 2 affiliates of Toll were excluded from the scope of the equity method due to the sale of its stock.

##### C) Non-consolidated subsidiaries that are not accounted for by the equity method

The Company has 6 (6 in 2021) non-consolidated subsidiaries that are not accounted for by the equity method, namely, silent partnership(s) investing in real estate, etc.

##### D) Affiliates that are not accounted for by the equity method

The Company has 2 affiliates (1 in 2021) that is not accounted for by the equity method, namely, BPO.MP COMPANY LIMITED and A.I. Squared, Inc. for the fiscal year ended March 31, 2022 and BPO.MP COMPANY LIMITED for the fiscal year ended March 31, 2021, respectively.

The non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are excluded from the scope of the equity method because their net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial, and the exclusion of these companies from the scope of companies accounted for by the equity method does not materially affect the consolidated financial statements.

##### 3) Fiscal year-end dates of consolidated subsidiaries

##### A) The fiscal year-end dates of consolidated subsidiaries are as follows:

Years ended March 31	2022	2021
June 30	5 companies	5 companies
December 31	31 companies	30 companies
March 31	209 companies	224 companies

##### B) Consolidated subsidiaries with a fiscal year-end date of December 31 and June 30 are consolidated using the preliminary financial statements as of March 31.

##### (2) Trading Account Securities

Trading account securities are carried at fair value.

##### (3) Securities

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.

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

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

In the fiscal year ended March 31, 2022, available-for-sale securities are carried at fair value and the cost of securities sold is calculated using mainly the moving-average method, while

stocks and other securities without market prices are carried at cost using the moving-average method. In the fiscal year ended March 31, 2021, available-for-sale securities are, in principle, carried at average market prices during the final month of the fiscal year for stocks, and at market prices at the fiscal year end for others. Cost of securities sold is calculated using mainly the moving-average method. Available-for-sale securities which are deemed to be extremely difficult to determine fair value are carried at cost using the moving-average method or amortized cost (the straight-line method).

Net unrealized gains (losses) on available-for-sale securities (including net unrealized gains (losses) arising from fluctuations in foreign exchange, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations), net of income taxes, are included in "Net assets."

Securities included in "Money Held in Trust Classified as Trading" are carried at fair value and the cost of these securities sold is calculated using mainly the moving-average method. In addition, securities included in "Money Held in Trust Classified as Other than Trading or Held-to-Maturity" are carried using the same method used for securities mentioned above. Net unrealized gains (losses) on money held in trust classified as other than trading or held-to-maturity, net of income taxes, are included in "Net assets."

#### (4) Derivative Transactions

All derivative transactions are measured at fair value.

#### (5) Hedge Accounting

##### 1) Hedge accounting for interest rate risks

The Group mainly applies the deferred hedge method for hedges of interest rate risk arising from the financial assets and liabilities.

The evaluation of hedge effectiveness is omitted because the Group designates the hedges in such a way that the major terms of the hedged items and the hedging instruments satisfy almost same conditions as those required for the exceptional treatment for interest rate swaps and accordingly assume that the hedges are highly effective. In addition, the Group applies the exceptional treatment for interest rate swaps to hedge the interest rate risk arising from certain financial assets and liabilities.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the banking subsidiary applies the deferred hedge method as stipulated in "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Committee Practical Guidance No. 24). To evaluate the hedge effectiveness, the banking subsidiary designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how the hedging instruments offset changes in the fair value of hedged items by grouping them based on their maturities.

##### 2) Hedge accounting for foreign exchange risks

The Group applies the deferred hedge method, the fair value hedge method or the allocation method translating the foreign currency receivables at forward rates for hedges of foreign exchange fluctuation risk arising from the securities denominated in foreign currencies.

The Group applies portfolio hedges on the condition that the hedged securities denominated in foreign currencies are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the acquisition cost of the hedged securities denominated in the same foreign currencies.

The evaluation of hedge effectiveness for individual hedges is omitted because the Group designates the hedges in such a way that the major terms of the hedged items and the hedging instruments are almost same and accordingly assume that the hedges are highly effective.

#### (6) Depreciation

##### 1) Tangible fixed assets (excluding leased assets and right-of-use assets)

Depreciation of tangible fixed assets is computed using the straight-line method.

Useful lives of principal assets are as follows:

Buildings: 2-50 years

Others: 2-75 years

##### 2) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed using the straight-line method. The capitalized development costs of software intended for internal use are amortized over the expected useful lives (mainly 5 years) determined by the Group.

#### 3) Leased assets

Leased assets under finance lease arrangements that transfer the ownership of leased property to the lessee are depreciated using the same method applied to company-owned tangible assets. These leased assets are mainly buildings included in "Tangible fixed assets".

Leased assets under finance lease arrangements that do not transfer the ownership of leased property to the lessee are depreciated to the residual value of zero or guaranteed value using the straight-line method over the lease term. These leased assets are mainly personal properties included in "Tangible fixed assets" and software included in "Intangible assets".

#### 4) Right-of-use assets

Right-of-use assets related to lease transactions of Toll and its subsidiaries and affiliates are depreciated using the straight-line method over the useful life of the right-of-use asset or the lease term whichever is shorter.

These right-of-use assets are mainly buildings and land included in "Tangible fixed assets".

#### (7) Amortization of Goodwill

Goodwill is amortized for a period up to 20 years depending on the causes of occurrence using the straight-line method. Goodwill deemed immaterial, however, is expensed as incurred.

#### (8) Reserve for Possible Loan Losses

1) For reserve for possible loan losses of the Group other than the banking subsidiary and insurance subsidiary, an allowance is provided for loans other than specific loans using a rate determined based on past bad debt experience. In addition, an allowance is provided for specific loans such as loans to bankrupt or effectively/substantially bankrupt borrowers at the estimated amount considered uncollectible based on review of the respective nature of loans.

2) Reserve for possible loan losses of the banking subsidiary is provided for in accordance with the write-off and provision standards as described below:

In accordance with "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (JICPA, Special Committee for Audits of Banks, etc., Report No. 4), loans to normal borrowers and borrowers requiring caution are classified into certain groups, and an allowance is provided for each group based on the estimated rate of loan losses.

For loans to doubtful borrowers, an allowance is provided for based on the amount of loans net of amounts expected to be collected through disposal of collateral or through execution of guarantees and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, an allowance is provided in the amount of loans, net of amounts expected to be collected through disposal of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

3) Reserve for possible loan losses of the insurance subsidiary is provided pursuant to its standards for self-assessment of asset quality and its write-off and provision standards, and a general allowance is provided using a rate determined by past bad debt experience. In addition, a specific allowance, which is determined after reviewing individual collectability of accounts, is 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 allowances are recorded based on the results of these assessments.

For secured loans and guaranteed loans that were extended to borrowers in a state of legal bankruptcy, including legal bankrupt or civil rehabilitation, or that are considered substantially bankrupt, respective loan receivable amounts are directly written off for an estimated uncollectable amount, which is calculated as the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The amount written off for these loans was ¥37 million (\$0 million) and ¥96 million for the fiscal years ended March 31, 2022 and 2021, respectively.

#### (9) Policy Reserves

To prepare for the fulfillment 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 reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

Basis of the calculation of policy reserves such as expected mortality rates, assumed interest rates, and assumed rate of expenses are deemed reasonable. However, the amount of policy reserves may be affected if actual results 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 a portion of the reinsurance contracts from the Organization for Postal Savings, Postal Life Insurance and Post Office Network (hereinafter referred to as "the Japan Postal Service Organization") 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 (Ordinance No. 48 issued by the Ministry of Finance in 1996).
- 2) Reserves for the other contracts are calculated based on the net level premium method.

For the fiscal year ended March 31, 2021, additional policy reserves were accumulated for a portion of the reinsurance contracts from the Japan Postal Service Organization, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. As a result, the amount of additionally accumulated policy reserves was ¥245,841 million. However, there is no impact on income before income taxes due to the reversal of contingency reserves in the same amount.

Among the policy reserves, contingency reserves are accumulated to ensure the fulfillment of future obligations under the insurance contracts in the amount of risks that may accrue in the future, 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 confirms whether the policy reserves have been appropriately accumulated as of the fiscal year-end, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act.

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

The insurance subsidiary 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 Japan Postal Service Organization.

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 the former Japan Post Corporation, the insurance subsidiary has lent loans to the Japan Postal Service Organization under the same loan conditions as those of the contracts between the former Japan Post Corporation and its counterparties.

- (10) Presentation of Gains (Losses) on Cancellation of Investment Trusts  
Gains (losses) on cancellation of investment trusts at the banking subsidiary are recorded as interest and dividends on securities in "Banking business income" for those with bonds or assets equivalent to bonds as trust asset components, and as gains on sales of equity securities in "Banking business income" or losses on sales of equity securities in "Other expenses" for those with other trust asset components. In the event interest and dividends on securities from investment trusts results in a loss as a whole, they are recognized as losses on redemption of bonds in "Operating expenses."

#### (11) Recognition of Insurance Premiums

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

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.

#### (12) Recognition of Insurance Claims and Others

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

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.

(Additional Information)

The "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, March 31, 2020) has been adopted starting from the consolidated financial statements as of the end of the fiscal year ended March 31, 2021, "(10) Presentation of Gains (Losses) on Cancellation of Investment Trusts"; "(11) Recognition of Insurance Premiums"; and "(12) Recognition of Insurance Claims and Others" are stated as "the principles and the overview of procedures of the accounting treatment adopted in cases where the provisions of relevant accounting standards, etc., are unclear."

#### (13) Reserve for Bonuses

A reserve for the employee bonus payments is provided based on the amount expected to be incurred at the end of the fiscal year based on the projected obligations as of the end of the fiscal year.

#### (14) Reserve for Employee Stock Ownership Plan Trust

For a certain consolidated subsidiary, to provide for the payment of the consolidated subsidiary's shares to its employees that are determined based on the rule set by the consolidated subsidiary, a reserve is provided based on the estimated amount of stock benefit obligations at the end of the fiscal year.

#### (15) Reserve for Management Board Benefit Trust

For the Company and its certain consolidated subsidiaries, to provide for the payment of the Company's shares, etc., to Executive Officers and other management that are determined based on the rules set by each company, a reserve is provided based on the estimated amount of stock benefit obligations at the end of the fiscal year.

#### (16) Reserve for Reimbursement of Deposits

To provide for requests for refunds by depositors with regard to deposits that are no longer recorded as liabilities, a reserve is provided based on the estimated amount of losses to be incurred in accordance with future requests for refunds.

#### (17) Reserve for Insurance Claims and Others

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

#### (18) Retirement Benefits

- 1) In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period. Treatment of prior service cost and actuarial difference are accounted for as follows.

Prior service cost is amortized using the straight-line method over a fixed period (7–14 years) within the estimated average remaining service period for employees in the fiscal year of incurrence.

Actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (7–14 years) within the estimated average remaining service period for



employees as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

(Additional information)

In August 2020, the Company and its major consolidated subsidiaries decided on and notified all concerned of the change to the Retirement Allowance Regulations effective October 1, 2020, whereby the lump-sum severance indemnity plans were revised in association with the extension of mandatory retirement age from 60 to 65. Due to this change, retirement benefit obligations were decreased and prior service cost of ¥37,817 million was recognized.

The above prior service cost is amortized using the straight-line method over a fixed period (7–14 years) within the estimated average remaining service period for employees in the fiscal year of incurrence.

- 2) Charges for the pension program of national public service personnel associated with pension benefits for the service period until December 1958 for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired after January 1959 (hereinafter referred to as "share of public service pension") are recognized as part of "Asset for retirement benefits." The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (7 years and 8 years for the fiscal years ended March 31, 2022 and 2021, respectively) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

The prior service cost is amortized using the straight-line method over a fixed period (7 years and 8 years for the fiscal years ended March 31, 2022 and 2021, respectively) within the estimated average remaining payment periods for eligible personnel in the fiscal year of incurrence.

- 3) Charges for the pension program of national public service personnel associated with pension benefits for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired by December 1958 (hereinafter referred to as "share of another public service pension") are recognized as part of "Liability for retirement benefits." The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (5 years) within the estimated average remaining payment periods for eligible personnel as incurred from the fiscal year following the respective fiscal year in which the difference is incurred.

- (19) Translation of Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

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

Assets and liabilities of foreign subsidiaries, etc., are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end and income and expenses are translated into Japanese yen at the average exchange rates for the fiscal year. The resulting translation differences are included in "Foreign currency translation adjustments" and "Non-controlling interests" under "Net assets".

- (20) Reserve for Price Fluctuations

Reserve for price fluctuations is computed based on Article 115 of the Insurance Business Act.

- (21) Statement of Cash Flows

Cash and cash equivalents consists of cash on hand, deposits that can be withdrawn at any time, short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value (excluding negotiable certificates of deposit held by the banking subsidiary included in "Cash and due from banks") and bank overdrafts treated equally as cash equivalents in fund management (negative cash equivalents).

- (22) Recognition of Significant Revenue and Expenses

In relation to recognition of revenue from contracts with customers, the nature of principal performance obligations for major businesses of the Group and typical timing of the satisfaction of those performance obligations (i.e., typical timing of revenue recognition) are as follows:

- 1) Revenue from post and parcels in the postal and domestic logistics business

In the postal and domestic logistics business, postal services are provided fairly at a flat rate nationwide. As logistics services, transportation services such as parcel delivery (Yu-Pack, etc.) and mail delivery (Yu-Mail, etc.) are provided.

Performance obligations underlying revenue from post and parcels in the postal and domestic business are satisfied over time from undertaking of the item to the completion of delivery. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation.

- 2) Revenue from catalogue sales, etc.

In the post office business, the Group engages in sale of regional specialty products and other goods using catalogs and other media as well as sale of related rights; sale of goods and provision of services including sale of original postage stamps, printing of new year's postcards, sale of stationery and other items at post offices and other channels.

The Group recognizes revenue from catalogue sales, etc., when goods and others are transferred to customers because that is when the customer has obtained control of the goods and others and performance obligations are deemed to be satisfied. Revenue from sales of goods and others in which the Group is deemed to be an agent is recognized at the net amount after deducting corresponding payments to suppliers.

- 3) Revenue from the international logistics business

In the international logistics business, the Group engages in a full line of international cargo transportation, mainly export and import from Asia and Oceania (hereinafter the "forwarding business"); as well as transportation and warehouse management and logistics and other services in the fields of resources and government contracts in Asia and Oceania (hereinafter the "logistics business").

Performance obligations underlying revenue from the forwarding business are satisfied over the contractual transportation period. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation. On the other hand, the Group recognizes revenue from the logistics business when the provision of services to customers is completed, because that is when performance obligations are deemed to be satisfied.

- (23) Consolidated Tax Payment System

The Company and its wholly owned domestic subsidiaries adopt the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company.

(Application of tax effect accounting for the transition from the consolidated tax payment system to the group tax sharing system) The Company and some of its consolidated subsidiaries plan to transfer from the consolidated tax payment system to the group tax sharing system from the fiscal year ending March 31, 2023. However, with regard to paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Tax Payment System to the Group Tax Sharing System" (PITF No.39, March 31, 2020), the Company and certain domestic consolidated subsidiaries did not follow paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group tax sharing system and related amendments of tax laws for transitioning to the single tax payment system.

In addition, from the beginning of the fiscal year ending March 31, 2023, the Group plans to apply "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021), which prescribes accounting treatments and presentation of corporate taxes, local corporate taxes and tax effect accounting when adopting the group tax sharing system.

- (24) Changes in Accounting Policies

For the fiscal year ended March 31, 2022

- 1) Application of the Accounting Standard for Revenue Recognition  
The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 26, 2021); hereinafter referred to as "Revenue Recognition Accounting Standard" from the beginning of the fiscal year ended March 31, 2022. Under Revenue Recognition Accounting Standard, the Company recognizes revenue at the time when control over the promised goods or services are transferred to the customer, in an amount equal to the consideration expected to be received for the said goods or services. Previously, revenue from post and parcels in the

postal and domestic logistics business had been recognized at the time of acceptance, but pursuant to the application of Revenue Recognition Accounting Standard, revenue is now recognized over the period from the time of acceptance to the time when delivery is completed. Moreover, revenue from catalogue sales, etc., in the post office business, the full amount of the consideration received from customers had previously been recognized as revenue, but pursuant to the application of Revenue Recognition Accounting Standard, these are treated as transactions undertaken as an agent, and the net amount after deducting corresponding payments to suppliers is recognized as revenue.

In applying the Revenue Recognition Accounting Standard, the Company has followed the transitional treatment stipulated under the proviso of Paragraph 84 of Revenue Recognition Accounting Standard, adjusting retained earnings at the beginning of the fiscal year ended March 31, 2022 to account for the cumulative effect of retrospective application of the new accounting policy prior to that time, and applying the new accounting policy from the adjusted balance.

As a result, other assets decreased by ¥5,024 million (\$41 million), while other liabilities increased by ¥1,649 million (\$13 million) in the consolidated balance sheets as of March 31, 2022 compared to the method before applying the Revenue Recognition Accounting Standard. In addition, income and expenses decreased by ¥62,793 million (\$513 million) and ¥60,854 million (\$497 million), respectively, while income before income taxes decreased by ¥1,938 million (\$16 million) in the consolidated statements of income for the fiscal year ended March 31, 2022.

In the consolidated statements of cash flows for the fiscal year ended March 31, 2022, income before income taxes decreased by ¥1,938 million (\$16 million), and "Other, net" under cash flows from operating activities increased by the same amount.

As a result of reflecting the cumulative effects in net assets at the beginning of the fiscal year ended March 31, 2022, the beginning balance of retained earnings in the consolidated statements of changes in net assets decreased by ¥4,972 million (\$41 million).

The impact of this change on per share data is stated in the relevant note.

In accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Accounting Standard, notes pertaining to the fiscal year ended March 31, 2021 are not presented in Note 28 "REVENUE RECOGNITION."

## 2) Application of the Accounting Standard for Fair Value Measurement

The Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard") and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019) from the beginning of the fiscal year ended March 31, 2022.

Pursuant to this application, the valuation method for shares with a market price has been changed from fair value based on the average market price, etc., over the month prior to fiscal closing, to fair value based on market price, etc. on the fiscal closing day. The Company has applied the new accounting policy prospectively from the beginning of the fiscal year ended March 31, 2022, in accordance with the transitional treatment prescribed under Paragraph 19 of Fair Value Measurement Accounting Standard and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

In addition, the Company includes notes on fair value information by level within the fair value hierarchy in Note 21 "FINANCIAL INSTRUMENTS." However, in accordance with the transitional treatment set forth in Paragraph 7-4 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020), notes pertaining to the fiscal year ended March 31, 2021 are not presented.

## (25) Significant Accounting Estimates

Items using accounting estimates recorded in the consolidated financial statements for the current fiscal year that have the possibility of significantly impacting the consolidated financial statements for the following fiscal year are as follows:

### 1) Fair value measurement of securities

Amounts of securities measured by fair value at the banking subsidiary and some consolidated subsidiaries are considerable and their effects on the consolidated financial statements are significant. Therefore, the fair value of securities is considered as a significant factor in accounting estimates.

## A) Amounts recorded in the consolidated financial statements as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Securities	¥ 193,172,232	¥ 193,703,491	\$ 1,578,333

## B) Information that will facilitate the understanding of significant accounting estimates related to identified items

### (i) Calculation method and principal assumptions

For bonds, the Group uses the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value. The Group uses the funds' unit price for investment trust as the fair value. Key assumptions for the comparable price method, or the price provided by third parties are inputs used for fair value measurement which include directly or indirectly observable inputs in the markets such as yield curves, spreads estimated based on the prices of similar securities, as well as inputs that are unobservable in the markets containing significant estimates.

### (ii) Impact on the consolidated financial statements for the following fiscal year

The fair value of securities may fluctuate as a result of changes in input, which are principal assumptions, due to factors such as changes in the market environment.

## 2) Estimates on retirement benefit obligations

### A) Amounts recorded in the consolidated financial statements as of March 31, 2022 and 2021

This information is provided in Note 14 "RETIREMENT BENEFITS."

### B) Information that will facilitate the understanding of significant accounting estimates related to identified items

Retirement benefit obligations of the Company and some consolidated subsidiaries are calculated based on actuarial assumptions. These assumptions include factors such as discount rates and retirement rates, etc. As estimates on retirement benefit obligations involve a high degree of uncertainty, if assumptions differ from actual results or if assumptions are changed, it may impact retirement benefit obligations in the following fiscal year.

## (26) New Accounting Pronouncements

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

### 1. Overview

The handling of the calculation of and notes on fair value of investment trusts and notes on the fair value of investments in partnerships whose net amount equivalent to equity interest is listed on the balance sheets are stipulated.

### 2. Effective date

Effective from the beginning of the fiscal year ending March 31, 2023.

### 3. Effects of application of the accounting standards, etc.

The effects of the application are under assessment at the time of preparing these consolidated financial statements.

## (27) Changes in Accounting Estimates

The Company has changed the amortization period of actuarial differences and prior service cost concerning the Company's share of public service pension from 8 years to 7 years from the fiscal year ended March 31, 2022, due to a decrease in the estimated average remaining payment period for eligible personnel.

As a result of this change, expenses decreased by ¥3,736 million (\$31 million), while income before income taxes each increased the same amount for the fiscal year ended March 31, 2022.

## (28) Changes in Presentation Method

### New Accounting Standard Applied

For the fiscal year ended March 31, 2021

The Company has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the fiscal year ended March 31, 2021 and provided a note on accounting estimates required for the consolidated financial statements.

## (29) Additional Information

Transactions granting the Company's shares, etc., through a trust to Executive Officers and other management of the Group

The Company and Japan Post Co., Ltd., a consolidated subsidiary, have introduced a performance-linked stock compensation system utilizing a trust (hereinafter the "System") for the Company's Executive Officers and Directors (excluding Directors who are not in charge of business execution) and Executive Officers of Japan Post Co., Ltd. (collectively referred to as "Executives subject to the System").

In accounting for the trust agreement, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015) has been applied.

#### 1. Outline of the transactions

The System is a structure to provide the Company's shares, etc., to Executives subject to the System in accordance with the Stock Benefit Regulations of the Company and Japan Post Co., Ltd., and grants a certain number of points reflecting their levels of attainment of performance targets for the fiscal year. Upon retirement, Executives subject to the System shall receive from the trust the Company's shares and money in the amount equivalent to the fair value of a certain portion of the Company's shares as at the time of retirement in accordance with the number of points granted.

The shares provided for Executives subject to the System are acquired by the trust in advance using the funds set by the Company, and are managed separately as trust assets.

#### 2. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded under net assets as treasury stock at the book value in the trust (excluding incidental expenses). The book value of the treasury stock was ¥507 million (\$4 million) and ¥697 million, and the number of shares of the treasury stock was 375 thousand shares and 496 thousand shares as of March 31, 2022 and 2021, respectively.

A stock compensation system utilizing a trust has also been introduced at Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd., which are consolidated subsidiaries.

Initiatives regarding insurance policy improvement

On December 27, 2019, the Company and its consolidated subsidiary Japan Post Co., Ltd. received administrative dispositions

pursuant to the Insurance Business Act, etc., from the Minister for Internal Affairs and Communications and the Financial Services Agency of Japan, on account of improper solicitation actions and underlying systematic problems regarding insurance policies. In addition, Japan Post Insurance Co., Ltd. (hereinafter referred to as "Japan Post Insurance"), a consolidated subsidiary of the Company, received administrative dispositions pursuant to the Insurance Business Act from the Financial Services Agency of Japan. The Group is resolved to treat the implementation of the business improvement plan that it formulated as its top-priority management issue, and is making Group-wide efforts. Additionally, Japan Post Insurance has been confirming with all customers with insurance policies whether their insurance policies are in line with their intentions, and compensating customers who have suffered disadvantages.

In the year ended March 31, 2021, the Company recorded the refund of premiums and the payment of insurance claims to compensate for the disadvantages suffered by customers as part of insurance claims and others (operating expenses, etc.), and the corresponding adjustment to policy reserves as part of reversal of policy reserves (life insurance business income), while recording a reduction of the net amount totaling ¥21,589 million from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,280 million, as a result of reflecting the progress in the investigation of insurance policies in accounting estimates. Consequently, reserve for insurance claims and others stood at ¥2,851 million as of March 31, 2021. The amounts of the aforementioned reduction and reversal of reserve for insurance claims and others are included in life insurance business income in the consolidated statement of income for the year ended March 31, 2021.

#### 3. CASH AND CASH EQUIVALENTS

Reconciliation of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows and Cash and Due from Banks in the Consolidated Balance Sheets

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Cash and due from banks	¥ 68,502,665	¥ 62,719,113	\$ 559,708
Negotiable certificates of deposit of the banking subsidiary included in "Cash and due from banks"	(65,000)	(65,000)	(531)
Negotiable certificates of deposit included in "Securities"	15,000	15,000	123
Deposits with maturities of more than three months	(200)	(200)	(2)
Bank overdrafts included in "Borrowed money"	(33,241)	(30,958)	(272)
Cash and cash equivalents at the end of the fiscal year	¥ 68,419,223	¥ 62,637,954	\$ 559,026

#### 4. SECURITIES

##### (1) Securities

Securities as of March 31, 2022 and 2021 consisted of the following:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Stocks and investments in capital <sup>1</sup>	¥ 643,736	¥ 655,570	\$ 5,260
Japanese government bonds <sup>2</sup>	86,668,741	87,839,149	708,136
Japanese local government bonds	10,053,341	11,087,322	82,142
Japanese corporate bonds	15,419,430	16,340,226	125,986
Other <sup>2</sup>	80,386,982	77,781,222	656,810
Total	¥ 193,172,232	¥ 193,703,491	\$ 1,578,333

Notes:

1. Stocks and investments in capital include investments in non-consolidated subsidiaries and affiliates of ¥18,852 million (\$154 million) and ¥16,298 million as of March 31, 2022 and 2021, respectively.

2. Unsecured and secured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥3,657,589 million (\$29,885 million) and ¥3,353,931 million were included in Japanese government bonds and other in "Securities" as of March 31, 2022 and 2021, respectively.

Securities borrowed under resale agreements, etc., for which the Group has the right to sell or pledge amounted to ¥4,904,839 million (\$40,075 million) and ¥4,804,159 million for securities held at the end of the fiscal year without being sold or pledged as of March 31, 2022 and 2021, respectively.

(2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Consolidated balance sheet amount	¥ 8,604,735	¥ 9,382,446	\$ 70,306
Fair value	9,106,029	10,158,590	74,402

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

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

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

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

(3) Fair Value Information on Securities and Policy-Reserve-Matching Bonds

The amounts shown in the following tables include negotiable certificates of deposit included in "Cash and due from banks", and "Monetary claims bought", in addition to "Securities."

1) Held-to-maturity bonds

(Millions of Yen)

March 31	2022				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 44,120,448	¥ 47,893,013	¥ 3,772,564	¥ 4,055,385	¥ (282,821)
Japanese local government bonds	5,974,587	6,115,606	141,019	166,055	(25,035)
Japanese corporate bonds	5,291,974	5,339,471	47,496	82,156	(34,659)
Other	1,808,495	1,808,575	80	14,140	(14,059)
Total	¥ 57,195,506	¥ 61,156,667	¥ 3,961,161	¥ 4,317,737	¥ (356,576)

(Millions of Yen)

March 31	2021				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 49,687,737	¥ 54,778,131	¥ 5,090,393	¥ 5,149,560	¥ (59,166)
Japanese local government bonds	6,050,320	6,266,964	216,644	221,334	(4,689)
Japanese corporate bonds	4,768,002	4,884,083	116,080	126,135	(10,054)
Total	¥ 60,506,060	¥ 65,929,179	¥ 5,423,118	¥ 5,497,029	¥ (73,910)

(Millions of U.S. Dollars)

March 31	2022				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	\$ 360,491	\$ 391,315	\$ 30,824	\$ 33,135	\$ (2,311)
Japanese local government bonds	48,816	49,968	1,152	1,357	(205)
Japanese corporate bonds	43,239	43,627	388	671	(283)
Other	14,776	14,777	1	116	(115)
Total	\$ 467,322	\$ 499,687	\$ 32,365	\$ 35,279	\$ (2,913)

2) Policy-reserve-matching bonds

(Millions of Yen)

March 31	2022				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 6,867,049	¥ 7,378,646	¥ 511,597	¥ 570,710	¥ (59,113)
Japanese local government bonds	545,525	556,796	11,271	14,280	(3,008)
Japanese corporate bonds	1,192,160	1,170,585	(21,574)	8,111	(29,686)
Total	¥ 8,604,735	¥ 9,106,029	¥ 501,294	¥ 593,102	¥ (91,808)



(Millions of Yen)

March 31	2021				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 7,806,263	¥ 8,547,628	¥ 741,365	¥ 754,653	¥ (13,288)
Japanese local government bonds	558,247	577,868	19,621	20,007	(385)
Japanese corporate bonds	1,017,936	1,033,093	15,157	23,837	(8,680)
Total	¥ 9,382,446	¥ 10,158,590	¥ 776,143	¥ 798,498	¥ (22,355)

(Millions of U.S. Dollars)

March 31	2022				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	\$ 56,108	\$ 60,288	\$ 4,180	\$ 4,663	\$ (483)
Japanese local government bonds	4,457	4,549	92	117	(25)
Japanese corporate bonds	9,741	9,564	(176)	66	(243)
Total	\$ 70,306	\$ 74,402	\$ 4,096	\$ 4,846	\$ (750)

## 3) Available-for-sale securities

(Millions of Yen)

March 31	2022				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Stocks	¥ 573,901	¥ 531,521	¥ 42,379	¥ 79,674	¥ (37,294)
Bonds	48,149,767	48,072,516	77,251	421,231	(343,980)
Japanese government bonds	35,681,243	35,622,586	58,656	374,120	(315,463)
Japanese local government bonds	3,533,229	3,527,097	6,131	8,681	(2,549)
Japanese short-term corporate bonds	1,434,510	1,434,510	—	—	—
Japanese corporate bonds	7,500,784	7,488,322	12,462	38,429	(25,966)
Other	76,234,362	74,575,964	1,658,397	2,021,909	(363,511)
Of which: foreign bonds	26,883,156	25,313,612	1,569,543	1,695,837	(126,293)
Of which: investment trusts	48,416,809	48,328,504	88,304	324,242	(235,937)
Total	¥ 124,958,031	¥ 123,180,003	¥ 1,778,028	¥ 2,522,815	¥ (744,786)

(Millions of Yen)

March 31	2021				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Stocks	¥ 598,587	¥ 495,381	¥ 103,206	¥ 104,596	¥ (1,390)
Bonds	45,378,191	44,745,485	632,705	693,626	(60,921)
Japanese government bonds	30,345,147	29,799,731	545,416	596,293	(50,876)
Japanese local government bonds	4,478,755	4,459,431	19,323	20,173	(849)
Japanese short-term corporate bonds	1,869,535	1,869,535	—	—	—
Japanese corporate bonds	8,684,752	8,616,787	67,965	77,159	(9,194)
Other	76,676,740	74,479,291	2,197,448	2,446,501	(249,052)
Of which: foreign bonds	27,984,939	26,621,253	1,363,686	1,459,199	(95,513)
Of which: investment trusts	47,478,506	46,647,429	831,076	984,321	(153,244)
Total	¥ 122,653,519	¥ 119,720,159	¥ 2,933,360	¥ 3,244,724	¥ (311,364)

(Millions of U.S. Dollars)

March 31	2022				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Stocks	\$ 4,689	\$ 4,343	\$ 346	\$ 651	\$ (305)
Bonds	393,413	392,781	631	3,442	(2,811)
Japanese government bonds	291,537	291,058	479	3,057	(2,578)
Japanese local government bonds	28,869	28,819	50	71	(21)
Japanese short-term corporate bonds	11,721	11,721	—	—	—
Japanese corporate bonds	61,286	61,184	102	314	(212)
Other	622,881	609,331	13,550	16,520	(2,970)
Of which: foreign bonds	219,652	206,827	12,824	13,856	(1,032)
Of which: investment trusts	395,594	394,873	721	2,649	(1,928)
Total	\$ 1,020,982	\$ 1,006,455	\$ 14,528	\$ 20,613	\$ (6,085)

4) Held-to-maturity bonds sold for the fiscal years ended March 31, 2022 and 2021

There were no held-to-maturity bonds sold for the fiscal years ended March 31, 2022 and 2021.

5) Policy-reserve-matching bonds sold for the fiscal years ended March 31, 2022 and 2021

(Millions of Yen)

Year ended March 31	2022		
	Sales	Gains	Losses
Bonds	¥ 428,238	¥ 6,800	¥ —
Japanese government bonds	428,238	6,800	—
Japanese local government bonds	—	—	—
Japanese corporate bonds	—	—	—
Total	¥ 428,238	¥ 6,800	¥ —

(Millions of Yen)

Year ended March 31	2021		
	Sales	Gains	Losses
Bonds	¥ 219,915	¥ 3,006	¥ —
Japanese government bonds	183,831	2,424	—
Japanese local government bonds	18,702	312	—
Japanese corporate bonds	17,381	269	—
Total	¥ 219,915	¥ 3,006	¥ —

(Millions of U.S. Dollars)

Year ended March 31	2022		
	Sales	Gains	Losses
Bonds	\$ 3,499	\$ 56	\$ —
Japanese government bonds	3,499	56	—
Japanese local government bonds	—	—	—
Japanese corporate bonds	—	—	—
Total	\$ 3,499	\$ 56	\$ —

6) Available-for-sale securities sold for the fiscal years ended March 31, 2022 and 2021

(Millions of Yen)

Year ended March 31	2022		
	Sales	Gains	Losses
Stocks	¥ 60,961	¥ 9,979	¥ (3,071)
Bonds	2,045,311	1,351	(31,276)
Japanese government bonds	1,800,690	1,250	(30,184)
Japanese local government bonds	91,010	32	(119)
Japanese corporate bonds	153,610	68	(972)
Other	4,624,469	65,657	(259,717)
Of which: foreign bonds	3,731,655	19,052	(77,793)
Of which: investment trusts	892,813	46,605	(181,923)
Total	¥ 6,730,742	¥ 76,989	¥ (294,065)

(Millions of Yen)

Year ended March 31	2021		
	Sales	Gains	Losses
Stocks	¥ 141,793	¥ 17,543	¥ (13,895)
Bonds	1,813,227	4,716	(45,578)
Japanese government bonds	1,796,155	4,636	(45,565)
Japanese local government bonds	—	—	—
Japanese corporate bonds	17,072	80	(12)
Other	3,530,282	45,165	(234,935)
Of which: foreign bonds	2,598,958	36,510	(21,782)
Of which: investment trusts	931,324	8,654	(213,153)
Total	¥ 5,485,304	¥ 67,425	¥ (294,409)

(Millions of U.S. Dollars)

Year ended March 31	2022		
	Sales	Gains	Losses
Stocks	\$ 498	\$ 82	\$ (25)
Bonds	16,711	11	(256)
Japanese government bonds	14,713	10	(247)
Japanese local government bonds	744	0	(1)
Japanese corporate bonds	1,255	1	(8)
Other	37,785	536	(2,122)
Of which: foreign bonds	30,490	156	(636)
Of which: investment trusts	7,295	381	(1,486)
Total	\$ 54,994	\$ 629	\$ (2,403)

## 7) Securities that incurred impairment losses

For securities other than trading securities (excluding stocks without market prices and investments in partnerships, etc.), and in case whose fair value declines significantly from their acquisition costs, with no prospect of recovering to their acquisition costs, the Company records the fair value of such securities on the consolidated balance sheets and charges valuation differences as losses in the fiscal year in which they are recognized. Impairment losses amounted to ¥876 million (\$7 million) for the fiscal year ended March 31, 2022. No impairment losses were recognized for the fiscal year ended March 31, 2021.

## (4) Money Held in Trust

## 1) Money Held in Trust Classified as Trading

There were no money held in trust classified as trading for the fiscal years ended March 31, 2022 and 2021, respectively.

## 2) Money Held in Trust Classified as Other than Trading or Held-to-Maturity

(Millions of Yen)

March 31	2022				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading or held-to-maturity	¥ 7,873,224	¥ 5,555,610	¥ 2,317,614	¥ 2,434,352	¥ (116,738)

(Millions of Yen)

March 31	2021				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading or held-to-maturity	¥ 9,089,795	¥ 6,820,196	¥ 2,269,598	¥ 2,345,666	¥ (76,067)

(Millions of U.S. Dollars)

March 31	2022				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading or held-to-maturity	\$ 64,329	\$ 45,393	\$ 18,936	\$ 19,890	\$ (954)

## Notes:

- For securities with market quotations included as trust assets in "Money Held in Trust Classified as Other than Trading or Held-to-Maturity" (excluding stocks without market prices and investments in partnerships, etc., for the fiscal year ended March 31, 2022; excluding financial instruments for which fair values were extremely difficult to determine for the fiscal year ended March 31, 2021), and in case whose fair value declines significantly from their acquisition costs, with no prospect of recovering to their acquisition cost, the Company records the fair value of such securities on the consolidated balance sheets and charges valuation differences as losses in the fiscal year in which they are recognized. Impairment losses amounted to ¥10,124 million (\$83 million) and ¥18,813 million for the fiscal years ended March 31, 2022 and 2021, respectively.
- "Money held in trust classified as other than trading or held-to-maturity" include investment in non-consolidated subsidiaries of ¥25,401 million (\$208 million) and ¥25,531 million as of March 31, 2022 and 2021, respectively.

## 5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2022 and 2021 consisted of the following:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Assets pledged as collateral:			
Securities	¥ 30,906,567	¥ 24,397,199	\$ 252,525
Liabilities corresponding to assets pledged as collateral:			
Deposits	608,469	754,882	4,972
Payables under repurchase agreements	22,032,546	14,886,481	180,019
Payables under securities lending transactions	3,751,134	6,092,013	30,649
Borrowed money	5,603,600	3,917,500	45,785

In addition to the above, the following assets are pledged as collateral for the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions and other transactions, and substituted for margins for future transactions as of March 31, 2022 and 2021:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Assets pledged as collateral:			
Securities	¥ 3,142,273	¥ 3,389,644	\$ 25,674

"Other assets" include margins for future transactions, guarantee deposits, margins with central counterparty and cash collateral paid for financial instruments as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Other assets:			
Margins for future transactions	¥ 158,969	¥ 152,034	\$ 1,299
Guarantee deposits	21,242	18,041	174
Margins with central counterparty	527,199	679,900	4,308
Cash collateral paid for financial instruments	743,560	324,835	6,075

## 6. LOANS

Receivables based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions as of March 31, 2022 and 2021 were as follows. The receivables consist of those recorded in the consolidated balance sheets as bonds in "Securities" (limited to those guaranteeing all or a part of principal and interest, and offered through private placement in accordance with Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), "Loans," "Foreign exchanges," accrued interest and suspense payments in "Other assets" and customers' liabilities for acceptance and guarantees; as well as securities in case of loaned securities (limited to those based on loan for use and lease contracts) in the notes.

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Claims provable in bankruptcy	¥ —	¥ —	\$ —
Doubtful receivables	0	—	0
Past-due loans for three months or more	—	—	—
Restructured loans	—	—	—
Total	¥ 0	¥ —	\$ 0

Note: The above loan amounts are stated before deduction of reserve for possible loan losses.

(Changes in presentation method)

"Cabinet Office Order Partially Amending the Regulation for Enforcement of the Banking Act, etc." (Cabinet Office Ordinance No. 3, January 24, 2020) became effective on March 31, 2022. Accordingly, the classification of risk management loans and other items under the Banking Act are presented in accordance with the classification of receivables requiring disclosure based on the Act on Emergency Measures for the Revitalization of Financial Functions and other requirements.

Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The banking subsidiary will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The amounts of unused commitments on loans of the banking subsidiary as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Amount of unused commitments on loans	¥ 54,579	¥ 68,149	\$ 446
Of which: unused commitments with a term of less than one year or that may be cancelled unconditionally at any point of time	20,221	35,500	165

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused amount will not necessarily affect future cash flows of the banking subsidiary. Conditions are included in certain loan agreements that allow the banking subsidiary to decline the request for a loan draw-down when there is due cause to do so, such as when there is a change in financial condition or when it is necessary to protect the banking subsidiary's credit. At the inception of contracts, the banking subsidiary has the obligor pledge collateral to the banking subsidiary in the form of real estate, securities, etc., if considered to be necessary. Subsequently, the banking subsidiary reviews the obligor's financial condition in accordance with the banking subsidiary's established internal procedures and takes necessary measures to protect its credit.

The amounts of unused commitments on loans of the insurance subsidiary as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Amount of unused commitments on loans	¥ 25,367	¥ 24,863	\$ 207

## 7. TANGIBLE FIXED ASSETS

### (1) Accumulated Depreciation

Accumulated depreciation as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Accumulated depreciation	¥ 1,702,779	¥ 1,640,553	\$ 13,913

Note: The above does not include accumulated depreciation related to right-of-use assets.

### (2) Deferred Gains on Tangible Fixed Assets Not Recognized for Tax Purposes

Deferred gains on tangible fixed assets not recognized for tax purposes as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Deferred gains on tangible fixed assets not recognized for tax purposes	¥ 89,959	¥ 89,252	\$ 735
Of which: deferred during the fiscal year	80	536	1

### (3) Real Estate for Rent

The Company and certain consolidated subsidiaries own office buildings (including land), commercial buildings and others for rental purposes in Tokyo and other areas.

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net rent income (losses) <sup>1</sup>	¥ 14,280	¥ 11,525	\$ 117
Net gains (losses) on sales <sup>2</sup>	7,377	2,025	60
Losses on impairment <sup>3</sup>	4,295	15,295	35
Other losses <sup>3</sup>	302	3,733	2

Notes:

1. Majority of rent income is recorded under other income, and majority of rent expenses are recorded under depreciation and amortization.

2. Gains on sales are recorded under other income, and losses on sales are recorded under other expenses.

3. Losses on impairment and other losses are recorded under other expenses.

The consolidated balance sheet amount, net change during the fiscal year and fair value of real estate for rent were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Consolidated balance sheet amount <sup>1</sup>			
Balance at the beginning of the fiscal year	¥ 492,202	¥ 485,565	\$ 4,022
Net change during the fiscal year	36,920	6,636	302
Balance at the end of the fiscal year	¥ 529,122	¥ 492,202	\$ 4,323
Fair value at the end of the fiscal year <sup>2</sup>	¥ 744,486	¥ 675,970	\$ 6,083

Notes:

1. The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.

2. The fair value is calculated primarily based on the real estate appraisal standard.

3. Real estate for rent under construction is not included in the above table since it is extremely difficult to determine its fair value. The consolidated balance sheet amounts of them were ¥216,418 million (\$1,768 million) and ¥173,191 million as of March 31, 2022 and 2021, respectively.

## 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 said Ordinance were ¥525 million (\$4 million) and ¥418 million as of March 31, 2022 and 2021, respectively.

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance were ¥907 million (\$7 million) and ¥935 million as of March 31, 2022 and 2021, respectively.

## 9. OBLIGATIONS TO THE LIFE INSURANCE POLICYHOLDERS PROTECTION CORPORATION OF JAPAN

The insurance subsidiary estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥33,449 million (\$273 million) and ¥33,629 million as of March 31, 2022 and 2021, respectively, pursuant to Article 259 of the Insurance Business Act. These obligations are recognized as operating expenses when they are paid.

10. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the fiscal years ended March 31, 2022 and 2021 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Balance at the beginning of the fiscal year	¥ 1,342,855	¥ 1,437,535	\$ 10,972
Policyholder dividends paid	(155,691)	(159,817)	(1,272)
Interest accrual, etc.	9	8	0
Reduction due to the acquisition of additional annuity	(278)	(336)	(2)
Provision for reserve for policyholder dividends	73,113	65,465	597
Balance at the end of the fiscal year	¥ 1,260,009	¥ 1,342,855	\$ 10,295

11. BORROWED MONEY AND LEASE OBLIGATIONS

Borrowed money and lease obligations as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars	Average interest rate <sup>1</sup>	Due
	2022	2021	2022	2022	2022
Borrowed money	¥ 5,942,886	¥ 4,228,180	\$ 48,557	0.07%	—
Borrowings	5,942,886	4,228,180	48,557	0.07%	April 2022–March 2028
Lease obligations	126,147	193,084	1,031	—	April 2022–January 2060

Notes:

1. The interest rates above are calculated using the weighted-average method based on the interest rate and balance at the fiscal year-end date.
2. Of Borrowings, ¥5,603,600 million (\$45,785 million) and ¥3,917,500 million were without interest as of March 31, 2022 and 2021, respectively.
3. The average interest rate of lease obligations is not presented above because interest included in the total amount of lease payments is allocated to each period using the straight-line method in certain consolidated subsidiaries.
4. Borrowings are included in "Borrowed money" and lease obligations are included in "Other liabilities" in the accompanying consolidated balance sheets, respectively.

The repayment schedule on borrowings as of March 31, 2022 was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Within 1 year	¥ 5,912,113	\$ 48,306
Due after 1 year through 2 years	7,102	58
Due after 2 years through 3 years	7,155	58
Due after 3 years through 4 years	5,800	47
Due after 4 years through 5 years	880	7
Thereafter	9,835	80
Total	¥ 5,942,886	\$ 48,557

The repayment schedule on lease obligations as of March 31, 2022 was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Within 1 year	¥ 16,766	\$ 137
Due after 1 year through 2 years	13,225	108
Due after 2 years through 3 years	12,050	98
Due after 3 years through 4 years	10,054	82
Due after 4 years through 5 years	6,080	50
Thereafter	67,969	555
Total	¥ 126,147	\$ 1,031

12. BONDS

Bonds as of March 31, 2022 and 2021 were as follows:

Issuer	Description	Issue	Millions of Yen		Millions of U.S. Dollars	Interest rate	Due
			2022	2021	2022		
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	\$ 817	1.00% <sup>3</sup>	January 29, 2049
Japan Post Insurance Co., Ltd.	Second series of subordinated unsecured bonds with interest deferral option and early redemption option	January 28, 2021	¥ 200,000	¥ 200,000	\$ 1,634	1.05% <sup>4</sup>	January 28, 2051
		Total	¥ 300,000	¥ 300,000	\$ 2,451		

Notes:

1. The above bonds are subordinated bonds with the special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.
2. No collateral was provided for the above bonds.
3. Interest rate from the day immediately following January 29, 2029, shall be 6-month Euroyen LIBOR plus 1.78%.
4. Interest rate from the day immediately following January 28, 2031, shall be 5-year JGB interest rate plus 2.010% (reset every five years).

The redemption schedule on bonds as of March 31, 2022 was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
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	—	—
Thereafter	300,000	2,451
Total	¥ 300,000	\$ 2,451

### 13. ASSET RETIREMENT OBLIGATIONS

#### (1) Outline of Asset Retirement Obligations

The Group recorded asset retirement obligations with respect to asbestos removal costs during demolition of the Company's and subsidiaries' buildings, and restoration costs based on the real estate lease contracts of their business locations, company-owned housing and others.

The Group's network, comprised mainly of post offices, is required under the Postal Services Privatization Act to be maintained without fail from the perspective of public services provision. Therefore, restoration costs based on the real estate lease contracts related to facilities essential to the said network maintenance are recorded as asset retirement obligations only when their settlements are clearly expected due to reasons such as planned contract termination.

#### (2) Calculation Method of Asset Retirement Obligations

The Group calculated the asset retirement obligations by estimating the period of service between 1 year and 47 years and applying discount rates ranging from 0.0% to 4.9%.

#### (3) Changes in Asset Retirement Obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Balance at the beginning of the fiscal year	¥ 38,659	¥ 30,239	\$ 316
Obligations incurred due to acquisition of tangible fixed assets	1,611	736	13
Obligations incurred by acquisition of consolidated subsidiaries	4,900	—	40
Time progress adjustments	51	30	0
Changes in estimates	2,864	10,576	23
Obligations settled	(8,100)	(3,407)	(66)
Other	(2,842)	483	(23)
Balance at the end of the fiscal year	¥ 37,143	¥ 38,659	\$ 303

#### (4) Changes in Estimates

In accordance with the acquisition of new information, the Group has changed the estimates of the removal costs for the future demolition of buildings on leasehold land, etc., for the fiscal years ended March 31, 2022 and 2021, respectively.

As a result, Changes in estimates of ¥2,864 million (\$23 million) and ¥10,576 million have been added to the amounts of asset retirement obligations.

### 14. RETIREMENT BENEFITS

#### (1) Outline of Retirement Benefits

The Company and major consolidated subsidiaries have lump-sum severance indemnity plans as a defined benefit plan. Certain consolidated subsidiaries adopt the simplified method in calculating their retirement benefit obligations. Under the simplified method, the amount to be required for voluntary termination at the fiscal year-end is recorded as projected benefit obligations. The charges concerning share of public service pension and share of another public service pension (as defined in Note 2(18)) are included in the Company's retirement benefit obligations.

The Company has established retirement benefit trusts for the share of public service pension and share of another public service pension.

Certain consolidated subsidiaries have defined contribution pension plans. In addition, the amounts required to be contributed to the retirement pension benefit plans by the Company and certain consolidated subsidiaries based on the "Act for Partial Amendment of National Government Officials' Retirement Allowance Act, etc. for the Purposes of Reviewing Benefit Levels of the Retirement Benefits for National Government Officials" (Act No. 96 of 2012), which was introduced from October 2015 as a new type of pension subsequent to the abolition of the specified occupation portion of the mutual aid pension program, were ¥10,355 million (\$85 million) and ¥10,532 million for the fiscal years ended March 31, 2022 and 2021, respectively.

#### (2) Defined Benefit Plans

##### 1) Changes in retirement benefit obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Balance at the beginning of the fiscal year	¥ 2,497,192	¥ 2,557,296	\$ 20,404
Service cost	111,924	113,426	914
Interest cost	16,267	16,530	133
Actuarial differences	(9,742)	(16,290)	(80)
Benefits paid	(146,738)	(135,952)	(1,199)
Prior service cost	(408)	(37,817)	(3)
Other	268	—	2
Balance at the end of the fiscal year	¥ 2,468,764	¥ 2,497,192	\$ 20,171

(\*) Prior service cost was incurred due to the revision of the lump-sum severance indemnity plans in association with the extension of mandatory retirement age from 60 to 65 for the fiscal year ended March 31, 2021.

## 2) Changes in plan assets

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Balance at the beginning of the fiscal year	¥ 351,103	¥ 392,362	\$ 2,869
Expected return on plan assets	820	902	7
Actuarial differences	(1,879)	(862)	(15)
Contributions paid by the employer	236	236	2
Benefits paid	(34,927)	(41,536)	(285)
Balance at the end of the fiscal year	¥ 315,352	¥ 351,103	\$ 2,577

## 3) Balance of retirement benefit obligations, plan assets and liability (asset) for retirement benefits

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Funded retirement benefit obligations	¥ 245,834	¥ 287,086	\$ 2,009
Share of public service pension	240,665	281,512	1,966
Share of another public service pension	219	318	2
Corporate pension plan	4,949	5,255	40
Plan assets	(315,352)	(351,103)	(2,577)
Share of public service pension	(308,792)	(344,380)	(2,523)
Share of another public service pension	(97)	(150)	(1)
Corporate pension plan	(6,462)	(6,571)	(53)
	(69,517)	(64,017)	(568)
Unfunded retirement benefit obligations	2,222,929	2,210,106	18,163
Lump-sum severance indemnity	2,222,929	2,210,106	18,163
Net liability (asset) for retirement benefits	¥ 2,153,412	¥ 2,146,089	\$ 17,595
Liability for retirement benefits	¥ 2,223,051	¥ 2,210,273	\$ 18,164
Asset for retirement benefits	(69,639)	(64,184)	(569)
Net liability (asset) for retirement benefits	¥ 2,153,412	¥ 2,146,089	\$ 17,595

## 4) Retirement benefit costs

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Service cost	¥ 111,924	¥ 113,426	\$ 914
Interest cost	16,267	16,530	133
Expected return on plan assets	(820)	(902)	(7)
Amortization of actuarial differences	(21,651)	(19,740)	(177)
Amortization of prior service cost	(24,206)	(36,361)	(198)
Other	(149)	(117)	(1)
Total	¥ 81,365	¥ 72,834	\$ 665

## 5) Adjustments for retirement benefits (before tax effect)

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Prior service cost	¥ (23,797)	¥ 1,455	\$ (194)
Actuarial differences	(13,788)	(4,311)	(113)
Total	¥ (37,586)	¥ (2,856)	\$ (307)

## 6) Accumulated adjustments for retirement benefits (before tax effect)

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Unrecognized prior service cost	¥ 112,619	¥ 136,639	\$ 920
Unrecognized actuarial differences	59,356	72,862	485
Total	¥ 171,976	¥ 209,501	\$ 1,405

## 7) Plan assets

March 31	2022	2021
Bonds	76%	80%
Stocks	1	0
Life insurance general account	0	0
Other	23	20
Total	100%	100%

Note: The percentage of retirement benefit trusts to total plan assets were 98% and 98% as of March 31, 2022 and 2021, respectively, which were set up for the Company's share of public service pensions.

Current and target asset allocations, current and expected returns on various categories of plan assets have been taken into consideration in determining the long-term expected rate of return on plan assets.



8) Actuarial assumptions

The principal actuarial assumptions used for the fiscal years ended March 31, 2022 and 2021 were as follows:

Years ended March 31	2022	2021
Discount rate	0.2%-0.7%	0.2%-0.7%
Long-term expected rate of return on plan assets	0.1%-2.0%	0.1%-2.0%

(3) Defined Contribution Plans

The amounts required to be contributed to the defined contribution plans by certain consolidated subsidiaries were ¥11,534 million (\$94 million) and ¥15,178 million for the fiscal years ended March 31, 2022 and 2021, respectively.

15. RESERVES RELATED TO THE REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve, related to the reinsurance contracts with the Japan Postal Service Organization, are provided at amounts calculated based on the statement of calculation procedures for the insurance subsidiary's insurance premiums and policy reserves. Such amount is set not to fall below the amount calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on the 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 this category of reinsurance.

The policy reserves, excluding contingency reserve, contingency reserve and reserve for price fluctuations provided for this category of reinsurance as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Policy reserves (excluding contingency reserve)	¥ 29,331,229	¥ 31,408,726	\$ 239,654
Contingency reserve	1,203,243	1,129,662	9,831
Reserve for price fluctuations	695,157	655,111	5,680

16. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Liability for retirement benefits	¥ 751,476	¥ 759,456	\$ 6,140
Policy reserves	1,026,908	1,011,450	8,390
Reserve for outstanding claims	38,057	38,126	311
Reserve for bonuses	38,909	38,592	318
Reserve for price fluctuations	248,305	223,044	2,029
Deferred losses on hedges	240,095	167,565	1,962
Tax losses carried forward*	677,378	509,210	5,535
Other	233,959	224,652	1,912
Subtotal deferred tax assets	3,255,090	2,972,099	26,596
Valuation allowance for tax losses carried forward*	(677,301)	(509,018)	(5,534)
Valuation allowance for deductible temporary differences	(801,120)	(829,065)	(6,546)
Total valuation allowance	(1,478,421)	(1,338,083)	(12,080)
Total deferred tax assets	1,776,668	1,634,016	14,516
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(1,059,628)	(1,530,022)	(8,658)
Unrealized gains on assets and liabilities of the consolidated subsidiaries	(4,209)	(5,075)	(34)
Other	(57,859)	(23,871)	(473)
Total deferred tax liabilities	(1,121,697)	(1,558,969)	(9,165)
Net deferred tax assets (liabilities)	¥ 654,971	¥ 75,047	\$ 5,352

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.

\* Amounts of tax losses carried forward and its deferred tax assets by expiration periods were as follows:

March 31	Millions of Yen						
	2022						Total
	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	
Tax losses carried forward <sup>1</sup>	¥ 5,467	¥ 3,647	¥ 189,180	¥ 10,175	¥ 8,300	¥ 460,607	¥ 677,378
Valuation allowance	(5,421)	(3,647)	(189,180)	(10,175)	(8,300)	(460,575)	(677,301)
Deferred tax assets	¥ 45	¥ —	¥ —	¥ —	¥ —	¥ 31	¥ 77

March 31	Millions of Yen						
	2021						
	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	Total
Tax losses carried forward <sup>1</sup>	¥ 453	¥ 5,417	¥ 4,355	¥ 189,591	¥ 10,177	¥ 299,214	¥ 509,210
Valuation allowance	(309)	(5,417)	(4,355)	(189,591)	(10,177)	(299,166)	(509,018)
Deferred tax assets	¥ 143	¥ —	¥ —	¥ —	¥ —	¥ 48	¥ 192

March 31	Millions of U.S. Dollars						
	2022						
	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	Total
Tax losses carried forward <sup>1</sup>	\$ 45	\$ 30	\$ 1,546	\$ 83	\$ 68	\$ 3,763	\$ 5,535
Valuation allowance	(44)	(30)	(1,546)	(83)	(68)	(3,763)	(5,534)
Deferred tax assets	\$ 0	\$ —	\$ —	\$ —	\$ —	\$ 0	\$ 1

Note: Tax losses carried forward is after multiplying the statutory tax rate.

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 30.6% for the fiscal years ended March 31, 2022 and 2021, respectively.

Reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the fiscal years ended March 31, 2022 and 2021 were as follows:

Years ended March 31	2022	2021
Statutory tax rate	30.6%	30.6%
Income not taxable for income tax purposes (e.g., non-taxable dividend income)	(1.5)	(0.5)
Changes in valuation allowance	21.2	15.3
Adjustment of book value of stocks of subsidiaries for consolidated tax payment system	(23.7)	—
Tax allowances for loss on valuation of stocks of subsidiaries and affiliates	—	(18.2)
Other	(0.2)	(0.5)
Effective income tax rate	26.5%	26.8%

## 17. NET ASSETS

### (1) Class and Number of Shares Authorized and Issued

Year ended March 31, 2022	Thousands of shares			
	April 1, 2021	Increase	Decrease	March 31, 2022
Shares authorized:				
Common stock	18,000,000	—	—	18,000,000
Shares issued:				
Common stock	4,500,000	—	732,129	3,767,870

Note: The decrease of 732,129 thousand shares issued is due to the cancellation of treasury stock.

Year ended March 31, 2021	Thousands of shares			
	April 1, 2020	Increase	Decrease	March 31, 2021
Shares authorized:				
Common stock	18,000,000	—	—	18,000,000
Shares issued:				
Common stock	4,500,000	—	—	4,500,000

### (2) Class and Number of Treasury Stock

Year ended March 31, 2022	Thousands of shares			
	April 1, 2021	Increase <sup>2</sup>	Decrease <sup>2</sup>	March 31, 2022 <sup>1</sup>
Treasury stock:				
Common stock	456,635	381,134	732,250	105,519

Notes:

- The number of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 496 thousand shares. The number of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 375 thousand shares.
- The increase of 381,134 thousand shares of treasury stock is due to 276,090 thousand shares repurchased on June 11, 2021 based on the resolution of the Board of Directors' meeting held on June 10, 2021; 105,043 thousand shares repurchased from November 1, 2021 to March 31, 2022 based on the resolution of the Board of Directors' meeting held on October 6, 2021; and the purchase of shares less than one unit of 0 thousand shares. The decrease of 732,250 thousand shares of treasury stock is due to the cancellation of treasury stock of 732,129 thousand shares and the benefits paid of the shares of the Company by the management board benefit trust of 120 thousand shares. The acquisition of treasury stock based on the resolution of the Board of Directors' meeting held on October 6, 2021 was completed on April 7, 2022. The number of treasury stock repurchased from April 1, 2022 to April 7, 2022 was 5,028 thousand shares.

Year ended March 31, 2021	Thousands of shares			
	April 1, 2020 <sup>1</sup>	Increase <sup>2</sup>	Decrease <sup>2</sup>	March 31, 2021 <sup>1</sup>
Treasury stock:				
Common stock	456,667	—	32	456,635

Notes:

1. The number of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 528 thousand shares. The number of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 496 thousand shares.

2. The decrease of 32 thousand shares of treasury stock is due to the benefits paid of the shares of the Company by the management board benefit trust.

(3) Information on Dividends

Dividends from retained earnings require approval from the Minister for Internal Affairs and Communications pursuant to the provisions of Article 11 of the Act on Japan Post Holdings Co., Ltd.

1) Dividends paid

Dividends paid for the fiscal year ended March 31, 2022

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 14, 2021	Common stock	¥ 202,193	\$ 1,652	¥ 50.00	\$0.41	March 31, 2021	June 15, 2021

Note: The total amount of dividends includes dividends of ¥24 million (\$0 million) for the Company's shares held by the management board benefit trust.

Dividends paid for the fiscal year ended March 31, 2021

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2020 <sup>1</sup>	Common stock	¥ 101,096	¥ 25.00	March 31, 2020	June 18, 2020

Note: The total amount of dividends includes dividends of ¥13 million for the Company's shares held by the management board benefit trust.

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

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

Resolution	Class of shares	Total amount <sup>1</sup> (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 13, 2022	Common stock	¥ 183,136	\$ 1,496	Retained earnings	¥ 50.00	\$ 0.41	March 31, 2022	June 20, 2022

Note: The total amount of dividends includes dividends of ¥18 million (\$0 million) for the Company's shares held by the management board benefit trust.

18. OTHER INCOME

Other income for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Gains on sales of fixed assets	¥ 21,639	¥ 7,243	\$ 177
Compensation for transfer	1,185	1,482	10
Insurance claim income	4,383	1,973	36
Compensation income	—	1,795	—
Other	148,611	212,450	1,214
Total	¥ 175,820	¥ 224,945	\$ 1,437

## 19. OTHER EXPENSES

Other expenses for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Losses on sales and disposal of fixed assets	¥ 4,609	¥ 3,259	\$ 38
Losses on impairment of fixed assets <sup>3</sup>	11,280	93,545	92
Provision for reserve for price fluctuation	67,789	46,477	554
Losses on sale of businesses	10,898	—	89
Post office refurbishment expenses <sup>1</sup>	—	4,915	—
Provision for reserve for policyholder dividends <sup>2</sup>	73,113	65,465	597
Other	201,899	243,230	1,650
Total	¥ 369,591	¥ 456,893	\$ 3,020

Notes:

- In order to prevent further deterioration of facilities and other assets, the Group has invested in construction work and prioritized spending on assets exceeding their economical useful lives and leased post office buildings which require improvements for earthquake resistance.
- Provision for reserve for policyholder dividends, which is provided for the Japan Postal Service Organization based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Japan Postal Service Organization, was ¥54,849 million (\$448 million) and ¥46,710 million for the fiscal years ended March 31, 2022 and 2021, respectively.
- Losses on impairment of fixed assets for the fiscal year ended March 31, 2021 included those of consolidated subsidiary Toll and its subsidiaries of ¥61,938 million as follows:

Location	Usage	Millions of Yen				Total
		Buildings	Land	Other tangible fixed assets	Software	
Queensland, Australia, etc.	Global express business	¥ 2,844	¥ 862	¥ 49,586	¥ 8,645	¥ 61,938

The Group conducts the grouping of assets based on units whose business performance is separately reported for internal management purposes.

The Group has been considering the sale of Toll's global express business in the fiscal year ended March 31, 2021. As a loss on sale was expected, the book value was reduced to recoverable amount, and the difference was recognized as losses on impairment of fixed assets in "Other expenses."

The recoverable amount was measured at net realizable value, which was calculated based on the business transfer agreement concluded with affiliates of Allegro Funds Pty Ltd on April 21, 2021.

## 20. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2022 and 2021 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ (1,543,827)	¥ 4,650,472	\$ (12,614)
Reclassification adjustments	(183,633)	(247,731)	(1,500)
Before tax effect adjustments	(1,727,460)	4,402,741	(14,114)
Tax effect	517,395	(1,286,561)	4,227
Net unrealized gains (losses) on available-for-sale securities	(1,210,064)	3,116,179	(9,887)
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	(442,446)	(176,864)	(3,615)
Reclassification adjustments	201,500	114,065	1,646
Adjustments of assets' acquisition costs	(1,239)	(1,701)	(10)
Before tax effect adjustments	(242,186)	(64,500)	(1,979)
Tax effect	72,850	22,568	595
Net deferred gains (losses) on hedges	(169,335)	(41,932)	(1,384)
Foreign currency translation adjustments:			
Amount arising during the fiscal year	(12,886)	(12,539)	(105)
Reclassification adjustments	5,115	—	42
Before tax effect adjustments	(7,771)	(12,539)	(63)
Tax effect	—	—	—
Foreign currency translation adjustments	(7,771)	(12,539)	(63)
Adjustments for retirement benefits:			
Amount arising during the fiscal year	8,220	51,264	67
Reclassification adjustments	(45,806)	(54,120)	(374)
Before tax effect adjustments	(37,586)	(2,856)	(307)
Tax effect	1,061	(406)	9
Adjustments for retirement benefits	(36,525)	(3,262)	(298)
Share of other comprehensive loss of affiliates:			
Amount arising during the fiscal year	0	(7)	0
Reclassification adjustments	—	3	—
Before tax effect adjustments	0	(3)	0
Tax effect	—	—	—
Share of other comprehensive loss of affiliates	0	(3)	0
Total other comprehensive income (loss)	¥ (1,423,696)	¥ 3,058,441	\$ (11,632)

## 21. FINANCIAL INSTRUMENTS

### (1) Policy for Handling Financial Instruments

The Group is required to manage financial assets and financial liabilities owned by the banking subsidiary and insurance subsidiary in order to avoid the negative impact on the stability of their financial results resulting from the volatility due to future interest rate fluctuation and foreign exchange fluctuation, since these assets and liabilities are generally subject to changes in value due to fluctuations in market.

For this purpose, both companies endeavor to properly manage return and risk by using an asset liability management (ALM) framework, under which the companies enter into derivative transactions such as interest rate swaps, currency swaps and forward foreign exchange.

Derivative transactions are identified as a key hedging method against interest rate fluctuation risk and foreign exchange fluctuation risk to our investment assets.

In addition, from the viewpoint of increasing profitability, both companies also work to invest in risk assets within an acceptable range while at the same time strengthening their risk management structures.

### (2) Features and Risks of Financial Instruments

In the Group, financial assets owned by the banking subsidiary and insurance subsidiary consist mainly of securities such as domestic and foreign bonds, in particular Japanese government bonds, loans, stock investments through money held in trust and others. Such financial assets are exposed to risks including the credit risk of their issuing bodies, interest rate fluctuation risk and market price fluctuation risk.

From an ALM viewpoint, interest rate swaps are used as a means of hedging future economic value fluctuation risk and interest rate risk of securities, loans, fixed-term deposits and others for interest rate-related transactions.

For currency-related transactions, currency swaps and forward foreign exchange are used as a means of hedging foreign exchange fluctuation risk in connection with the translation of foreign currency-denominated assets held by the banking subsidiary and insurance subsidiary and related Japanese yen translation amounts of redemption of principal and interest.

In hedging risk using derivative transactions, the Group applies hedge accounting for transactions meeting certain prescribed requirements in order to limit impacts on financial results.

### (3) Risk Management Framework for Financial Instruments

The Group has a basic policy for group risk management whereby basic principles regarding risk management as well as basic matters for which compliance is mandatory for risk management including risk categories to be managed by Group companies are prescribed, and risk management is carried out on a group basis.

The status of the risk management at each company is periodically reported to the management meeting at which the Group's risk management policies and risk management structures are discussed.

For risks such as market risk, credit risk and other types of risk, each company identifies risks that can be quantified and then uses value at risk (VaR), a measure of the maximum expected loss that could occur due to events with a certain probability, and other methods to measure these risks. The Company manages risk by confirming that the amount of risk measured at each of these two companies is kept within each company's equity capital.

#### 1) Credit risk management

The banking subsidiary and insurance subsidiary use the VaR method to quantify and manage credit risk exposure, in accordance with the respective rules of the companies on credit risk management. Moreover, to control credit concentration risk, the companies provide credit limits and other criteria for individual companies and corporate groups and supervise these limits during each fiscal year.

#### 2) Management of market risk

##### A) Banking subsidiary

The banking subsidiary invests in domestic and foreign bonds, stocks and others based on the policy related with ALM as a banking business, and these are affected by fluctuations in interest

rates, foreign exchange, stock price and others. Therefore the banking subsidiary quantitatively measures market risk using VaR, which is a statistical method, based on its market risk management regulations, and monitors and manages risk by setting limits for market risk and loss so that the amount of market risk is kept within an appropriate amount of capital allocation, as determined by taking into account the amount of the company's equity capital.

The major financial instruments affected by fluctuations in risk variables (interest rates, foreign exchange and stock prices) related to major market risks are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The banking subsidiary uses the historical simulation method (holding period — 240 business days (equivalent to 1 year); one-sided confidence interval — 99%; and observation period — 1,200 business days (equivalent to 5 years)). An internal model is used for measurement for liabilities. The amount of the market risk (estimated loss) as a whole was ¥3,853,231 million (\$31,483 million) and ¥3,689,515 million as of March 31, 2022 and 2021, respectively. The VaR measures the market risk quantity at a certain probability calculated statistically based on past market fluctuations, and accordingly, it may not be able to capture the risk under certain abnormal market. In order to avoid such risk, sensitivity testing is implemented using various scenarios.

Matters related to the design and operation of market risk management structures, and implementation of market risk management are reported and discussed regularly at the risk management committee, ALM committee, and management meeting.

In addition, taking into account features of assets with mainly Japanese government bonds, etc. and liabilities with mainly deposits, and recognizing the importance of interest rate risk sufficiently, the banking subsidiary implements interest rate risk management using a multifaceted approach, whereby profit or loss simulations are carried out based on various scenarios using ALM, and risks are managed.

The policy related with ALM is discussed and determined at the management meeting, and the status of the implementation is reported to the ALM committee and management meeting.

With respect to derivative transactions, the banking subsidiary has created separate departments for the execution of transactions, assessment of hedge effectiveness, and administration, and has established an internal control system, in accordance with its derivative transaction regulations.

#### B) Insurance subsidiary

The insurance subsidiary categorizes market risk into interest rate risk and market price fluctuation risk for its management. Interest rate risk at the insurance subsidiary is the risk of losses resulting from fluctuation in the value of interest-bearing assets denominated in Japanese yen and insurance liabilities due to fluctuations in Japanese yen interest rates, and the risk arises because the insurance subsidiary has a limit in matching assets with liabilities, as an insurance company with a mission to offer universal service products including endowment insurance and whole life insurance. Market price fluctuation risk is any market risk other than interest rate risk.

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

#### 3) Management of liquidity risk related to fund raising activities

The banking subsidiary and insurance subsidiary manage liquidity risk related to fund raising activities through the establishment of indexes of fund raising, etc.

#### (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. In calculating prices, certain premises and assumptions are adopted, and the use of different premises and assumptions may lead to changes in pricing.

(5) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of March 31, 2022 and 2021 are as follows.

For the fiscal year ended March 31, 2022, stocks without market prices and investments in partnerships, etc. (for the fiscal year ended March 31, 2021, financial instruments for which fair values were extremely difficult to determine) are not included in the table below (see Notes 1 and 2 below).

Notes regarding cash and due from banks, call loans, receivables under resale agreements, receivables under securities borrowing transactions, payables under repurchase agreements and payables under securities lending transactions have been omitted, as these instruments are settled over a short-term, and their carrying amounts approximate their fair values.

Application of the Accounting Standard for Fair Value Measurement

The Company has applied the "Accounting Standard for Fair Value Measurement" from the beginning of the fiscal year ended March 31, 2022.

(Millions of Yen)

March 31	2022		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	¥ 436,845	¥ 436,845	¥ —
2) Trading account securities			
Trading securities	11	11	—
3) Money held in trust	7,873,224	7,873,224	—
4) Securities			
Held-to-maturity bonds	57,195,506	61,141,595	3,946,089
Policy-reserve-matching bonds	8,604,735	9,106,029	501,294
Available-for-sale securities	124,051,186	124,051,186	—
5) Loans	8,693,923		
Reserve for possible loan losses <sup>1</sup>	(171)		
	8,693,751	8,922,524	228,772
Total	¥ 206,855,261	¥ 211,531,418	¥ 4,676,157
1) Deposits	191,731,173	191,761,374	30,201
2) Borrowed money	5,942,886	5,942,925	38
3) Bonds	300,000	299,760	(240)
Total	¥ 197,974,059	¥ 198,004,059	¥ 30,000
Derivative transactions <sup>2</sup>			
Hedge accounting not applied	¥ (83,231)	¥ (83,231)	¥ —
Hedge accounting applied <sup>3</sup>	(1,242,371)	(1,242,371)	—
Total derivative transactions	¥ (1,325,602)	¥ (1,325,602)	¥ —

(Millions of U.S. Dollars)

March 31	2022		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	\$ 3,569	\$ 3,569	\$ —
2) Trading account securities			
Trading securities	0	0	—
3) Money held in trust	64,329	64,329	—
4) Securities	0	0	0
Held-to-maturity bonds	467,322	499,564	32,242
Policy-reserve-matching bonds	70,306	74,402	4,096
Available-for-sale securities	1,013,573	1,013,573	—
5) Loans	71,035		
Reserve for possible loan losses <sup>1</sup>	(1)		
	71,033	72,902	1,869
Total	\$ 1,690,132	\$ 1,728,339	\$ 38,207
1) Deposits	1,566,559	1,566,806	247
2) Borrowed money	48,557	48,557	0
3) Bonds	2,451	2,449	(2)
Total	\$ 1,617,567	\$ 1,617,812	\$ 245
Derivative transactions <sup>2</sup>			
Hedge accounting not applied	\$ (680)	\$ (680)	\$ —
Hedge accounting applied	(10,151)	(10,151)	—
Total derivative transactions	\$ (10,831)	\$ (10,831)	\$ —

Notes:

- General reserve for possible loan losses and specific reserve for possible loan losses corresponding to loans have been deducted.
- Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses. Additionally, those subject to the exceptional treatment for interest rate swaps and the allocation method for forward foreign exchange, etc., which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged loans and securities. Therefore, their fair values are included in the relevant loans and securities.
- The banking subsidiary uses interest rate swaps and other derivatives to hedge market fluctuation of securities and other items subject to hedges, mainly adopting the deferral hedge method. "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No.40, March 17, 2022) is applied to these hedging relationships.

Note 1: Amounts carried on the consolidated balance sheets for stocks without market prices and investments in partnerships, etc., are as shown below; they are not included in "Assets 3) Money held in trust" and "Assets 4) Securities" under information concerning fair values of financial instruments.

	Millions of Yen	Millions of U.S. Dollars
	2022	
Money held in trust <sup>1, 2 and 3</sup>	¥ 2,889,132	\$ 23,606
Securities		
Unlisted stocks <sup>1</sup>	66,271	541
Investment trusts <sup>2</sup>	3,161,984	25,835
Investments in partnerships <sup>3</sup>	92,549	756
Other	—	—
Total <sup>4</sup>	¥ 6,209,937	\$ 50,739

Notes:

- In accordance with the provisions of Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020), unlisted stocks are not included in the scope of fair value disclosures.
- In accordance with the provisions of Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019; the "Fair Value Measurement Guidance"), some investment trusts that apply transitional measures have been treated using the previous method, and are not included in the scope of fair value disclosures.
- In accordance with the provisions of Paragraph 27 of the Fair Value Measurement Guidance, investments in partnerships are not included in the scope of fair value disclosures.
- Impairment losses of ¥5,661 million (\$46 million) were recognized for the fiscal year ended March 31, 2022.

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of March 31, 2021 are as shown below. Unlisted stocks and others for which fair values are extremely difficult to determine are not included in the table below.

(Millions of Yen)

March 31	2021		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	¥ 638,985	¥ 638,985	¥ —
2) Trading account securities			
Trading securities	13	13	—
3) Money held in trust	9,089,795	9,073,718	(16,076)
4) Securities			
Held-to-maturity bonds	60,506,060	65,929,179	5,423,118
Policy-reserve-matching bonds	9,382,446	10,158,590	776,143
Available-for-sale securities	121,469,534	121,469,534	—
5) Loans	9,655,811		
Reserve for possible loan losses <sup>1</sup>	(182)		
	9,655,629	9,986,365	330,736
Total	¥ 210,742,465	¥ 217,256,387	¥ 6,513,922
1) Deposits	187,984,760	188,032,622	47,861
2) Borrowed money	4,228,180	4,228,186	5
3) Bonds	300,000	300,290	290
Total	¥ 192,512,941	¥ 192,561,098	¥ 48,157
Derivative transactions <sup>2</sup>			
Hedge accounting not applied	¥ (6,949)	¥ (6,949)	¥ —
Hedge accounting applied	(943,604)	(943,604)	—
Total derivative transactions	¥ (950,553)	¥ (950,553)	¥ —

Notes:

- General reserve for possible loan losses corresponding to loans has been deducted.
- Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

Note 2: The consolidated balance sheet amounts of financial instruments for which fair values are deemed extremely difficult to determine are as shown below; they are not included in "Assets 3) Money held in trust" and "Assets 4) Securities" under information concerning fair values of financial instruments.

March 31	Millions of Yen
	2021
Money held in trust <sup>1</sup>	¥ 940,137
Securities	
Unlisted stocks <sup>2</sup>	54,897
Investment trusts <sup>3</sup>	2,217,712
Investments in partnerships <sup>4</sup>	72,446
Other	393
Total <sup>5</sup>	¥ 3,285,586

Notes:

- Money held in trust, for which underlying assets held by the trust such as investment in private REIT are extremely difficult to determine their fair values, is not included in the scope of fair value disclosures.
- Unlisted stocks are not included in the scope of fair value disclosures because there are no available market prices and it is extremely difficult to determine their fair values.
- Investment trusts, for which underlying assets held by the trust such as unlisted stocks are extremely difficult to determine their fair values, are not included in the scope of fair value disclosures.
- Investments in partnerships are not included in the scope of fair value disclosures because they consist of partnership asset components such as unlisted stocks which are extremely difficult to determine their fair values.
- Impairment losses of ¥1,035 million were recognized for the fiscal year ended March 31, 2021.



Note 3: Redemption schedule of monetary claims and securities with maturities were as follows:

(Millions of Yen)

March 31	2022					
	Within 1 year	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
Monetary claims bought	¥ 22,873	¥ 8,732	¥ 85,126	¥ 82,105	¥ 36,843	¥ 200,482
Securities	21,969,273	22,196,975	15,602,697	18,003,969	20,517,210	45,261,183
Held-to-maturity bonds	10,256,223	5,653,851	4,544,503	5,744,850	7,236,070	23,360,165
Japanese government bonds	8,867,900	2,769,500	2,214,300	4,260,400	5,402,500	20,230,000
Japanese local government bonds	730,870	1,547,203	822,885	601,049	1,312,573	945,594
Japanese corporate bonds	510,972	1,023,285	924,077	872,957	520,997	1,430,306
Other	146,481	313,862	583,241	10,442	—	754,265
Policy-reserve-matching bonds	369,235	1,224,681	548,300	1,384,000	1,371,700	3,535,950
Japanese government bonds	277,000	981,400	511,000	1,359,400	1,176,900	2,394,600
Japanese local government bonds	67,299	183,364	1,100	—	60,000	233,450
Japanese corporate bonds	24,936	59,917	36,200	24,600	134,800	907,900
Available-for-sale securities with maturities	11,343,814	15,318,442	10,509,894	10,875,118	11,909,440	18,365,066
Japanese government bonds	5,879,187	4,919,770	3,327,813	3,037,447	6,437,605	11,587,600
Japanese local government bonds	731,578	1,195,920	1,017,115	382,471	41,287	142,932
Japanese short-term corporate bonds	1,434,500	—	—	—	—	—
Japanese corporate bonds	1,067,464	1,866,364	1,316,362	945,338	838,578	1,439,414
Other	2,231,084	7,336,387	4,848,602	6,509,861	4,591,968	5,195,119
Loans <sup>1</sup>	3,073,553	1,759,761	1,222,259	811,274	902,719	918,698
Total	¥ 25,065,700	¥ 23,965,469	¥ 16,910,084	¥ 18,897,349	¥ 21,456,773	¥ 46,380,365

(Millions of Yen)

March 31	2021					
	Within 1 year	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
Monetary claims bought	¥ 258,666	¥ 37,072	¥ 32,159	¥ 58,153	¥ 81,957	¥ 168,297
Securities	17,747,191	33,920,647	12,287,002	15,634,511	19,692,351	43,651,814
Held-to-maturity bonds	7,878,261	13,819,618	3,160,565	4,494,887	7,244,750	23,461,323
Japanese government bonds	6,567,100	11,130,800	1,488,200	3,605,800	5,463,600	21,011,700
Japanese local government bonds	990,262	1,569,347	1,066,510	196,304	1,169,080	1,043,444
Japanese corporate bonds	320,899	1,119,471	605,854	692,783	612,070	1,406,178
Other	—	—	—	—	—	—
Policy-reserve-matching bonds	812,852	1,542,301	586,516	571,300	2,042,900	3,641,625
Japanese government bonds	772,400	1,339,800	451,400	554,200	1,974,800	2,532,900
Japanese local government bonds	37,193	173,165	78,299	300	—	269,125
Japanese corporate bonds	3,259	29,336	56,817	16,800	68,100	839,600
Available-for-sale securities with maturities	9,056,076	18,558,728	8,539,921	10,568,323	10,404,701	16,548,866
Japanese government bonds	2,328,274	9,359,310	1,318,510	4,374,471	4,576,298	7,378,900
Japanese local government bonds	771,814	1,421,753	929,209	1,048,295	115,174	148,351
Japanese short-term corporate bonds	1,869,500	—	—	—	—	—
Japanese corporate bonds	1,148,992	2,051,733	1,690,086	1,131,090	967,597	1,607,837
Other	2,937,495	5,725,929	4,602,115	4,014,467	4,745,630	7,413,777
Loans	3,495,471	1,891,250	1,431,211	851,905	971,111	1,008,495
Total	¥ 21,501,329	¥ 35,848,970	¥ 13,750,373	¥ 16,544,570	¥ 20,745,420	¥ 44,828,607

(Millions of U.S. Dollars)

March 31	2022					
	Within 1 year	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
Monetary claims bought	\$ 187	\$ 71	\$ 696	\$ 671	\$ 301	\$ 1,638
Securities	179,502	181,363	127,483	147,103	167,638	369,811
Held-to-maturity bonds	83,800	46,195	37,131	46,939	59,123	190,867
Japanese government bonds	72,456	22,628	18,092	34,810	44,142	165,291
Japanese local government bonds	5,972	12,642	6,723	4,911	10,725	7,726
Japanese corporate bonds	4,175	8,361	7,550	7,133	4,257	11,686
Other	1,197	2,564	4,765	85	—	6,163
Policy-reserve-matching bonds	3,017	10,006	4,480	11,308	11,208	28,891
Japanese government bonds	2,263	8,019	4,175	11,107	9,616	19,565
Japanese local government bonds	550	1,498	9	—	490	1,907
Japanese corporate bonds	204	490	296	201	1,101	7,418
Available-for-sale securities with maturities	92,686	125,161	85,872	88,856	97,307	150,054
Japanese government bonds	48,036	40,197	27,190	24,818	52,599	94,678
Japanese local government bonds	5,977	9,771	8,310	3,125	337	1,168
Japanese short-term corporate bonds	11,721	—	—	—	—	—
Japanese corporate bonds	8,722	15,249	10,755	7,724	6,852	11,761
Other	18,229	59,943	39,616	53,189	37,519	42,447
Loans <sup>1</sup>	25,113	14,378	9,987	6,629	7,376	7,506
Total	\$ 204,802	\$ 195,812	\$ 138,166	\$ 154,403	\$ 175,315	\$ 378,956

Note: 1. Loans does not include ¥0 million (\$0 million) of claims whose redemption schedules are not expected, such as claims against bankrupt obligors, substantially bankrupt obligors and doubtful borrowers obligors.

Note 4: Redemption schedule of deposits, borrowed money and bonds were as follows:

(Millions of Yen)

March 31	2022					
	Within 1 year	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
Deposits <sup>1</sup>	¥ 121,457,781	¥ 12,086,520	¥ 13,565,375	¥ 23,932,579	¥ 20,688,915	¥ —
Borrowed money	5,912,113	14,257	6,680	9,835	—	—
Bonds	—	—	—	—	—	300,000
Total	¥ 127,369,895	¥ 12,100,778	¥ 13,572,055	¥ 23,942,414	¥ 20,688,915	¥ 300,000

(Millions of Yen)

March 31	2021					
	Within 1 year	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
Deposits <sup>1</sup>	¥ 116,027,741	¥ 11,086,454	¥ 11,688,362	¥ 21,295,472	¥ 27,886,729	¥ —
Borrowed money	4,210,072	7,711	5,200	15	97	5,084
Bonds	—	—	—	—	—	300,000
Total	¥ 120,237,813	¥ 11,094,165	¥ 11,693,562	¥ 21,295,488	¥ 27,886,826	¥ 305,084

(Millions of U.S. Dollars)

March 31	2022					
	Within 1 year	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
Deposits <sup>1</sup>	\$ 992,383	\$ 98,754	\$ 110,837	\$ 195,544	\$ 169,041	\$ —
Borrowed money	48,306	116	55	80	—	—
Bonds	—	—	—	—	—	2,451
Total	\$ 1,040,689	\$ 98,871	\$ 110,892	\$ 195,624	\$ 169,041	\$ 2,451

Note: 1. Demand deposits are included in "Within 1 year."

#### (6) Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: The fair value measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: The fair value measured using observable inputs other than Level 1.

Level 3 fair value: The fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Group classified fair values into a category to which the lowest priority is assigned.

## 1) Financial assets and financial liabilities measured at fair value

(Millions of Yen)

March 31	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 19,999	¥ 416,846	¥ 436,845
Money held in trust <sup>1</sup>	6,037,636	—	—	6,037,636
Trading account securities and securities				
Trading securities				
Japanese government bonds	11	—	—	11
Available-for-sale securities				
Stocks	573,902	—	—	573,902
Japanese government bonds	33,972,969	1,708,273	—	35,681,243
Japanese local government bonds	—	3,498,586	34,642	3,533,229
Japanese short-term corporate bonds	—	1,434,510	—	1,434,510
Japanese corporate bonds	7,945	7,491,001	1,837	7,500,784
Other <sup>1</sup>	13,282,874	13,369,772	258,059	26,910,707
Total assets	¥ 53,875,339	¥ 27,522,144	¥ 711,386	¥ 82,108,870
Derivative transactions <sup>2</sup>				
Interest rate-related derivatives	¥ —	¥ (122,044)	¥ —	¥ (122,044)
Currency-related derivatives	—	(1,203,889)	—	(1,203,889)
Credit derivatives	—	330	—	330
Total derivative transactions	¥ —	¥ (1,325,602)	¥ —	¥ (1,325,602)

(Millions of U.S. Dollars)

March 31	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$ —	\$ 163	\$ 3,406	\$ 3,569
Money held in trust <sup>1</sup>	49,331	—	—	49,331
Trading account securities and securities				
Trading securities				
Japanese government bonds	0	—	—	0
Available-for-sale securities				
Stocks	4,689	—	—	4,689
Japanese government bonds	277,580	13,958	—	291,537
Japanese local government bonds	—	28,586	283	28,869
Japanese short-term corporate bonds	—	11,721	—	11,721
Japanese corporate bonds	65	61,206	15	61,286
Other <sup>1</sup>	108,529	109,239	2,108	219,877
Total assets	\$ 440,194	\$ 224,872	\$ 5,812	\$ 670,879
Derivative transactions <sup>2</sup>				
Interest rate-related derivatives	\$ —	\$ (997)	\$ —	\$ (997)
Currency-related derivatives	—	(9,836)	—	(9,836)
Credit derivatives	—	3	—	3
Total derivative transactions	\$ —	\$ (10,831)	\$ —	\$ (10,831)

Notes:

- Investment trusts applying transitional measures prescribed in Paragraph 26 of the Fair Value Measurement Guidance are not included in the above table. The amount of such investment trusts in the consolidated balance sheets was ¥49,982,519 million (\$408,387 million).
- Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

## 2) Financial assets and financial liabilities not measured at fair value

(Millions of Yen)

March 31	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	¥ —	¥ 269,877	¥ —	¥ 269,877
Securities				
Held-to-maturity bonds				
Japanese government bonds	47,893,013	—	—	47,893,013
Japanese local government bonds	—	6,111,476	4,130	6,115,606
Japanese corporate bonds	—	5,339,471	—	5,339,471
Other	246,165	1,534,335	13,002	1,793,504
Policy-reserve-matching bonds				
Japanese government bonds	7,378,646	—	—	7,378,646
Japanese local government bonds	—	531,162	25,634	556,796
Japanese corporate bonds	—	1,170,585	—	1,170,585
Loans	—	—	8,922,524	8,922,524
Total assets	¥ 55,517,825	¥ 14,956,910	¥ 8,965,291	¥ 79,440,028
Deposits	¥ —	¥ 191,761,374	¥ —	¥ 191,761,374
Borrowed money	—	5,942,925	—	5,942,925
Bonds	—	299,760	—	299,760
Total liabilities	¥ —	¥ 198,004,059	¥ —	¥ 198,004,059

(Millions of U.S. Dollars)

March 31	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	\$ —	\$ 2,205	\$ —	\$ 2,205
Securities				
Held-to-maturity bonds				
Japanese government bonds	391,315	—	—	391,315
Japanese local government bonds	—	49,934	34	49,968
Japanese corporate bonds	—	43,627	—	43,627
Other	2,011	12,536	106	14,654
Policy-reserve-matching bonds				
Japanese government bonds	60,288	—	—	60,288
Japanese local government bonds	—	4,340	209	4,549
Japanese corporate bonds	—	9,564	—	9,564
Loans	—	—	72,902	72,902
Total assets	\$ 453,614	\$ 122,207	\$ 73,252	\$ 649,073
Deposits	\$ —	\$ 1,566,806	\$ —	\$ 1,566,806
Borrowed money	—	48,557	—	48,557
Bonds	—	2,449	—	2,449
Total liabilities	\$ —	\$ 1,617,812	\$ —	\$ 1,617,812

A description of the valuation techniques and inputs used in the fair value measurements

Assets

## Monetary claims bought

The fair value of monetary claims bought is based on pricing offered by the broker and other third parties, and is classified primarily into Level 3 fair value.

## Money held in trust

For invested securities representing trust assets in money held in trust, the fair value of stocks is based on the price on the stock exchange, and the fair value of bonds is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association. These are classified primarily into Level 1 fair value. The fair value of beneficiary certificates of investment trusts is based on the funds' unit price in accordance with transitional measures prescribed in Paragraph 26 of the Fair Value Measurement Guidance, and is not assigned any level.

Notes to money held in trust by categories based on holding purposes are provided in Note 4 (4) "Money Held in Trust."

## Trading account securities

The fair value of trading account securities is based on the purchase price of the Bank of Japan, and is classified primarily into Level 1 fair value because unadjusted quoted prices in active markets are available.

## Securities

The fair value of stocks is based on the price on the stock exchange, and is classified primarily into Level 1 fair value because unadjusted quoted prices in active markets are available.

The fair value of bonds is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, the price calculated using the comparable price method or the price provided by a third party such as a vendor or a broker.

For bonds whose fair value is based on the Reference Statistical Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association or the price calculated using the comparable price method and other criteria, principally, the fair value of Japanese government bonds and Japanese treasury discount bills is classified into Level 1 fair value, and that of other bonds is classified into Level 2 fair value. In addition, the fair value

of bonds whose fair value is based on the price provided by a third party such as a vendor or a broker is classified into Level 1, Level 2 or Level 3 fair value depending on whether the obtained prices and inputs and other indicators used in the pricing are observable in markets.

The fair value of bonds subject to the allocation method of forward foreign exchange, etc., reflects the fair value of the relevant forward foreign exchange, etc.

The fair value of beneficiary certificates of investment trusts is based on the funds' unit price in accordance with transitional measures prescribed in Paragraph 26 of the Fair Value Measurement Guidance, and is not assigned any level.

Notes to securities by categories considering holding purposes are provided in Note 4 (3) "Fair Value Information on Securities and Policy-Reserve-Matching Bonds."

#### Loans

For loans with variable interest rates, which follow market interest rates only over the short-term, book value approximates fair value provided the obligor's credit standing has not significantly changed after the transaction. In such cases, book value serves as fair value. For loans with fixed interest rates, fair value is considering a net discounted present value of future cash flows, etc.

For time deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, following a division into certain periods, and fair value is classified into Level 2 fair value.

For fixed deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, which reflect an early cancellation rate calculated using historical results, following a division into certain periods. The fair value is classified into Level 2 fair value if the effect of unobservable inputs is immaterial, and into Level 3 fair value if significant unobservable inputs are used.

The interest rate applicable to new savings is used as the discount rate.

#### Liabilities

##### Deposits

For demand deposits such as transfer deposits and ordinary deposits, the payment amount (book value) if demanded on the consolidated balance sheet date is deemed to be the fair value of such demand deposits, and the fair value is classified into Level 2 fair value.

For time deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, following a division into certain periods, and fair value is classified into Level 2 fair value.

For fixed deposits, fair value is based on the net present value calculated by discounting estimated future cash flows, which reflect an early cancellation rate calculated using historical results, following a division into certain periods. The fair value is classified into Level 2 fair value if the effect of unobservable inputs is immaterial, and into Level 3 fair value if significant unobservable inputs are used.

The interest rate applicable to new savings is used as the discount rate.

##### Borrowed money

For borrowed money with variable interest rates, fair value approximates book value since it follows market interest rates only over the short-term and the credit standing of the Company and its subsidiaries has not changed significantly after the transaction, therefore book value serves as fair value. For borrowed money with fixed interest rates, fair value is determined based on the present value calculated by discounting the total amount of principal and interest of the borrowed money classified by a certain period, by an interest rate assumed for a new borrowing under the same terms and conditions. For borrowed money for which the contract period is short (within a year), fair value approximates book value, which is therefore used as fair value.

The fair value of borrowed money is classified into Level 2 fair value.

The fair value of borrowed money subject to the exceptional treatment for interest rate swaps reflects the fair value of the relevant interest rate swaps.

##### Bonds

The fair value of bonds issued by the Company's consolidated subsidiaries is based on the publicly released quoted price, and is classified into Level 2 fair value.

##### Derivative transactions

For derivative transactions that unadjusted quoted prices in active markets are available, fair value is classified into Level 1 fair value.

However, as most of the derivative transactions are over-the-counter transactions and there is no publicly released quoted price, valuation techniques such as the discounted present value method is used to calculate fair value depending on the type of transaction and the period to maturity. The main inputs used in these techniques are interest rates and foreign exchange rates. In case where unobservable inputs are not used or their effects are immaterial, the fair value of derivative transactions is classified into Level 2 fair value, such as for plain vanilla interest rate swaps and forward foreign exchange. In case where significant unobservable inputs are used, the item is classified into Level 3 fair value.

Information about Level 3 fair value of financial assets and financial liabilities measured at fair value is as follows:

#### A) Quantitative information on significant unobservable inputs

For the fiscal year ended March 31, 2022

This information is not presented because the Company's consolidated subsidiaries do not estimate unobservable inputs.

#### B) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year and gain (loss) on valuation recognized as gain (loss) for the fiscal year under review

(Millions of Yen)

	2022							
	Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales, issuances and settlements	Reclassified as level 3 fair value <sup>3</sup>	Reclassified from level 3 fair value <sup>3,4</sup>	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of held financial assets and liabilities held on the date of the consolidated balance sheet <sup>1</sup>
		Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>					
Monetary claims bought	¥ 383,992	¥ (8)	¥ (1,995)	¥ 34,858	¥ —	¥ —	¥ 416,846	¥ —
Securities								
Available-for-sale securities								
Japanese local government bonds	29,238	1,105	(958)	(759)	6,016	—	34,642	1,105
Japanese corporate bonds	3,951	(6)	(6)	(2,100)	—	—	1,837	—
Other	357,493	6,079	258	(48,649)	—	(57,122)	258,059	4,571

(Millions of U.S. Dollars)

(millions of U.S. dollars)

	2022							
	Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales, issuances and settlements	Reclassified as level 3 fair value <sup>3</sup>	Reclassified from level 3 fair value <sup>3,4</sup>	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of held financial assets and liabilities held on the date of the consolidated balance sheet <sup>1</sup>
		Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>					
Monetary claims bought	\$ 3,137	\$ (0)	\$ (16)	\$ 285	\$ —	\$ —	\$ 3,406	\$ —
Securities								
Available-for-sale securities								
Japanese local government bonds	239	9	(8)	(6)	49	—	283	9
Japanese corporate bonds	32	(0)	(0)	(17)	—	—	15	—
Other	2,921	50	2	(397)	—	(467)	2,108	37

Notes:

1. Included mainly in banking business income, life insurance business income and operating expenses in the consolidated statements of income.
2. Included in net unrealized gains (losses) on available-for-sale securities under other comprehensive income in the consolidated statements of comprehensive income.
3. Reclassified from level 2 fair value to level 3 fair value. For Japanese local government bonds, this is because material observable data cannot be used. The reclassification is made at the beginning of the fiscal year.
4. Reclassified from level 3 fair value to level 2 fair value. For foreign bonds, this is because material observable data can be used. The reclassification is made at the beginning of the fiscal year.

## C) A description of valuation processes used for fair value measurements

The fair value verification department of the banking subsidiary has established policies and procedures for measuring fair value, and each fair value measurement department measures fair value accordingly. A fair value verification department independent from the fair value measurement departments verifies whether the fair value obtained is measured using valid valuation techniques and inputs and classifies them into levels of the fair value hierarchy. The results of the verification are reported to the ALM committee to ensure that the policies and procedures for measuring fair value are appropriate.

In measuring fair value, the Company uses a valuation model that most appropriately reflects the nature, characteristics and risks of each financial instrument. In addition, when using quoted prices obtained from third parties, the Company verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

The fair value measurement division of the insurance subsidiary has established policies and procedures for measuring fair value, measures fair value, and determines its level in the fair value hierarchy. The risk management division of the insurance subsidiary has established verification procedures for measuring fair value of financial instruments. If quoted prices obtained from a third party is used, the division verifies the validity of prices using appropriate methods such as confirmation of the valuation techniques and inputs used, and comparison with fair value of similar financial instruments. Thus, the Group ensures that the fair value measurement of financial instruments and other matters are appropriate.

## D) A narrative description of sensitivity of the fair value measurement to changes in significant unobservable inputs

This information is not presented because the Company's consolidated subsidiaries do not estimate unobservable inputs.

## 22. DERIVATIVE TRANSACTIONS

## (1) Derivative Transactions to Which the Hedge Accounting Method Is Not Applied

The following tables set forth the contract amount or the amount equivalent to the principal, fair value and valuation gains (losses) at the end of the fiscal year by transaction type with respect to derivative transactions to which the hedge accounting method is not applied. Contract amount does not indicate the market risk related to derivative transactions.

## 1) Currency-related derivatives

(Millions of Yen)

March 31	2022			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	¥ 681,912	¥ 681,912	¥ (74,510)	¥ (74,510)
Forward foreign exchange:				
Sold	304,205	—	(14,659)	(14,659)
Bought	202,603	—	5,607	5,607
Total			¥ (83,562)	¥ (83,562)

(Millions of Yen)

March 31	2021			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	¥ 692	¥ —	¥ (26)	¥ (26)
Forward foreign exchange:				
Sold	594,542	—	(18,501)	(18,501)
Bought	568,424	—	11,150	11,150
Total			¥ (7,377)	¥ (7,377)

(Millions of U.S. Dollars)

March 31	2022			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	\$ 5,572	\$ 5,572	\$ (609)	\$ (609)
Forward foreign exchange:				
Sold	2,486	—	(120)	(120)
Bought	1,655	—	46	46
Total			\$ (683)	\$ (683)

Note: The above transactions are measured at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.

## 2) Bond-related derivatives

There were no bond-related derivatives as of March 31, 2022.

(Millions of Yen)

March 31	2021			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Financial instruments exchange transactions				
Bond futures:				
Sold	¥ 19,470	¥ —	¥ (147)	¥ (147)
Total			¥ (147)	¥ (147)

Note: The above transactions are measured at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.

## 3) Credit-related derivatives

(Millions of Yen)

March 31	2022			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default swaps:				
Sold	¥ 28,223	¥ 14,000	¥ 330	¥ 330
Total			¥ 330	¥ 330

(Millions of Yen)

March 31	2021			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default swaps:				
Sold	¥ 28,107	¥ 28,107	¥ 576	¥ 576
Total			¥ 576	¥ 576

(Millions of U.S. Dollars)

March 31	2022			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default swaps:				
Sold	\$ 231	\$ 114	\$ 3	\$ 3
Total			\$ 3	\$ 3

Notes:

1. The above transactions are measured at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.

2. "Sold" represents transactions which the credit risk has been assumed.



(2) Derivative Transactions to Which the Hedge Accounting Method Is Applied

The following tables set forth the contract amount or the amount equivalent to the principal and fair value at the end of the fiscal year by transaction type and hedge accounting method with respect to derivative transactions to which the hedge accounting method is applied. Contract amount does not indicate the market risk related to derivative transactions.

1) Interest rate-related derivatives

(Millions of Yen)

March 31	Type of derivative	Major hedged item	2022		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferral hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Securities Deposits Borrowings	¥ 3,400,000	¥ 3,400,000	¥ 13,672
	Receivable floating rate / Payable fixed rate		4,027,945	3,634,863	(135,716)
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable floating rate / Payable fixed rate	Borrowings	5,035	4,632	
		Total			¥ (122,044)

(Millions of Yen)

March 31	Type of derivative	Major hedged item	2021		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferral hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Securities Deposits	¥ 3,400,000	¥ 3,400,000	¥ 40,662
	Receivable floating rate / Payable fixed rate		4,736,647	3,574,948	(233,971)
		Total			¥ (193,308)

(Millions of U.S. Dollars)

March 31	Type of derivative	Major hedged item	2022		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferral hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Securities Deposits Borrowings	\$ 27,780	\$ 27,780	\$ 112
	Receivable floating rate / Payable fixed rate		32,911	29,699	(1,109)
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable floating rate / Payable fixed rate	Borrowings	41	38	
		Total			\$ (997)

Notes:

- In principle, these derivatives are accounted for using deferred hedge accounting.
- Interest rate swaps subject to the exceptional treatment are accounted for in combination with the borrowings that are subject to the hedge. Therefore their fair value is included in the fair value of the relevant loans in Note 21 "FINANCIAL INSTRUMENTS."

2) Currency-related derivatives

(Millions of Yen)

March 31	Type of derivative	Major hedged item	2022		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferral hedge method	Currency swaps	Securities Foreign currency- denominated forecasted transactions	¥ 8,782,501	¥ 7,754,729	¥ (762,595)
Allocation method	Currency swaps	Securities	641,528	635,047	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	4,032,109	—	(290,030)
	Currency swaps		477,496	316,058	(67,700)
		Total			¥ (1,120,327)

(Millions of Yen)

March 31	Type of derivative	Major hedged item	2021		
			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Currency swaps	Securities	¥ 8,099,353	¥ 7,167,516	¥ (409,504)
	Cross currency interest rate swaps	Foreign currency-denominated forecasted transactions	62,857	—	(2,979)
Allocation method	Forward foreign exchange	Other liabilities	0	—	(0)
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	6,563,483	—	(298,551)
	Currency swaps		911,908	532,259	(39,259)
		Total			¥ (750,295)

(Millions of U.S. Dollars)

March 31	Type of derivative	Major hedged item	2022		
			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferral hedge method	Currency swaps	Securities Foreign currency-denominated forecasted transactions	\$ 71,758	\$ 63,361	\$ (6,231)
Allocation method	Currency swaps	Securities	5,242	5,189	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	32,945	—	(2,370)
	Currency swaps		3,901	2,582	(553)
		Total			\$ (9,154)

Notes:

1. In principle, these derivatives are accounted for using deferred hedge accounting.

2. Currency swaps, which are accounted for as forward foreign exchange subject to the allocation method, are accounted for in combination with the securities that are subject to the hedge. Therefore, their fair value is included in the fair value of the relevant securities in Note 21 "FINANCIAL INSTRUMENTS."

## 23. LEASE TRANSACTIONS

Operating Leases

(1) As lessee

Future lease payments under non-cancelable operating leases as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Due within 1 year	¥ 7,936	¥ 7,368	\$ 65
Due after 1 year	30,772	37,139	251
Total	¥ 38,709	¥ 44,508	\$ 316

(2) As lessor

Future lease receivables under non-cancelable operating leases as of March 31, 2022 and 2021 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Due within 1 year	¥ 14,828	¥ 15,683	\$ 121
Due after 1 year	47,226	44,444	386
Total	¥ 62,055	¥ 60,128	\$ 507

## 24. CONTINGENT LIABILITIES

In the event that the Company's consolidated subsidiary cancels all or part of its lease contracts for post offices, the lessors shall be entitled to seek compensation for the cancellation. The amounts of compensation are calculated based on the amounts of uncollectible investment. The possible amounts of compensation were ¥61,334 million (\$501 million) and ¥64,872 million as of March 31, 2022 and 2021, respectively.

Compensation shall not be made in full in the case where the offices are used for purposes other than originally intended, regardless of whether the contracts were cancelled on the side of the Company's subsidiary.

## 25. BUSINESS COMBINATIONS

(1) Transactions Under Common Control

Sale of a portion of stocks in a subsidiary

The Company sold a portion of its stock in Japan Post Insurance Co., Ltd., which is a consolidated subsidiary, as described below.

1) Overview of the transaction

A) Overview and purpose of the transaction

Under the Postal Service Privatization Act, the Company shall aim to dispose of the entire equity interest in Japan Post Insurance Co., Ltd. and Japan Post Bank Co., Ltd. (hereinafter referred to as "the Two Finance Companies"), and shall dispose of these shareholdings within the earliest possible time-frame, in light of the business condition of the Two Finance Companies and any impact on the ability to fulfill universal services obligation. In accordance with this aim, the Company, under its Medium-Term Management Plan, has set forth the policy of selling down these shareholdings as early as possible, until it holds 50% or less of the voting rights in each of the Two Finance Companies by 2025.

In accordance with the policy described above, the Company sold a portion of its shares of common stock in Japan Post Insurance Co., Ltd. in response to the implementation of a share repurchase by Japan Post Insurance Co., Ltd., and also disposed of a portion of its shares in Japan Post Insurance Co., Ltd. through a share disposal trust. As a result, the Company's holdings fell below 50%.

- B) Name and description of business of party to which the business combination was applied  
Name: Japan Post Insurance Co., Ltd.  
Description of business: Life insurance business
- C) Date of the business combination  
a. Sale of shares in response to the implementation of a share repurchase by Japan Post Insurance Co., Ltd.  
May 17, 2021  
b. Sale of shares through the establishment of a share disposal trust  
From June 10, 2021 to June 17, 2021
- D) Legal form of the business combination  
Sale of a portion of stock for cash consideration
- E) Name of company after business combination  
No change
- 2) Overview of accounting treatment applied  
This transaction is treated as a transaction with non-controlling shareholders, which falls under the category of a transaction under common control, etc., based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).
- 3) Matters concerning changes in the Company's equity interest as a result of transaction with non-controlling shareholders
- A) Main cause for change in capital surplus  
Sale of a portion of stock in a subsidiary
- B) Decreased amount of capital surplus as a result of transaction with non-controlling shareholders  
¥76,576 million (\$626 million)
- (2) Business Divestiture  
The Company, Japan Post Co., Ltd. and Toll, which are consolidated subsidiaries of the Company, transferred Toll's global express business to Australian Parcels Group Pty Ltd, Australian Parcels Pty Ltd, Tasmania Maritime Pty Ltd and NZ Logistics Holdings Limited, affiliates of Allegro Funds Pty Ltd (hereinafter collectively referred to as "Allegro") on August 31, 2021. In addition, 9 companies including Toll IPEC Pty Ltd were excluded from the scope of consolidation due to this business transfer.
- 1) Overview of the business divestiture
- A) Name of the successor companies  
Australian Parcels Group Pty Ltd, Australian Parcels Pty Ltd, Tasmania Maritime Pty Ltd, and NZ Logistics Holdings, Limited.
- B) Details of the divested business  
The global express business of Toll
- C) Main reason for the business divestiture  
The Japan Post Group has considered various business strategic options to enhance Toll's growth, but ultimately decided that the best option would be to sell the global express business, which has experienced a continuing deterioration in business performance. As a result of careful consideration by the Japan Post Group, Toll consented to enter into an agreement to transfer its global express business to Allegro.
- D) Date of the business divestiture  
August 31, 2021
- E) Other matters on overview of the transaction including legal form  
A business transfer in exchange for consideration limited to cash and other property
- 2) Overview of the accounting treatment applied
- A) Amount of gain and loss due to the transfer  
Losses on sale of businesses: ¥10,898 million (\$89 million)  
The above amount may fluctuate to some extent because the final transfer price will be determined based on the terms of the transfer contract.
- B) Appropriate book value of assets and liabilities of the transferred business  
Total assets: ¥137,075 million (\$1,120 million)  
Total liabilities: ¥136,351 million (\$1,114 million)
- C) Accounting treatment  
The difference between the fair value of assets received as consideration for the transfer and the shareholders' equity amount attributable to the transferred business has been recorded as losses on sale of businesses in "Other expenses," assuming the investment in the transferred global express business has been liquidated.
- 3) Reportable segment that contained the divested business  
International logistics business
- 4) Estimated amount of profit and loss of the divested business recorded in the consolidated statements of income for the fiscal year ended March 31, 2022  
Income: ¥99,212 million (\$811 million)

## 26. SEGMENT INFORMATION

- (1) Outline of Reportable Segments  
The Group's reportable segments are categorized based on certain criteria for which discrete financial information is available and reviewed regularly by the management in order to make decisions about resources to be allocated to the segment and assess its performance.  
The Group assesses business performance primarily by assessing the performance of each individual consolidated subsidiary and as such recognizes each consolidated subsidiary as an identifiable business segment unit except for Japan Post Co., Ltd., which is classified into postal and domestic logistics business segment and post office business segment. The Group determines its reportable segments by aggregating business segment units with similar economic characteristics, market selling products and services, customer type and other factors.  
The Group's reportable segments are (1) postal and domestic logistics business and (2) post office business operated mainly by Japan Post Co., Ltd., (3) international logistics business operated mainly by Toll, (4) banking business operated mainly by Japan Post Bank Co., Ltd., and (5) life insurance business operated mainly by Japan Post Insurance Co., Ltd.

(Changes in classification of reportable segments)

Pursuant to a partial change in performance management classifications within the Group, the businesses conducted by Japan Post Information Technology Co., Ltd. and System Trust Laboratory Co., Ltd., which were previously included in "Other" for the purposes of classifying the Group's reportable segment, have been reclassified as part of the "Post office" business beginning from the fiscal year ended March 31, 2022.

The segment information for the fiscal year ended March 31, 2021 was presented based on the new classification.

- (2) Method of Calculating Income, Profit and Loss, and Assets and Other Items by Reportable Segment  
Accounting policies applied to the reportable segments are the same as those described in Note 2 "SIGNIFICANT ACCOUNTING POLICIES." Intersegment income is determined based on market prices or total cost.

(Application of the Revenue Recognition Accounting Standard)

As described in Note 2 (24) "Changes in Accounting Policies," the Group has applied the Revenue Recognition Accounting Standard from the fiscal year ended March 31, 2022. With this change in the accounting treatment for revenue recognition, the Company has correspondingly changed the method used to calculate business segment profit or loss.

As a result of this change, during the fiscal year ended March 31, 2022, income and segment profit for the postal and domestic logistics business decreased by ¥2,689 million (\$22 million) and ¥1,980 million (\$16 million), respectively; and income for the post office business decreased by ¥59,679 million (\$488 million); and income for the banking business decreased by ¥779 million (\$6 million) while segment profit increased by ¥51 million (\$0 million); and income and segment profit for the other business decreased by ¥534 million (\$4 million) and ¥9 million (\$0 million), respectively, compared to the previous method.

(3) Selected Financial Information on Reportable Segment

(Millions of Yen)

Year ended March 31	2022							
	Reportable segment						Other <sup>2</sup>	Total
	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total		
Income <sup>1</sup> :								
Income from third parties	¥ 2,003,084	¥ 88,635	¥ 687,579	¥ 1,976,004	¥ 6,454,191	¥ 11,209,496	¥ 52,826	¥ 11,262,323
Intersegment income	40,540	1,069,917	237	1,637	16	1,112,348	278,899	1,391,247
Total	¥ 2,043,624	¥ 1,158,552	¥ 687,817	¥ 1,977,642	¥ 6,454,208	¥ 12,321,845	¥ 331,725	¥ 12,653,571
Segment profit	¥ 103,898	¥ 24,742	¥ 21,226	¥ 490,893	¥ 356,113	¥ 996,874	¥ 209,273	¥ 1,206,147
Segment assets	2,185,467	2,635,119	435,273	232,954,438	67,174,796	305,385,095	5,921,129	311,306,224
Other items:								
Depreciation and amortization	71,381	37,758	36,620	37,716	54,562	238,039	17,708	255,748
Amortization of goodwill	183	—	—	—	—	183	1,133	1,317
Interest and dividend income	10	1	375	1,369,735	985,879	2,356,001	10,007	2,366,008
Interest expenses	817	0	7,872	226,652	2,352	237,696	52	237,749
Equity in earnings of affiliates	—	358	879	290	—	1,527	—	1,527
Gains on sales of fixed assets	60	7,025	1,815	6,379	5,696	20,977	661	21,639
Losses on sales and disposal of fixed assets	1,258	1,001	965	681	326	4,234	379	4,613
Losses on impairment of fixed assets	659	3,035	576	15	—	4,286	6,995	11,282
Provision for reserve for price fluctuation	—	—	—	—	67,789	67,789	—	67,789
Post office refurbishment expenses	—	—	—	—	—	—	—	—
Provision for reserve for policyholder dividends	—	—	—	—	73,113	73,113	—	73,113
Income taxes	32,380	4,638	6,466	142,348	62,517	248,350	(25,571)	222,779
Investments in affiliates accounted for by the equity method	—	2,564	11,413	1,063	—	15,041	—	15,041
Increase in tangible fixed assets and intangible assets	38,238	35,199	20,468	44,685	31,958	170,550	49,331	219,882

(Millions of Yen)

Year ended March 31	2021							
	Reportable segment						Other <sup>2</sup>	Total
	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total		
Income <sup>1</sup> :								
Income from third parties	¥ 2,030,969	¥ 158,759	¥ 749,862	¥ 1,944,878	¥ 6,786,210	¥ 11,670,681	¥ 46,077	¥ 11,716,758
Intersegment income	40,907	1,126,706	206	1,833	16	1,169,671	165,331	1,335,002
Total	¥ 2,071,877	¥ 1,285,465	¥ 750,069	¥ 1,946,712	¥ 6,786,226	¥ 12,840,352	¥ 211,408	¥ 13,051,760
Segment profit (loss)	¥ 126,587	¥ 39,846	¥ (7,003)	¥ 394,206	¥ 345,736	¥ 899,373	¥ 113,110	¥ 1,012,483
Segment assets	2,029,293	2,649,894	529,536	223,870,630	70,172,982	299,252,337	6,058,846	305,311,183
Other items:								
Depreciation and amortization	82,132	44,132	51,129	35,033	59,387	271,814	14,879	286,694
Amortization of goodwill	—	—	—	—	—	—	167	167
Interest and dividend income	9	1	183	1,198,391	1,004,635	2,203,221	7,376	2,210,598
Interest expenses	550	1	10,685	241,154	2,312	254,705	1	254,706
Equity in earnings of affiliates	—	238	48	273	—	560	—	560
Gains on sales of fixed assets	12	498	5,096	—	—	5,606	1,636	7,243
Losses on sales and disposal of fixed assets	703	922	294	560	255	2,736	528	3,264
Losses on impairment of fixed assets	682	12,925	72,000	1,006	—	86,614	6,935	93,550
Provision for reserve for price fluctuation	—	—	—	—	46,477	46,477	—	46,477
Post office refurbishment expenses	—	—	—	—	—	—	4,915	4,915
Provision for reserve for policyholder dividends	—	—	—	—	65,465	65,465	—	65,465
Income taxes	1,026	1,884	(274)	113,124	67,434	183,195	2,610	185,806
Investments in affiliates accounted for by the equity method	—	2,215	9,703	1,073	—	12,992	—	12,992
Increase in tangible fixed assets and intangible assets	26,936	67,557	27,587	41,178	33,110	196,370	44,652	241,023

(Millions of U.S. Dollars)

Year ended March 31	2022							
	Reportable segment						Other <sup>2</sup>	Total
	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total		
Income <sup>1</sup> :								
Income from third parties	\$ 16,366	\$ 724	\$ 5,618	\$ 16,145	\$ 52,735	\$ 91,588	\$ 432	\$ 92,020
Intersegment income	331	8,742	2	13	0	9,089	2,279	11,367
Total	\$ 16,697	\$ 9,466	\$ 5,620	\$ 16,159	\$ 52,735	\$ 100,677	\$ 2,710	\$ 103,387
Segment profit	\$ 849	\$ 202	\$ 173	\$ 4,011	\$ 2,910	\$ 8,145	\$ 1,710	\$ 9,855
Segment assets	17,857	21,531	3,556	1,903,378	548,859	2,495,180	48,379	2,543,559
Other items:								
Depreciation and amortization	583	309	299	308	446	1,945	145	2,090
Amortization of goodwill	1	—	—	—	—	1	9	11
Interest and dividend income	0	0	3	11,192	8,055	19,250	82	19,332
Interest expenses	7	0	64	1,852	19	1,942	0	1,943
Equity in earnings of affiliates	—	3	7	2	—	12	—	12
Gains on sales of fixed assets	0	57	15	52	47	171	5	177
Losses on sales and disposal of fixed assets	10	8	8	6	3	35	3	38
Losses on impairment of fixed assets	5	25	5	0	—	35	57	92
Provision for reserve for price fluctuation	—	—	—	—	554	554	—	554
Post office refurbishment expenses	—	—	—	—	—	—	—	—
Provision for reserve for policyholder dividends	—	—	—	—	597	597	—	597
Income taxes	265	38	53	1,163	511	2,029	(209)	1,820
Investments in affiliates accounted for by the equity method	—	21	93	9	—	123	—	123
Increase in tangible fixed assets and intangible assets	312	288	167	365	261	1,393	403	1,797

Notes:

1. Income is presented instead of net sales which is typical for companies in other industries.

2. Other business includes the hotel business and the hospital business. Segment profit in other business includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥203,393 million (\$1,662 million) and ¥97,209 million for the fiscal years ended March 31, 2022 and 2021, respectively.

(4) Reconciliation of Amounts Reported on Reportable Segments and Consolidated Financial Statements

1) Reconciliation of amounts reported on reportable segments and on the consolidated statements of income

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Total income of reportable segments <sup>1</sup>	¥ 12,321,845	¥ 12,840,352	\$ 100,677
Income of other business <sup>1</sup>	331,725	221,408	2,710
Eliminations of intersegment transactions	(1,391,247)	(1,335,002)	(11,367)
Adjustments <sup>2</sup>	2,451	3,644	20
Subtotal	¥ 11,264,774	¥ 11,720,403	\$ 92,040
Gains on sales of fixed assets	21,639	7,243	177
Compensation for transfer	1,185	1,482	10
Compensation income	—	1,795	—
Insurance claim income	4,383	1,973	36
Other	2,232	1,202	18
Total income on the consolidated statements of income	¥ 11,294,215	¥ 11,734,100	\$ 92,281

Notes:

1. Income is presented instead of net sales which is typical for companies in other industries.

2. "Adjustments" are primarily due to differences in the calculation methods used for income for the international logistics business segment and the consolidated statements of income.

2) Reconciliation between total segment profit of reportable segments and income before income taxes on the consolidated statements of income

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Total segment profit (loss) of reportable segments	¥ 996,874	¥ 899,373	\$ 8,145
Segment profit in other business	209,273	113,110	1,710
Eliminations of intersegment transactions	(211,684)	(92,024)	(1,730)
Adjustments <sup>1</sup>	(2,997)	(6,294)	(24)
Subtotal	¥ 991,464	¥ 914,164	\$ 8,101
Gains on sales of fixed assets	21,639	7,243	177
Compensation for transfer	1,185	1,482	10
Compensation income	—	1,795	—
Insurance claim income <sup>2</sup>	4,383	1,973	36
Losses on sales and disposal of fixed assets	(4,609)	(3,259)	(38)
Losses on impairment of fixed assets	(11,280)	(93,545)	(92)
Provision for reserve for price fluctuation	(67,789)	(46,477)	(554)
Losses on sale of businesses	(10,898)	—	(89)
Post office refurbishment expenses	—	(4,915)	—
Provision for reserve for policyholder dividends	(73,113)	(65,465)	(597)
Other, net	(9,693)	(18,471)	(79)
Income before income taxes on the consolidated statements of income	¥ 841,287	¥ 694,525	\$ 6,874

Note: "Adjustments" are primarily due to differences in the calculation methods used for segment profit or loss for the international logistics business segment and income before income taxes on the consolidated statements of income.

3) Reconciliation between total segment assets of reportable segments and total assets on the consolidated balance sheets

March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Total segment assets of reportable segments	¥ 305,385,095	¥ 299,252,337	\$ 2,495,180
Segment assets in other business	5,921,129	6,058,846	48,379
Eliminations of intersegment transactions	(7,459,244)	(7,573,052)	(60,947)
Total assets on the consolidated balance sheets	¥ 303,846,980	¥ 297,738,131	\$ 2,482,613

4) Reconciliation between other items on reportable segments and the amounts of items equivalent to those items on the consolidated financial statements

(Millions of Yen)

Year ended March 31	2022			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 238,039	¥ 17,708	¥ (386)	¥ 255,361
Amortization of goodwill	183	1,133	—	1,317
Interest and dividend income	2,356,001	10,007	(0)	2,366,008
Interest expenses	237,696	52	(265)	237,483
Equity in earnings of affiliates	1,527	—	—	1,527
Gains on sales of fixed assets	20,977	661	—	21,639
Losses on sales and disposal of fixed assets	4,234	379	(4)	4,609
Losses on impairment of fixed assets	4,286	6,995	(1)	11,280
Provision for reserve for price fluctuation	67,789	—	—	67,789
Post office refurbishment expenses	—	—	—	—
Provision for reserve for policyholder dividends	73,113	—	—	73,113
Income taxes	248,350	(25,571)	—	222,779
Investments in affiliates accounted for by the equity method	15,041	—	—	15,041
Increase in tangible fixed assets and intangible assets	170,550	49,331	(143)	219,739

(Millions of Yen)

Year ended March 31	2021			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 271,814	¥ 14,879	¥ (410)	¥ 286,283
Amortization of goodwill	—	167	—	167
Interest and dividend income	2,203,221	7,376	(264)	2,210,334
Interest expenses	254,705	1	(264)	254,441
Equity in earnings of affiliates	560	—	—	560
Gains on sales of fixed assets	5,606	1,636	—	7,243
Losses on sales and disposal of fixed assets	2,736	528	(5)	3,259
Losses on impairment of fixed assets	86,614	6,935	(4)	93,545
Provision for reserve for price fluctuation	46,477	—	—	46,477
Post office refurbishment expenses	—	4,915	—	4,915
Provision for reserve for policyholder dividends	65,465	—	—	65,465
Income taxes	183,195	2,610	—	185,806
Investments in affiliates accounted for by the equity method	12,992	—	—	12,992
Increase in tangible fixed assets and intangible assets	196,370	44,652	(483)	240,540

(Millions of U.S. Dollars)

Year ended March 31	2022			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	\$ 1,945	\$ 145	\$ (3)	\$ 2,086
Amortization of goodwill	1	9	—	11
Interest and dividend income	19,250	82	(0)	19,332
Interest expenses	1,942	0	(2)	1,940
Equity in earnings of affiliates	12	—	—	12
Gains on sales of fixed assets	171	5	—	177
Losses on sales and disposal of fixed assets	35	3	(0)	38
Losses on impairment of fixed assets	35	57	(0)	92
Provision for reserve for price fluctuation	554	—	—	554
Post office refurbishment expenses	—	—	—	—
Provision for reserve for policyholder dividends	597	—	—	597
Income taxes	2,029	(209)	—	1,820
Investments in affiliates accounted for by the equity method	123	—	—	123
Increase in tangible fixed assets and intangible assets	1,393	403	(1)	1,795



## (5) Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment

(Millions of Yen)

Year ended March 31	2022							
	Reportable segment						Other	Total
	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total		
Amortization of goodwill	¥ 183	¥ —	¥ —	¥ —	¥ —	¥ 183	¥ 1,133	¥ 1,317
Unamortized balance of goodwill	—	—	—	—	—	—	8,905	8,905

(Millions of Yen)

Year ended March 31	2021							
	Reportable segment						Other	Total
	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total		
Amortization of goodwill	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 167	¥ 167
Unamortized balance of goodwill	—	—	—	—	—	—	2,383	2,383

(Millions of U.S. Dollars)

Year ended March 31	2022							
	Reportable segment						Other	Total
	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total		
Amortization of goodwill	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 9	\$ 11
Unamortized balance of goodwill	—	—	—	—	—	—	73	73

## (6) Information on Gains on Negative Goodwill by Reportable Segment

There were no gains on negative goodwill for the fiscal years ended March 31, 2022 and 2021.

## (7) Supplemental Information

## 1) Information by services

This information is omitted because similar information has been presented above for the fiscal years ended March 31, 2022 and 2021.

## 2) Information by geographic region

## A) Income

This information is omitted because income to customers in Japan exceeded 90% of income in the consolidated statements of income for the fiscal years ended March 31, 2022 and 2021.

## B) Tangible fixed assets

This information is omitted because the balance of tangible fixed assets in Japan exceeded 90% of the total balance on the consolidated balance sheets for the fiscal years ended March 31, 2022 and 2021.

## 3) Information by major customer

This information is omitted because no customer accounted for 10% or more of income in the consolidated statements of income for the fiscal years ended March 31, 2022 and 2021.

## 27. PER SHARE DATA

March 31	Yen		U.S. Dollars
	2022	2021	2022
Net assets per share <sup>2 and 3</sup>	¥ 3,361.06	¥ 3,411.60	\$ 27.46

Years ended March 31	Yen		U.S. Dollars
	2022	2021	2022
Net income per share <sup>2 and 5</sup>	¥ 131.93	¥ 103.44	\$ 1.08

Notes:

1. Diluted net income per share is not presented for the fiscal years ended March 31, 2022 and 2021 as potential common stock did not exist.

2. As described in Note 2 (24) "Changes in Accounting Policies," the Group has applied the Revenue Recognition Accounting Standard from the fiscal year ended March 31, 2022. As a result, net assets per share as of March 31, 2022 and net income per share for the fiscal year ended March 31, 2022 decreased by ¥0.51 (\$0.00).

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

March 31	Millions of yen		Millions of U.S. Dollars
	2022	2021	2022
Net assets	¥ 14,688,981	¥ 16,071,067	\$ 120,018
Amount deducted from net assets:			
Non-controlling interests	2,379,590	2,276,705	19,443
Net assets attributable to common stock at the fiscal year-end	¥ 12,309,391	¥ 13,794,361	\$ 100,575

(Thousands of shares)

March 31	2022	2021
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share <sup>4</sup>	3,662,350	4,043,364

4. The number of treasury stock excluded from the number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share includes the number of shares of the Company held by the management board benefit trust. The number of shares of the Company held by the management board benefit trust excluded from the calculation of net assets per share was 375,400 shares and 496,100 shares as of March 31, 2022 and 2021, respectively.
5. Net income per share is calculated based on the following:

Years ended March 31	Millions of yen		Millions of U.S. Dollars
	2022	2021	2022
Net income attributable to Japan Post Holdings	¥ 501,685	¥ 418,238	\$ 4,099
Amount not attributable to common stockholders	—	—	—
Net income attributable to common stock	¥ 501,685	¥ 418,238	\$ 4,099

(Thousands of shares)

Years ended March 31	2022	2021
Average number of common stock outstanding during the fiscal year <sup>6</sup>	3,802,720	4,043,357

6. The number of treasury stock excluded from the average number of common stock outstanding during the fiscal year used for the calculation of net income per share includes the number of shares of the Company held by the management board benefit trust. The average number of shares of the Company held by the management board benefit trust excluded from the calculation of net income per share was 413,423 shares and 503,664 shares for the fiscal years ended March 31, 2022 and 2021, respectively.

## 28. REVENUE RECOGNITION

### (1) Disaggregation of Revenue from Contracts with Customers

The following is a disaggregation of the main components of revenue from contracts with customers in the Japan Post Group. The relationship between this revenue disaggregation and segment income is as follows.

(Millions of Yen)

Year ended March 31	2022		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	¥ 1,999,942	¥ 3,142	¥ 2,003,084
Postal operations, etc.	1,902,472		
Other	97,469		
Post office business segment	53,173	35,461	88,635
Merchandising	37,596		
Third-party financial	7,585		
Other	7,991		
International logistics business segment	686,777	802	687,579
Banking business segment	155,607	1,820,397	1,976,004
Life insurance business segment	—	6,454,191	6,454,191
Other business	30,950	21,876	52,826
Total	¥ 2,926,450	¥ 8,335,872	¥ 11,262,323

(Millions of U.S. Dollars)

Year ended March 31	2022		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	\$ 16,341	\$ 26	\$ 16,366
Postal operations, etc.	15,544		
Other	796		
Post office business segment	434	290	724
Merchandising	307		
Third-party financial	62		
Other	65		
International logistics business segment	5,611	7	5,618
Banking business segment	1,271	14,874	16,145
Life insurance business segment	—	52,735	52,735
Other business	253	179	432
Total	\$ 23,911	\$ 68,109	\$ 92,020

Note: "Other business" includes the hotel business, hospital business and other businesses not included in reportable segments.

### (2) Fundamental Information for Understanding Revenue from Contracts with Customers

#### 1) Postal and domestic logistics business

The postal and domestic logistics business consists primarily of the postal business, sale of stamps, issuance of items such as New year's postcards, domestic logistics business, and other businesses. The domestic logistics business also includes the general logistics business. The domestic logistics business involves not only the general motor truck transportation business, consigned freight forwarding business, and incidental operations related to domestic cargo but also operations equivalent to parcel and mail delivery operations (Yu-Pack, Yu-Mail).

Performance obligations underlying revenue from mail and parcels in the postal operations, etc., are satisfied over time from undertaking of the item to the completion of delivery. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation. In addition, consideration amount received before performance obligations are satisfied is recognized as contract liabilities.

For revenue related to mail and parcels, consideration amount for deferred-payment mail is generally received within one month based on separately stipulated payment terms, and for receivables based on contracts with these customers, significant financing component are not included.

#### 2) Post office business

The post office business involves not only customer counter operations, banking customer counter operations, and insurance customer counter operations related to the postal and domestic logistics business conducted by directly-managed post offices established throughout the country as sales bases to provide services to customers but also merchandising business, real estate business, third-party financial services and other related businesses.

The Group recognizes revenue from catalogue sales, etc., when goods and others are transferred to customers because that is when the customer has obtained control of the goods and others and performance obligations are deemed to be satisfied. Revenue from sales of goods and others in which the Group is deemed to be an agent is recognized at the net amount after deducting corresponding payments to suppliers.

Consideration amount for catalog sales, etc., is generally collected within one year of delivering products, etc., to customers, and for receivables based on contracts with these customers, significant financing component are not included.

3) International logistics business

The international logistics business involves the forwarding business as well as the logistics business.

Performance obligations underlying revenue from the forwarding business are satisfied over the contractual transportation period. Therefore, revenue is recognized by measuring progress toward complete satisfaction of a performance obligation. On the other hand, the Group recognizes revenue from the logistics business when the provision of services to customers is completed, because that is when performance obligations are deemed to be satisfied.

Consideration amount in the international logistics business is generally collected within one year of transferring items to customers through the provision of services to customers, and for receivables based on contracts with these customers, significant financing component are not included.

(3) Relationship between Satisfying Performance Obligations based on Contracts with Customers and Cash Flows from Those Contracts and Amount of Revenue Projected to be Recognized in the Following Fiscal Year and After from Contracts with Existing Customers as of the End of the Fiscal Year under Review

1) Balances of contract assets and contract liabilities

Receivables arising from contracts with customers, contract assets and contract liabilities were as follows. Receivables arising from contracts with customers and contract assets are included in other assets while contract liabilities are included in other liabilities in the consolidated balance sheets.

March 31	Millions of Yen	Millions of U.S. Dollars
	2022	2022
Receivables arising from contracts with customers		
Balance at the beginning of the fiscal year	¥ 280,812	\$ 2,294
Balance at the end of the fiscal year	270,339	2,209
Contract assets		
Balance at the beginning of the fiscal year	6,423	52
Balance at the end of the fiscal year	8,523	70
Contract liabilities		
Balance at the beginning of the fiscal year	44,142	361
Balance at the end of the fiscal year	46,266	378

Contract assets are primarily those related to rationally estimated revenue proportional to progress in satisfying performance obligations for received mail and parcels employing deferred payment in the postal and domestic logistics business that have not been delivered by the end of the fiscal period. Contract assets are transferred to receivables arising from contracts with customers when rights to consideration become unconditional. The consideration for deferred postage payment mail, etc., is received mostly within one month based on payment terms separately determined.

Contract liabilities are primarily the rationally estimated amount considering the degree that performance obligations have been satisfied when delivery has not been completed by the end of the fiscal year for received mail and parcels in the postal and domestic logistics business (excluding deferred payment, etc.), and the rationally estimated amount of unused items at the end of the fiscal period based on factors such as the value of remaining inventory of postal stamps at locations that sell postal stamps compared to value of purchased postal stamps. Contract liabilities are reversed as revenue is recognized.

The amount of revenue recognized in the fiscal year ended March 31, 2022 and included in contract liabilities at the beginning of the fiscal year was ¥43,792 million (\$358 million).

There were no significant amounts in revenue recognized in the fiscal year ended March 31, 2022 from performance obligations satisfied (or partially satisfied) in previous periods.

2) Transaction prices allocated to the remaining performance obligations

The Group has omitted notes by applying practical expedient because there are no material transactions for which the initially expected contract period exceeds 1 year.

29. SUBSEQUENT EVENTS

(1) Cancellation of Treasury Stock

The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the meeting of the Board of Directors held on April 25, 2022, and implemented it on May 20, 2022.

1) Reason for the cancellation of treasury stock

The Company cancelled treasury stock in order to eliminate concerns about future dilution.

2) Details of the cancellation of treasury stock

A) Class of shares cancelled: Common stock of the Company

B) Total number of shares cancelled: 110,072,529 shares (2.92% to the total number of shares issued before the cancellation)

C) Date of cancellation: May 20, 2022

(Reference)

Total number of shares issued (after the cancellation): 3,657,797,700 shares

(2) Repurchase of Treasury Stock

The Company resolved on matters concerning the repurchase of its treasury stock in accordance with Article 39, Paragraph 1 of the Company's Articles of Incorporation based on Article 459, Paragraph 1, Item 1 of the Companies Act at the meeting of the Board of Directors held on May 13, 2022.

1) Reason for the repurchase of treasury stock

Based on the capital strategy in its Medium-Term Management Plan "JP Vision 2025," the Company decided to repurchase its shares in order to improve capital efficiency and strengthen shareholder returns.

2) Details of the repurchase of treasury stock

A) Class of shares to be repurchased: Common stock of the Company

B) Total number of shares to be repurchased: 278,000,000 shares (maximum) (7.6% to the total number of shares issued (excluding treasury stock))

C) Total repurchase cost of shares: ¥200,000 million (\$1,634 million) (maximum)

D) Repurchase period: From May 16, 2022 to March 31, 2023

E) Method of repurchase: Market purchases based on discretionary transaction agreements for the repurchase of treasury stock



# Independent auditor's report

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

## Opinion

We have audited the accompanying consolidated financial statements of JAPAN POST HOLDINGS Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2022 and 2021, 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, 2022 and 2021, 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. Reasonableness of the valuation of available-for-sale securities categorized within Level 2 and Level 3 held by JAPAN POST BANK Co., Ltd.**

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (the “Company”) and its consolidated subsidiaries, Securities of ¥193,172,232 million were recognized as of March 31, 2022, accounting for approximately 64% of total assets.</p> <p>A consolidated subsidiary, JAPAN POST BANK Co., Ltd. (hereinafter, the “bank subsidiary”), manages funds raised primarily through deposits by investing them in securities, including Japanese government bonds, Japanese corporate bonds, foreign bonds and investment trusts. Available-for-sale securities booked at fair value on the bank subsidiary’s consolidated balance sheet include Japanese corporate bonds and Others (“Bonds”) of ¥15,854,418 million, which were categorized within Level 2, and Bonds of ¥214,995 million, which were categorized within Level 3. The bank subsidiary calculated the fair value based on prices mainly obtained from third parties including information vendors and brokers. However, as described in the Note 2, “SIGNIFICANT ACCOUNTING POLICIES”, (25) “Significant accounting estimates,” directly or indirectly observable market inputs such as spreads estimated based on prices of similar securities and unobservable market inputs including significant estimates, are used as key assumptions in the prices obtained from third parties.</p> <p>These key assumptions may be affected by a sudden change in market environment or a distortion in the financial markets that results in, for example, a significant widening of bid-ask spreads or a significant increase in liquidity risk premiums, and in particular, for the fair-value valuation of certain illiquid Bonds categorized within Level 2 and Level 3 (such as private placement bonds and securitized products), their estimates may have high estimation uncertainty. Accordingly, using the prices obtained from third parties as fair value involved significant management judgment, and the use of a price</p>	<p>In order to assess whether the valuation of certain illiquid Bonds categorized within Level 2 and Level 3 was reasonable, we requested the component auditor of the bank subsidiary to perform an audit. Then we evaluated the report of the component auditor to conclude on whether sufficient and appropriate audit evidence was obtained. The following audit procedures, among others, were performed:</p> <p><b>(1) Internal control testing</b></p> <p>The component auditor tested the design and operating effectiveness of certain of the bank subsidiary’s internal controls relevant to the valuation of certain Bonds categorized within Level 2 and Level 3. In this assessment, special attention was given to the following controls:</p> <ul style="list-style-type: none"> <li>● controls to validate the reasonableness of the price to be used as fair value through the comparison with prices obtained from multiple third parties; and</li> <li>● controls to validate the reasonableness of the price to be used as fair value through the examination of spreads estimated based on prices.</li> </ul> <p><b>(2) Assessment of the reasonableness of fair value</b></p> <p>For the Bonds categorized within Level 2 and Level 3 individually selected by the component auditor of the bank subsidiary, of which prices varied widely amongst various third parties as well as securitized products, the component auditor involved financial instrument valuation specialists from our member network firm and performed the following procedures:</p> <ul style="list-style-type: none"> <li>● The component auditor assessed whether the price used by the bank subsidiary as fair value was within a reasonable range by comparing it with the prices obtained directly from third parties; and</li> <li>● The component auditor assessed whether the price used by the bank subsidiary as fair value was within a reasonable range by comparing it with the price independently estimated.</li> </ul>

based on inappropriate assumptions may have a significant impact on the consolidated financial statements.

We, therefore, determined that our assessment of the reasonableness of the valuation of certain illiquid Bonds categorized within Level 2 and Level 3 held by the bank subsidiary was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

## 2. Accuracy of the calculation and sufficiency of policy reserves

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (the “Company”) and its consolidated subsidiaries, Policy reserves of ¥56,533,454 million were recognized as of March 31, 2022, accounting for approximately 20% of total liabilities.</p> <p>As described in Note 2, “SIGNIFICANT ACCOUNTING POLICIES, (9) 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 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</p>	<p>In order to assess whether the calculation of policy reserves was accurate and the amount of policy reserves was sufficient, we requested the component auditor of a consolidated subsidiary, JAPAN POST INSURANCE Co., Ltd. (hereinafter, the “insurance subsidiary”), to perform an audit. Then we evaluated the report of the component auditor to conclude on whether sufficient and appropriate audit evidence was obtained. The following procedures, among others, were performed by involving actuarial specialists and IT system specialists within our firm:</p> <p><b>(1) Internal control testing</b></p> <p>The component auditor tested the design and operating effectiveness of certain of the insurance subsidiary’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"> <li>● IT controls over the policy reserve calculation system to ensure the accuracy of the calculation of policy reserves;</li> <li>● controls that the actuarial-related departments ensure that policy reserves are recognized completely for all of the insurance subsidiary’s insurance contracts;</li> <li>● 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</li> </ul>



<p>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 one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>calculation system used for financial reporting purpose; and</p> <ul style="list-style-type: none"> <li>● controls that the insurance subsidiary's management receives the opinion report of the chief actuary to evaluate the sufficiency of policy reserves.</li> </ul> <p><b>(2) Assessment of the accuracy of the calculation of policy reserves</b></p> <ul style="list-style-type: none"> <li>● The component auditor confirmed that the policy reserves which were revised during the current fiscal year were accurately calculated in accordance with the statements of calculation procedures approved by the FSA through recalculation; and</li> <li>● The component auditor 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.</li> </ul> <p><b>(3) Assessment of the sufficiency of the amount of policy reserves</b></p> <ul style="list-style-type: none"> <li>● The component auditor 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 results of the previous fiscal year; and</li> </ul> <p>The component auditor 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.</p>
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### 3. Reasonableness of management's judgment on the recoverability of deferred tax assets related to policy reserves and reserve for price fluctuations

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (the "Company") and its consolidated subsidiaries, Deferred tax assets of ¥1,019,228 million were recognized as of March 31, 2022. As described in Note 16, "DEFERRED TAX ASSETS AND LIABILITIES" to the consolidated financial statements, the amount of gross deferred tax</p>	<p>In order to assess whether management's judgment on the recoverability of deferred tax assets related to policy reserves and reserve for price fluctuations was appropriate, we requested the component auditor of the insurance subsidiary to perform an audit. Then we evaluated the report of the component auditor to conclude on whether sufficient and appropriate audit</p>



assets before being offset by deferred tax liabilities amounted to ¥1,776,668 million. Of this amount, the deferred tax assets related to policy reserves and reserve for price fluctuations were ¥1,026,908 million and ¥248,305 million, respectively, accounting for a significant portion.

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 a company category determined in accordance with “Implementation Guidance on Recoverability of Deferred Tax Assets” (Guidance No. 26 of the Accounting Standards Board of Japan) and the estimated future taxable income.

As described in Note 16, “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 have an effect of reducing the amount of tax payable. The future taxable income to be generated was estimated based on the business plan prepared by management of a consolidated subsidiary, JAPAN POST INSURANCE Co., Ltd. (hereinafter, the “insurance subsidiary”) for the current fiscal year. Accordingly, the estimate involved significant management judgment on key assumptions, such as forecasts of the level of insurance product sales, the amount of insurance claims and other benefit payments, investment income and operating expenses.

We, therefore, determined that our assessment of the reasonableness of management’s judgment on the recoverability of deferred tax assets related to policy reserves and reserve for price fluctuations was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

evidence was obtained. The following audit procedures, among others, were performed:

### (1) Internal control testing

The component auditor tested the design and operating effectiveness of certain of the insurance subsidiary’s internal controls relevant to the estimate of future taxable income, including those over the development of a business plan.

### (2) Assessment of a company category

The component auditor evaluated the appropriateness of a company category determined in accordance with “Implementation Guidance on Recoverability of Deferred Tax Assets,” with a particular focus on the assessment of whether significant changes in the business environment of the insurance subsidiary were expected in the near future.

### (3) Assessment of the appropriateness and feasibility of estimated future taxable income

- The component auditor inquired of the insurance subsidiary’s management and the personnel in the relevant department and obtained an understanding of assumptions underlying the insurance subsidiary’s business plan, which formed the basis for the estimate of future taxable income;
- The component auditor obtained an understanding of main causes of any differences between the future taxable income estimated in the previous fiscal years and the actual results by inquiring of the insurance subsidiary’s personnel in the relevant department and assessed their impacts to the estimated future taxable income; and
- The component auditor confirmed the consistency between the estimated future taxable income and the business plan.

## Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated 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 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, related safeguards.

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.

### Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 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/ AZAMI Kazuhiko  
Designated Engagement Partner  
Certified Public Accountant

/S/ MAENO Atsuji  
Designated Engagement Partner  
Certified Public Accountant

/S/ TOYAMA Takahiro  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
August 10, 2022

#### **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.

## Capital Adequacy

### Matters for Disclosure Concerning Composition of Capital

Capital structure  
Consolidated capital adequacy ratio (domestic standard)

(Millions of yen)

Items	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Core Capital: instruments and reserves		
Directly issued qualifying common stock or preferred stock mandatorily converted into common stock capital plus related capital surplus and retained earnings	¥ 10,151,816	¥ 10,218,464
of which: capital and capital surplus	5,102,510	7,652,892
of which: retained earnings	5,349,170	3,620,048
of which: treasury stock (deduction)	96,106	831,661
of which: cash dividends to be paid (deduction)	203,758	222,815
of which: other than those above	—	—
Accumulated other comprehensive income included in Core Capital	56,069	99,712
of which: foreign currency translation adjustments	(112,443)	(104,433)
of which: remeasurements of defined benefit plans	168,512	204,146
Subscription rights to common stock or preferred stock mandatorily converted into common stock	—	—
Adjusted non-controlling interests (amount allowed to be included in Core Capital)	255,976	251,813
Reserves included in Core Capital: instruments and reserves	224	247
of which: general reserve for possible loan losses	224	247
of which: eligible reserve	—	—
Eligible non-cumulative perpetual preferred stock subject to phase out arrangement included in Core Capital: instruments and reserves	—	—
Eligible capital instrument subject to phase out arrangement included in Core Capital: instruments and reserves	—	—
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	—	—
45% of revaluation reserve for land included in Core Capital: instruments and reserves	—	—
Non-controlling interests included in Core Capital subject to phase out arrangement	542,641	605,697
Core Capital: instruments and reserves (A)	11,006,729	11,175,935
Core Capital: regulatory adjustments		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	93,860	88,744
of which: goodwill (net of related tax liability, including those equivalent)	8,905	2,383
of which: other intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	84,954	86,360
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—
Shortfall of eligible provisions to expected losses	—	—
Securitization gain on sale	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Net defined benefit asset	48,312	44,528
Investments in own shares (excluding those reported in the Net Assets section)	—	—
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Holding Company Group	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ("Non-significant Investment") (amount above the 10% threshold)	—	—

(Millions of yen)

Item	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Amount exceeding the 10% threshold on specified items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specified items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core Capital: regulatory adjustments (B)	142,172	133,272
Total capital		
Total capital ((A) - (B)) (C)	10,864,556	11,042,663
Risk-weighted assets		
Credit risk-weighted assets	60,339,441	60,117,356
of which: total of items included in risk-weighted assets subject to transitional arrangements	—	—
of which: Other Financial Institutions Exposures	—	—
of which: other than those above	—	—
Market risk equivalent / 8%	—	—
Operational risk equivalent / 8%	2,784,254	2,801,572
Credit risk-weighted assets adjustments	—	—
Operational risk equivalent adjustments	—	—
Total amount of risk-weighted assets (D)	63,123,696	62,918,929
Capital adequacy ratio		
Capital adequacy ratio ((C) / (D))	17.21%	17.55%

Note 1: The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006, hereinafter referred to as Holding Company Capital Adequacy Ratio Notice). The data is calculated on a consolidated basis and according to the domestic standard.

Note 2: In accordance with Article 15, Paragraph 3 of the Holding Company Capital Adequacy Ratio Notice, Japan Post Insurance Co., Ltd. is not included in the scope of consolidation.

## 1. Scope of consolidation

(1) Differences and the causes of the relevant differences between companies belonging to the Japan Post Group that calculate the consolidated capital adequacy ratio in accordance with Article 15 of the Financial Service Agency's (FSA) Holding Company Capital Adequacy Ratio Notice and companies that are included in the scope of consolidation in accordance with Regulations for Consolidated Financial Statements. The Company calculates its consolidated capital adequacy ratio as follows. Pursuant to Article 52-25 of the Banking Act, Consolidated capital adequacy ratio is calculated its capital adequacy in accordance with the capital adequacy ratio measurement guidelines, FSA's Notice No. 20, March 27, 2006 (hereinafter referred to as Holding Company Capital Adequacy Ratio Notice), which requires the bank holding company to calculate its capital adequacy based on assessment of the assets of the bank holding company and its subsidiaries. Please refer to pages 95 through 96 for the names of principal subsidiaries. In accordance with Article 15, the Group is comprised of the following 244 companies (hereafter the "Group") for the purpose of the calculation of the consolidated capital ratio. In accordance with the provisions of Article 15, Paragraph 3 of the Holding Company Capital Adequacy Ratio Notice, Japan Post Insurance Co., Ltd., an insurance subsidiary, is not included in the scope of consolidation.

However, according to the Regulations of Consolidated Financial Statements, the scope of consolidation includes 245 companies, comprising 244 consolidated subsidiaries and Japan Post Insurance Co., Ltd., a Group company.

Further details on Japan Post Insurance Co., Ltd. are presented on pages 42 and 103 through 105.

(2) Number of consolidated subsidiaries and names and details of main business activities of principal consolidated subsidiaries within the Group

As mentioned previously, the Group is composed of the Company and 244 companies under the Holding Company Capital Adequacy Ratio Notice.

Principal consolidated subsidiaries are Japan Post Co., Ltd. and Japan Post Bank Co., Ltd. For details on business activities of the principal consolidated subsidiaries, refer to pages 40 through 42 and 97 through 102 of this report.

(3) Number of affiliated corporations engaged in financial businesses subject to application of Article 21 of the Holding Company Capital Adequacy Ratio Notice, names of affiliated companies engaged in the relevant financial businesses, total amounts of assets and total amounts of net assets on the balance sheets and details of principal businesses

None

(4) Names of companies belonging to the Group that are not included in the scope of consolidation and companies not belonging to the Group that are included in the scope of consolidation, total amounts of assets and total amounts of net assets on the balance sheets and details of principal businesses

1) Companies belonging to the Group that are not included in the scope of consolidation

None

2) Companies not belonging to the Group that are included in the scope of consolidation

Japan Post Insurance Co., Ltd.

Refer to page 107 of this report for details on the total amount of assets and total amount of net assets for Japan Post Insurance Co., Ltd. and to page 42 of this report for details about the company's main business activities.

(5) Restrictions on transfer of funds and common stock among companies in the Holding Company Group

None

2. Overview of capital instruments (This entire amount or partial amount are referred to as capital instruments and included in basic items of Core Capital as calculated under Article 14 of Holding Company Capital Adequacy Ratio Notice.)

The Company raises capital through equity financing (issuance of common stock).

3. Overview of method for evaluating the level of capital adequacy for the Group

With regard to the current adequacy of capital, the consolidated capital adequacy ratio as of March 31, 2022 calculated in accordance with the Holding Company Capital Adequacy Ratio Notice was 17.21%. This level is substantially higher than the 4% capital adequacy ratio of the domestic standard. When calculating the consolidated capital adequacy ratio, the standardized approach is used for credit risk and the basic indicator approach is used for operational risk. A figure for market risk is not included.

Japan Post Bank holds most of the assets with risk exposure concerning risk categories for companies belonging to the holding company's group with regard to the Holding Company Capital Adequacy Ratio Notice. Consequently, the following section covers primarily risk management at Japan Post Bank.

As a bank holding company, Japan Post Holdings monitors the overall risk management framework at Japan Post Bank. In addition, the holding company supervises risk management for the entire Group in accordance with the Basic Policy for Group Risk Management. Please refer to "Japan Post Group Risk Management" on pages 78 through 79 for more information about risk management for the Japan Post Group.

4. Credit risk

(1) Summary of risk management policy and procedures

Credit risk is the risk of incurring a loss due to a decline in the value of assets (including off-balance-sheet assets), or total loss of value due to the deteriorating financial condition of an obligor or to other factors.

Japan Post Bank uses a statistical method called value at risk (VaR) to quantify credit risk exposure. Japan Post Bank monitors its credit risk limit amounts on an ongoing basis in order to ensure that VaR does not exceed allocated risk capital. Japan Post Bank also carries out stress testing to consider the possibility of credit risk due to large-scale economic fluctuations outside those in the VaR model.

Japan Post Bank sets credit limits for exposure for individual companies, corporate groups, and countries and areas and manages and monitors this exposure in order to control credit concentration risk.

To provide a system of checks and balances for credit risk management, Japan Post Bank has a Risk Management Department, positioned as a middle management unit, and a Credit Department, positioned as a credit control unit. Within the Bank's organization, these units are independent of front-office and back-office operations. The Risk Management Department oversees credit risk measurements, credit concentration risk management, internal credit rating systems and other activities associated with credit risks. The Credit Department is responsible for individual credit account management, including assigning internal credit ratings, monitoring borrowers, managing major loan accounts and screening prospective loan deals.

The Risk Management Committee, ALM Committee and Executive Committee hold discussions and reach decisions on matters concerning the establishment and operation of credit risk management programs and on credit risk management.

Moreover, Japan Post Bank conducts credit business with the basic principles of public welfare, financial soundness and profitability. The Bank establishes the credit code to underpin sound and appropriate credit business activities by all executives and employees, in which the Bank has defined in writing its basic philosophy, action guidelines and other items of credit business.

Reserve for possible loan losses is provided for in accordance with the write-off and provision standards from the "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (Japanese Institute of Certified Public



Accountants (JICPA), Special Committee for Audits of Banks, etc., Report No. 4). In accordance with self-assessment standards for assets, all loans are categorized by marketing departments and then audited by independent credit assessment departments.

Moreover, Japan Post Bank continuously monitors individual obligor's ability to meet the financial obligations, their financial condition and other factors affecting their credit standing in order to check obligors' credit risk in a timely and suitable manner. Additionally, Japan Post Bank performs even more-strict monitoring of borrowers with business conditions requiring close attention, such as borrowers at risk of having their credit rating downgraded due to deteriorating business results and borrowers with a steep decline in their stock price.

(2) Portfolios where the standardized approach is applied

1) Qualified rating agencies, etc., used in making judgments on risk weights

When making judgments on risk weight, Japan Post Bank uses the credit ratings of four rating agencies and the Organisation for Economic Co-operation and Development (OECD). The four credit rating agencies are Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); and S&P Global Ratings (S&P).

2) Qualified rating agencies, etc., used to determine risk weight for each category of exposure

Japan Post Bank uses the following qualified rating agencies for each of the following credit risk exposure categories.

In the case where multiple credit rating agencies provide ratings, the Bank selects the credit rating that yields the second smallest risk weight in accordance with Ministerial Notification of Capital Adequacy Ratio of the FSA's Notice No. 19, March 27, 2006, criteria on whether or not the adequacy of equity capital of a Bank is appropriate in light of the circumstances such as the assets owned by that Bank as stipulated by Article 14-2 of the Banking Act (hereinafter referred to as "Capital Adequacy Ratio Notice").

Exposure		Rating agencies
Central governments and central banks	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Non-central government public-sector entities		R&I, JCR, Moody's, S&P
Foreign non-central government public-sector entities		Moody's, S&P, OECD
Multilateral Development Banks		Moody's, S&P
Japan Finance Organization for Municipalities		R&I, JCR, Moody's, S&P
Japanese government agencies		R&I, JCR, Moody's, S&P
Three regional public corporations under Japanese local governments		R&I, JCR, Moody's, S&P
Financial institutions and Type I Financial Instruments Business Operators	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Corporates	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P
Securitization transactions		R&I, JCR, Moody's, S&P

5. Summary of risk management policy and procedures for credit risk mitigation methods

In calculating the capital adequacy ratio, Japan Post Bank applies "credit risk mitigation methods" prescribed in the Capital Adequacy Ratio Notice. These methods are used to incorporate the risk mitigation effects of collateral, guarantees and other items in the capital adequacy ratio. These methods include qualified financial collateral, the netting of loans and self deposits, and guarantees and credit derivatives.

■ Types of qualified financial collateral

Japan Post Bank accepts cash, self-deposits and securities as qualified financial collateral.

■ Summary of policy and procedures for valuation and management of collateral

Japan Post Bank changed the method of applying eligible financial collateral from the "simplified method" to the "comprehensive method" as prescribed in the Capital Adequacy Ratio Notification as of March 31, 2022.

The Bank has established internal bank procedures to permit the timely disposal or acquisition of qualified financial collateral based on contracts concerning collateral as prescribed in loan agreements, etc.

■ Summary of policy and procedures for offsetting loans and self-deposits and types and scope of applicable transactions

For the use of the netting of loans and self-deposits, as prescribed in the special terms for netting in the bank transaction agreement, etc., Japan Post Bank uses the remaining amount after netting loans and self-deposits as the amount of exposure for calculating the capital adequacy ratio.

As of the end of March 2022, Japan Post Bank was not using the off-setting of loans and self-deposits.

■ Categories and credit standing of guarantors and major credit derivative counterparties

Principal guarantors at Japan Post Bank are the central governments, etc., to which lower risk weightings than the guaranteed obligations are applied.

Additionally, credit derivative counterparties are the financial institutions to which lower risk weightings than the reference obligations are applied.

■ Summary of policy and procedures when using legally binding mutual netting contracts for derivative transactions and transactions with re-purchase agreements and categories and scope of applicable transactions

Japan Post Bank considers the results of derivatives transactions, including interest swaps and currency swaps, for which it has concluded effective netting contracts in accordance with the legal systems of each country in which it carries out transactions

■ Information concerning concentrations of credit risk and market risk associated with the use of credit risk mitigation methods

The principal credit risk mitigation methods of Japan Post Bank are qualified financial collateral that use cash and self-deposits and there is no concentration of credit risk and market risk.

6. Summary of risk management policy and procedures for counterparty risk concerning derivative transactions and transactions with long-term settlements

(1) Policy on collateral security and reserve calculation, impact in the event of need for provision of additional collateral due to downturn in credit standing of Japan Post Bank

As required, Japan Post Bank enters into contracts for the mitigation of credit risk in which collateral is periodically submitted or received with the derivative transaction counterparty in order to cover rebuilding and other costs. Under the provision of these contracts, a decline in the financial condition of Japan Post Bank may require the provision of additional collateral to the counterparty. However, the Bank believes that the impact would be negligible.

The policy for calculating the allowance for derivative transaction losses is the same as for ordinary balance sheet assets.

(2) Policy for credit limits and allocation of capital for risk exposure

When conducting derivative transactions, Japan Post Bank assigns obligor ratings to all counterparties and provides credit limits in accordance with the rating of each counterparty. These limits are monitored on a daily basis. In addition, the credit balance calculation method for credit risk management was changed from the current exposure method to SA-CCR as of March 31, 2022.

The allocation of capital for taking on risk for derivative transactions is almost the same as other transactions.

7. Securitization exposure

(1) Summary of risk management policy and risk characteristics

As an investor, Japan Post Bank is exposed to risks associated with securitization. Just as with investments in other securities, for purchasing, the Bank provides credit limits based on obligor ratings assigned in accordance with the Bank's own thorough examination of underlying assets, the senior / subordinate rights structure, the nature of securitization scheme and other factors. Following a purchase, the Bank monitors any decline in the quality of and changes in the composition of the underlying assets as well as other factors. Also, credit risk with securitization exposure is included in the calculation of credit risk and interest rate risk is included in the calculation of market risk. In addition, the Bank is also aware of market liquidity risk and reports on the state of these risks to the Executive Committee and other bodies.

The procedure concerning re-securitization exposure is the same as for securitization exposure.

- (2) Outline of the establishment and state of operation of a system prescribed by Article 227, Paragraph 4-3 to 4-6 of the Holding Company Capital Adequacy Ratio Notice (includes cases of application pursuant to Article 232, Paragraph 2 and Article 280-4, Paragraph 1) of the Holding Company Capital Adequacy Ratio Notice.

For securitization exposure risk, Japan Post Bank operates a structure that ascertains on a timely basis information concerning comprehensive risk characteristics and performance. Specifically, in addition to the Bank periodically reviewing obligor ratings in the event that a decline in the quality of or change in the structure of underlying assets has an impact on obligor ratings, the Bank provisionally reviews the obligor ratings.

The procedures concerning re-securitization exposure are the same as for securitization exposure.

- (3) Policies on using securitization transactions as a credit risk mitigation method  
Japan Post Bank does not use securitization transactions as a credit risk mitigation method.

- (4) Name of method used to calculate amount of credit risk assets for securitization exposure  
Japan Post Bank uses the External Ratings-Based Approach and Standard Approach prescribed in the Capital Adequacy Ratio Notice for calculating the amount of credit risk assets for securitization exposure.

- (5) Name of method used for calculating an amount equivalent to market risk of securitization exposure  
Not applicable

- (6) Distinguishing types of conduits for securitization and whether the Group is exposed to risks associated with securitization from securitization transactions when using conduits for securitization in executing securitization transactions for third-party assets  
The Japan Post Group does not use conduits for securitization to execute securitization transactions involving third-party assets.

- (7) Among the Group's subsidiaries (excluding consolidated subsidiaries, etc.) and affiliate companies, names of those companies exposed to risk associated with securitization transactions carried out by the Group (including securitization transactions using conduits for securitization)  
Not applicable

- (8) Accounting policy on securitized transactions  
For the recognition, valuation and accounting treatment of origination and extinguishment of financial assets and liabilities associated with securitized transactions, Japan Post Bank applies ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" (January 22, 1999, Business Accounting Council).

- (9) Name of qualified rating agencies used in making judgments on risk weight for securitization exposure by category  
Japan Post Bank uses the ratings of the following credit rating agencies for the calculation of credit risk assets for securitization exposure:  
Rating and Investment Information, Inc. (R&I)  
Japan Credit Rating Agency, Ltd. (JCR)  
Moody's Investors Service, Inc. (Moody's)  
S&P Global Ratings (S&P)

## 8. Operational risk

- (1) Summary of risk management policy and procedures

The Japan Post Group defines operational risk as the risk of incurring losses caused by inappropriate activity involving business processes, the activities of executives and employees or computer systems, or by external events.

Japan Post Bank has seven categories of operational risk: processing risk, IT system risk, information assets risk, legal risk, human resources risk, tangible assets risk and reputational risk.

Japan Post Bank identifies, assesses, controls, monitors and mitigates risk for each risk category to manage operational risk and to maintain the soundness of their operations. To manage risk, Japan Post Bank identifies risks associated with business operations and evaluates these risks based on the frequency of their occurrence and the scale of their impact on operations. The Bank provides controls in accordance with the importance of each risk, monitors these risks and takes actions as required.

In addition, Japan Post Bank prepares a list of operational risks associated with business processes, products, computer systems and other items. The Bank periodically uses a Risk & Control Self Assessment (RCSA) process to determine the effectiveness of management systems aimed at reducing exposure to these risks. Based on the results of RCSA, for areas in which it is recognized that risk management needs to be improved and areas that risk management especially needs to be reinforced, improvement plans are formulated and improvement plans for reducing risk are discussed and formulated.

Japan Post Bank is making preparations for using systems to report actualized events such as clerical accidents or system problems. The content of the reports analyzes the causes and tendencies of clerical accidents, system problems and other matters and is used as basic data for taking effective countermeasures.

- (2) The name of method used for the calculation of an amount equivalent to operational risk  
Japan Post Bank uses the "basic indicator approach" with regard to the calculation of an amount equivalent to operational risk.

9. Summary of risk management policy and procedures for investments, shares and other exposure

Japan Post Bank, which is a company engaged in the banking business that belongs to the Group as prescribed in the Holding Company Capital Adequacy Ratio Notice, monitors and manages exposure to investments, stock, and other assets as owned by the Bank in the banking account based on the framework of market risk management and credit risk management. It does so by establishing market risk limits and loss limits so that the amount of market risk does not exceed the amount of capital allocated for market risk, based on the Bank's equity and other resources.

## 10. Interest rate risk

- (1) Summary of risk management policy and procedures

Interest rate risk in the banking book (IRRBB) is the risk of incurring a loss due to a change in the value of assets and liabilities (including off-balance-sheet assets and liabilities) or the risk of incurring a loss due to changes in earnings generated from assets and liabilities due to changes in interest rates.

As part of its monitoring of interest rate risk in the banking book, Japan Post Bank measures interest rate sensitivity (10BPV) daily and also measures  $\Delta$ EVE (measured as such an amount of decline in economic value of equity in relation to an interest rate shock as may be calculated on the basis of interest rate shocks as prescribed by the Capital Adequacy Ratio Notification) and  $\Delta$ NI (measured as such an amount of decline in interest income over the measurement period (the period of 12 months from the reference date of calculation) in relation to an interest rate shock as may be calculated on the basis of interest rate shocks as prescribed by the Capital Adequacy Ratio Notification) monthly to evaluate a level of capital adequacy.

- (2) Summary of method for calculating interest rate risk for internal management

The main assumptions for calculation of interest rate risk ( $\Delta$ EVE and  $\Delta$ NI) in the banking book of Japan Post Bank Co., Ltd. are as follows.

- The Bank applies an internal model for estimating outstanding balances and allocating to settlement dates of liquid deposits that will remain on deposit in the Bank for a long term without being withdrawn (so-called core deposits). The average maturity for interest rate revisions is 3.7 years and the longest maturity for interest rate revisions is 10 years.
- Interest rate risk relating to TEIGAKU deposits is calculated based on an estimated future cash flow using an internal model.  $\Delta$ NI is the simple sum of  $\Delta$ NI measured for each currency.
- For aggregating multiple currencies, the  $\Delta$ EVE calculated for each currency consisting of the Japanese yen, U.S. dollar, euro, pound and Australian dollar is aggregated factoring in cross-currency correlations. For other currencies, calculation is performed based on the simple addition of just those positive currencies from among the  $\Delta$ EVE calculated for each currency.
- Spread levels are included in discounted interest rates and cash flows.

## Quantitative Disclosure

1. Among subsidiaries that are Other Financial Institutions (referred to as Other Financial Institutions as prescribed under Article 18, Paragraph 6-1 of Holding Company Capital Adequacy Ratio Notice), names of the companies with shortage in the regulatory required capital and the total amounts of the regulatory required capital shortfall

None

2. Capital adequacy

(1) Amount of required capital for credit risk (On-balance-sheet items)

(Millions of yen)

	Item	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
1	Cash	¥ —	¥ —
2	Japanese government and the Bank of Japan	—	—
3	Foreign central governments and central banks	8,207	8,122
4	Bank for International Settlements, etc.	—	—
5	Non-central government public-sector entities	—	—
6	Foreign non-central government public-sector entities	6,997	14,155
7	Multilateral Development Banks	—	—
8	Japan Finance Organization for Municipalities	2,640	2,720
9	Japanese government agencies	10,148	10,630
10	Three regional public corporations under Japanese local governments	494	517
11	Financial Institutions and Type I Financial Instruments Business Operators	80,109	73,009
12	Corporates	256,652	247,091
13	Small and medium-sized enterprises and individuals	2	3
14	Mortgage loans	—	—
15	Project finance (acquisition of real estate)	204	—
16	Past-due loans (three months or more)	101	95
17	Outstanding drafts	—	—
18	Loans guaranteed by Credit Guarantee Corporation, etc.	—	—
19	Loans guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—
20	Investments in capital and others	23,543	22,682
	of which: exposure to investments	23,543	22,682
	of which: exposure to significant investments	—	—
21	Other than above	193,113	229,898
	of which: exposure to capital instruments other than those corresponding to subject common shares among capital instruments of Other Financial Institutions as well as other external TLAC-related instruments	22,959	27,662
	of which: exposure related to portions not included in adjustment items among specified items	46,733	77,671
	of which: exposure related to other external TLAC instruments associated with other financial institutions holding more than 10% of the voting rights for all shareholders	—	—
	of which: exposure related to the portion exceeding the 5% criteria amount associated with other external TLAC-related instruments among other external TLAC instruments associated with other financial institutions not holding more than 10% of the voting rights for all shareholders	—	—
	of which: other exposure	123,420	124,564
22	Securitization transactions	16,903	19,619
	of which: STC requirements are applied	—	—
	of which: non-STC requirements are applied	16,903	19,619
23	Re-securitization transactions	29	34
24	Exposure to which deemed calculation of risk weight is applied	1,771,447	1,717,900
25	Amount of items included in risk-weighted assets through transitional arrangements	—	—
26	Amount of items not included in risk-weighted assets through transitional arrangements pertaining to exposure concerning capital instruments of Other Financial Institutions	—	—
	Total	¥ 2,370,595	¥ 2,346,484

Note: Required capital is calculated using the following formula:  
Credit risk-weighted assets × 4%

(2) Amount of required capital for credit risk (Off-balance-sheet items)

(Millions of yen)

	Item	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
1	Commitment lines that can be cancelled automatically or unconditionally at any time	¥ —	¥ —
2	Commitment lines with original contracts of one year or less	80	466
3	Short-term trade contingent liabilities	—	—
4	Contingent liabilities arising from specific transactions	—	—
	(principal reimbursement trust deeds with restructuring)	—	—
5	NIF or RUF	—	—
6	Commitment lines with an original duration of one year or longer	325	335
7	Contingent liabilities arising from directly substituted credit	12,716	16,622
	(of which: secured with loan guarantees)	—	—
	(of which: secured with securities)	—	—
	(of which: secured with drafts)	—	—
	(of which: principal reimbursement trust deeds without restructuring)	—	—
	(of which: secured with credit derivative protection)	10,516	12,982
8	Assets sold with repurchase agreements or assets sold with right of claim (after deductions)	—	—
	Assets sold with repurchase agreements or assets sold with right of claim (before deductions)	—	—
	Deduction	—	—
9	Futures bought, forward delivery deposits, partially subscribed equity shares, partially subscribed bonds	—	—
10	Securities lending, cash or securities collateral, or sale of securities with repurchase agreement or purchase with resale agreement	23,253	35,860
11	Derivative transactions and long-term settlements transactions	2,432	1,735
	Current exposure method	12	1,735
	Derivative transactions	12	1,735
	Foreign exchange related transactions	12	4,467
	Interest rate related transactions	—	410
	Gold related transactions	—	—
	Equity security related transactions	—	—
	Precious metal related transactions (excluding gold)	—	—
	Other commodity related transactions	—	—
	Credit derivative transactions (counterparty risk)	—	1
	Netting effect on credit equivalent amount under close-out netting agreement (deduction)	—	3,144
	Long-term settlements transactions	—	0
	SA-CCR	2,420	—
	Derivative transactions	2,416	—
	Long-term settlements transactions	3	—
12	Outstanding transaction	—	—
13	The unexecuted portion of a credit facility for qualified servicer cash advance pertaining to securitization exposure	—	—
14	Off-balance-sheet securitization exposure other than the above	—	—
	Total	¥ 38,807	¥ 55,020

Note 1: Required capital is calculated using the following formula:

Credit risk-weighted assets × 4%

Note 2: Japan Post Bank Co., Ltd. changed the calculation method for credit equivalents for derivative transactions and long-term settlements transactions from the current exposure method to the Standardized Approach for Counterparty Credit Risk (SA-CCR) as of the end of the fiscal year ended March 31, 2022.

## (3) Total amount of consolidated required capital

(Millions of yen)

Item	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Total amount of consolidated required capital	¥ 2,524,947	¥ 2,516,757
Amount of required capital for credit risk	642,130	686,793
Portfolios where the standardized approach is applied	621,023	663,949
Securitization exposure	16,933	19,654
CVA risk equivalent amount	3,642	2,602
Central counterparty risk exposure	531	586
Amount of required capital for credit risk pertaining to exposure for which deemed calculation of risk weight is applied	1,771,447	1,717,900
Amount of required capital for market risk equivalent amount	—	—
Amount of required capital for operational risk equivalent amount	111,370	112,062
Basic indicator approach	111,370	112,062

Note 1: The total amount of consolidated required capital is the denominator of the consolidated capital adequacy ratio x 4%.

Note 2: The amount of required capital for credit risk is the amount of credit risk assets x 4%.

Note 3: The amount of required capital for operational risk equivalent amount is operational risk equivalent amount divided by 8% x 4%.

### 3. Credit risk

#### (1) Credit risk exposure by region, industry and customer

(Millions of yen)

Counterparts		2022 (As of March 31, 2022)				
		Loans and deposits	Securities	Derivatives	Others	Total
Domestic	Sovereigns	¥ 77,196,464	¥ 63,810,250	¥ —	¥ 152,099	¥ 141,158,814
	Financial institutions	6,014,245	11,105,504	301,703	41,011	17,462,465
	Corporates	563,960	6,622,689	—	340,914	7,527,565
	Small and medium-sized enterprises and individuals	—	—	—	153	153
	Others	2,512,519	6,145,019	24,873	3,141,610	11,824,022
	Domestic total	86,287,190	87,683,463	326,576	3,675,790	177,973,021
Overseas total		86,329	11,534	1,453	204,704	304,023
Investment trust, etc.		5,475,207	50,521,955	—	—	55,997,163
Total		¥ 91,848,728	¥ 138,216,954	¥ 328,030	¥ 3,880,495	¥ 234,274,208

(Millions of yen)

Counterparts		2021 (As of March 31, 2021)				
		Loans and deposits	Securities	Derivatives	Others	Total
Domestic	Sovereigns	¥ 70,093,535	¥ 64,191,737	¥ —	¥ 73,771	¥ 134,359,045
	Financial institutions	29,869,360	10,952,763	240,878	37,132	41,100,135
	Corporates	594,861	7,219,062	—	313,386	8,127,310
	Small and medium-sized enterprises and individuals	—	—	—	164	164
	Others	4,392,115	5,772,802	2,632	3,114,700	13,282,251
	Domestic total	104,949,873	88,136,366	243,510	3,539,156	196,868,907
Overseas total		73,342	9,813	1,361	321,175	405,693
Investment trust, etc.		4,765,748	47,837,651	—	—	52,603,400
Total		¥ 109,788,964	¥ 135,983,832	¥ 244,872	¥ 3,860,332	¥ 249,878,001

Note 1: All subsidiaries other than Japan Post Bank Co., Ltd. do not engage in loan operations, in principle, and therefore do not categorize credit by industry sector. Accordingly, a breakdown by customer is presented in the above table.

Note 2: "Domestic" and "Overseas" refer to the domicile of the main branch (Head Office).

Note 3: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc., other than derivatives.

Note 4: "Securities" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 5: "Derivatives" include forward interest rate swaps and currency swaps, etc.

Note 6: "Sovereigns" include central governments, central banks, local governments, etc.

Note 7: "Financial institutions" include the Multilateral Development Banks, Bank for International Settlements, etc., Japan Finance Organization for Municipalities and Financial Institutions and Type I Financial Instruments Business Operators.

Note 8: "Corporates" include Foreign public-sector entities other than central governments, Japanese government agencies, three regional public corporations under Japanese local governments and corporations, etc.

Note 9: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 10: Investment trusts and other funds are recorded in investment trust, etc.

## (2) Credit risk exposure by maturity

(Millions of yen)

Remaining period	2022 (As of March 31, 2022)				
	Loans and deposits	Securities	Derivatives	Others	Total
1 year or less	¥ 15,266,311	¥ 20,105,265	¥ 12,351	¥ 476,343	¥ 35,860,271
Over 1 year to 3 years	720,488	17,153,287	8,794	—	17,882,570
Over 3 years to 5 years	828,286	11,412,789	217,393	43	12,458,513
Over 5 years to 7 years	235,687	9,302,351	5,361	—	9,543,400
Over 7 years to 10 years	514,516	10,938,669	45,818	—	11,499,005
Over 10 years	806,724	17,862,012	38,310	—	18,707,048
No due date or perpetual	68,001,504	920,621	—	3,404,108	72,326,234
Investment trust, etc.	5,475,207	50,521,955	—	—	55,997,163
Total	¥ 91,848,728	¥ 138,216,954	¥ 328,030	¥ 3,880,495	¥ 234,274,208

(Millions of yen)

Remaining period	2021 (As of March 31, 2021)				
	Loans and deposits	Securities	Derivatives	Others	Total
1 year or less	¥ 39,741,145	¥ 15,157,597	¥ 8,195	¥ 411,444	¥ 55,318,383
Over 1 year to 3 years	928,049	29,191,869	106,042	—	30,225,960
Over 3 years to 5 years	808,954	8,507,740	123,930	43	9,440,669
Over 5 years to 7 years	222,664	9,767,176	6,704	—	9,996,545
Over 7 years to 10 years	493,195	8,884,557	—	—	9,377,752
Over 10 years	746,928	15,466,278	—	—	16,213,207
No due date or perpetual	62,082,277	1,170,960	—	3,448,843	66,702,082
Investment trust, etc.	4,765,748	47,837,651	—	—	52,603,400
Total	¥ 109,788,964	¥ 135,983,832	¥ 244,872	¥ 3,860,332	¥ 249,878,001

Note 1: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc., other than derivatives.

Note 2: "Securities" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 3: "Derivatives" include forward interest rate swaps and currency swaps, etc.

Note 4: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 5: Investment trusts and other funds are recorded in investment trust, etc.

## (3) Past-due loans for three months or more exposure by region, industry and customer

(Millions of yen)

Counterparts		2022 (As of March 31, 2022)					2021 (As of March 31, 2021)				
		Loans and deposits	Securities	Derivatives	Others	Total	Loans and deposits	Securities	Derivatives	Others	Total
Domestic	Sovereigns	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Financial institutions	—	—	—	—	—	—	—	—	—	—
	Corporates	—	—	—	5	5	—	—	—	6	6
	Small and medium-sized enterprises and individuals	—	—	—	60	60	—	—	—	61	61
	Others	—	—	—	3,769	3,769	—	—	—	3,312	3,312
	Domestic total	—	—	—	3,835	3,835	—	—	—	3,380	3,380
Overseas total		—	—	—	—	—	—	—	—	—	—
Investment trust, etc.		—	—	—	—	—	—	—	—	—	—
Total		¥ —	¥ —	¥ —	¥ 3,835	¥ 3,835	¥ —	¥ —	¥ —	¥ 3,380	¥ 3,380

Note 1: "Past-due loans for three months or more" means the payment of principal or interest is past due three months or more from the day following the scheduled payment date.

Note 2: "Domestic" and "Overseas" refer to the domicile of the main branch (Head Office).

Note 3: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc., other than derivatives.

Note 4: "Securities" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 5: "Derivatives" include forward interest rate swaps and currency swaps, etc.

Note 6: "Sovereigns" include central governments, central banks, local governments, etc.

Note 7: "Financial institutions" include the Multilateral Development Banks, Bank for International Settlements, etc., Japan Finance Organization for Municipalities and Financial Institutions and Type I Financial Instruments Business Operators.

Note 8: "Corporates" include Foreign public-sector entities other than central governments, Japanese government agencies, three regional public corporations under Japanese local governments and corporations, etc.

Note 9: Exposures of certain subsidiaries are included in "Others" (exposure) under "Others" (counterparts).

Note 10: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 11: Investment trusts and other funds are recorded in investment trust, etc.

## (4) Year-end balances and changes during the period of general reserve for possible loan losses, specific reserve for possible loan losses and loan loss reserve for specific overseas countries

## Year-end balance

(Millions of yen)

	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
General reserve for possible loan losses	¥ 170	¥ 161
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

## Change during the period

(Millions of yen)

	2022 (From April 1, 2021 to March 31, 2022)	2021 (From April 1, 2020 to March 31, 2021)
General reserve for possible loan losses	¥ 9	¥ 23
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

Note 1: Reserve for loan losses related to loans disclosed under the Financial Revitalization Law is listed.

Note 2: General reserve for loan losses is not classified by region, industry and customer.

## (5) The amount of write-off of loans by industry and customer

There were no write-offs.



## (6) Amount of exposure by risk weight category

(Millions of yen)

Risk weight	2022 (As of March 31, 2022)		2021 (As of March 31, 2021)	
	Rated	Not rated	Rated	Not rated
0%	¥ 134,408,945	¥ 8,542,611	¥ 126,816,967	¥ 33,129,255
2%	—	476,632	—	653,415
4%	—	—	—	—
10%	230,454	3,197,215	267,093	3,337,699
20%	17,262,270	61,853	18,987,226	64,686
35%	—	—	—	—
50%	6,641,552	3,532	6,133,528	2,774
75%	—	93	—	103
100%	2,229,080	4,423,986	2,219,544	4,506,374
150%	207	302	65	606
250%	64,014	632,910	91,004	962,341
1,250%	—	—	—	—
Others	—	101,381	—	101,911
Investment trust, etc.	—	55,997,163	—	52,603,400
Total	¥ 160,836,524	¥ 73,437,683	¥ 154,515,431	¥ 95,362,569

Note 1: Ratings are used for those rated by qualified rating agencies in principle.

Note 2: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 3: Regarding assets to which the Company applies credit risk mitigation techniques for a portion of its exposure, the Group records exposure amounts in weighted categories after the application of credit risk mitigation techniques.

In accordance with the change of the collateral consideration method to the comprehensive method at Japan Post Bank Co., Ltd. as of March 31, 2022, the exposure amounts are reduced for assets that are considered eligible financial collateral.

Note 4: Regarding assets to which the Company applied transitional arrangements, the Company records these assets in risk-weighted categories in case of that transitional arrangements are not applied.

Note 5: The "Others" item represents clearing funds contributed to qualifying central counterparties.

Note 6: Investment trusts and other funds are recorded in investment trust, etc. The weighted average of risk weights was 79.08% as of March 31, 2022 (compared with 81.64% as of March 31, 2021)

## 4. Credit risk mitigation methods

Exposure amount to which credit risk mitigation methods are applied

(Millions of yen)

Item	2022 (As of March 31, 2022)		2021 (As of March 31, 2021)	
	Exposure amount	Composition ratio	Exposure amount	Composition ratio
Eligible financial collateral	¥ 31,202,008	92.84%	¥ 24,748,981	91.23%
Guarantees and credit derivatives	2,407,220	7.16%	2,379,347	8.77%
Total	¥ 33,609,228	100.00%	¥ 27,128,329	100.00%

Note 1: Japan Post Bank accepts cash, self-deposits and securities as eligible financial collateral.

Note 2: Principal guarantors are central governments, etc., to which lower risk weight than the guaranteed obligations are applied.

Note 3: Credit derivative counterparties are the financial institutions to which lower risk weightings than the reference obligations are applied.

Note 4: The exposure included in investment trusts and other funds are not included herein.

## 5. Derivative transactions and long-term settlements transactions

## Derivative transactions and long-term settlements transactions

(Millions of yen)

Item	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Amount for which the current exposure method has been applied		
Aggregate sum of amounts of gross reconstruction costs	¥ 195	¥ 112,896
Aggregate sum of gross add-on amounts	1,335	602,559
Gross credit equivalents	1,531	715,493
Foreign exchange related transactions	1,531	560,653
Interest rate related transactions	—	154,635
Stock related transactions	—	—
Credit derivative transactions (counterparty risk)	—	201
Long-term settlements transactions	—	3
Reduction in credit equivalents through netting (deduction)	—	470,617
Net credit equivalents (before taking into account the effect of credit risk reduction by collateral)	1,531	244,875
Amount of SA-CCR to be applied		
Aggregate sum of amounts of gross reconstruction costs	78,070	—
Gross credit equivalents	634,606	—
Collateral amount received	42,021	4,488
Marketable securities	32,517	4,488
Cash	9,504	—
Collateral amount pledged	966,963	—
Marketable securities	260,252	—
Cash	706,710	—
Net credit equivalents (after consideration of effectiveness of risks mitigated by collateral)	326,961	—
Net credit equivalents (current exposure method and SA-CCR)	¥ 328,492	¥ 244,875

Note 1: Japan Post Bank Co., Ltd. changed the method of calculating credit equivalents from the current exposure method to the SA-CCR from the end of the fiscal year ended March 31, 2022. Other credit equivalent amounts are calculated using the current exposure method.

Note 2: Regarding derivative transactions and transactions with long-term settlements, only those transactions requiring the calculation of credit equivalents are included.

Note 3: Derivative transactions and transactions with long-term settlements included in investment trusts and other funds are not included herein.

Note 4: Limited to transactions on which gross reconstruction costs are not less than zero.

Note 5: Credit risk mitigation through collateral as of the end of the fiscal year ended March 31, 2021 is considered through risk weighting, and credit equivalent amounts are not considered.

Note 6: The amount of netting effect on credit equivalents through netting as of the end of the fiscal year ended March 31, 2021 is equal to an amount that subtracts credit equivalents prior to considerations of credit risk mitigation using collateral from the aggregate sum of amounts of gross reconstruction costs and aggregate sum of gross add-on amounts.

## • Notional principal amounts of credit derivatives

(Millions of yen)

Item	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Total return swaps	¥ 1,600	¥ 33,584
Purchase of protection	1,600	33,584
Among these, those that are used for considering the effects of credit risk mitigation methods	1,600	31,729
Provision of protection	—	—

Note: Does not include credit derivatives that are included in investment trusts and other funds.

## 6. Securitization exposure

Securitization exposure in which the Group invests:

(1) Securitization exposure and breakdown by type of main underlying assets (excluding re-securitization exposure)

(Millions of yen)

Type of underlying assets	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Mortgage loans	¥ 212,326	¥ 198,143
Auto loans	176,926	182,148
Leases	5,389	4,484
Accounts receivable	54,286	38,818
Corporate loans	1,680,066	2,043,193
Others	—	—
Total	¥ 2,128,995	¥ 2,466,789

Note 1: There are no off-balance sheet transactions.

Note 2: Excludes securitization exposure included in investment trust, etc.

(3) Balance by risk weight of securitization exposure and amount of required capital (excluding re-securitization exposure)

(Millions of yen)

Risk weight	2022 (As of March 31, 2022)		2021 (As of March 31, 2021)	
	Balance	Required capital	Balance	Required capital
15% or more and 20% or less	¥ 2,128,995	¥ 16,903	¥ 2,466,789	¥ 19,619
Over 20% and 45% or less	—	—	—	—
Over 45% and 70% or less	—	—	—	—
Over 70% and 140% or less	—	—	—	—
Over 140% and 225% or less	—	—	—	—
Over 225% and 420% or less	—	—	—	—
Over 420% and less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 2,128,995	¥ 16,903	¥ 2,466,789	¥ 19,619

Note 1: There are no off-balance sheet transactions.

Note 2: Excludes securitization exposure included in investment trust, etc.

Note 3: Required capital is the amount of credit risk assets × 4%.

## 7. Market risk

Not applicable since the Group, based on Article 16 of Holding Company Capital Adequacy Ratio Notice, does not include the amount of market risk equivalent in the calculation formulae prescribed under Article 14 of the Notice.

## 8. Equity exposure

(1) Amount carried on the consolidated balance sheet and fair value

(Millions of yen)

	2022 (As of March 31, 2022)		2021 (As of March 31, 2021)	
	Amount carried on the consolidated balance sheet	Fair value	Amount carried on the consolidated balance sheet	Fair value
Listed equities exposure (Note 1)	¥ —	—	¥ —	—
Investment or equities exposure not corresponding to listed equities exposure (Note 2)	33,038		23,846	
Total	¥ 33,038		¥ 23,846	

Note 1: Shares with market quotations are listed.

Note 2: Shares without market prices are listed.

Note 3: Shares held by the Bank's subsidiaries and their subsidiaries are listed. The exposure included in investment trusts and other funds are not included herein. The same applies to the following.

(2) Re-securitization exposure and breakdown by type of main underlying assets

(Millions of yen)

Type of underlying assets	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Mortgage loans	¥ 735	¥ 870
Auto loans	—	—
Leases	—	—
Accounts receivable	—	—
Corporate loans	—	—
Others	—	—
Total	¥ 735	¥ 870

Note 1: There are no off-balance sheet transactions.

Note 2: Excludes re-securitization exposure included in investment trust, etc.

(4) Balance by risk weight of re-securitization exposure and amount of required capital

(Millions of yen)

Risk weight	2022 (As of March 31, 2022)		2021 (As of March 31, 2021)	
	Balance	Required capital	Balance	Required capital
100%	¥ 735	¥ 29	¥ 870	¥ 34
Over 100% and less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 735	¥ 29	¥ 870	¥ 34

Note 1: There are no off-balance sheet transactions.

Note 2: Excludes re-securitization exposure included in investment trust, etc.

Note 3: There are no credit risk mitigation methods applied to re-securitization exposures.

Note 4: Required capital is the amount of credit risk assets × 4%.

## (2) Gains and losses on sale or write-off of investment or equity exposures

(Millions of yen)

	2022 (From April 1, 2021 to March 31, 2022)	2021 (From April 1, 2020 to March 31, 2021)
Gains / Losses	¥(1,501)	—
Gains	—	—
Losses	—	—
Write-off	¥ 1,501	—

Note: Gains and losses on the sale of stock are listed in the Consolidated Statements of Income.

## (3) Amounts of valuation gains and losses recognized on the Consolidated Balance Sheet not recognized on the Consolidated Statements of Income

(Millions of yen)

	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Amounts of valuation gains and losses recognized on the Consolidated Balance Sheet not recognized on the Consolidated Statements of Income	—	—

Note: Shares with market quotations are listed.

## (4) Amounts of valuation gains and losses not recognized on the Consolidated Balance Sheet and the Consolidated Statements of Income

(Millions of yen)

	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
Amounts of valuation gains and losses not recognized on the Consolidated Balance Sheet and the Consolidated Statements of Income	—	—

Note: Shares with market quotations of affiliated companies are listed.

## 9. Balance and amount of required capital by each exposure calculation method for which deemed calculation of risk weight is applied

(Millions of yen)

Calculation method	Risk weight	2022 (As of March 31, 2022)		2021 (As of March 31, 2021)	
		Balance	Required capital	Balance	Required capital
Look-through approach (LTA)	—	¥ 55,803,848	¥ 1,734,931	¥ 52,485,384	¥ 1,687,429
Mandate-based approach (MBA)	—	—	—	—	—
Probability approach	250%	110,168	11,016	61,535	6,153
	400%	47,279	7,564	11,535	1,845
Fall-back approach (FBA)	1,250%	35,867	17,933	44,944	22,472
Total		¥ 55,997,163	¥ 1,771,447	¥ 52,603,400	¥ 1,717,900

Note 1: The amount of required capital is the amount of credit risk-weighted assets x 4%.

Note 2: Risk weight is as prescribed in the Capital Adequacy Ratio Notification.

Note 3: Look-through approach (LTA) is as stipulated in 54-5-2 of the Capital Adequacy Ratio Notification.

Note 4: Mandate-based approach (MBA) is as stipulated in 54-5-6 of the Capital Adequacy Ratio Notification.

Note 5: The probability approach is as stipulated in 54-5-9 of the Capital Adequacy Ratio Notification.

Note 6: Fall-back approach (FBA) is as stipulated in 54-5-10 of the Capital Adequacy Ratio Notification.

## 10. Interest rate risk

(Millions of yen)

Interest rate risk					
Item number		(A)	(B)	(C)	(D)
		ΔEVE		ΔNII	
		2022 (As of March 31, 2022)	2021 (As of March 31, 2021)	2022 (As of March 31, 2022)	2021 (As of March 31, 2021)
1	Upward parallel shift	¥ 1,053,364	¥ 567,767	¥ 331,727	¥ 254,339
2	Downward parallel shift	1,095,093	2,274,001	2,296	(4,553)
3	Steepening				
4	Flattening				
5	Rise in short-term interest rates				
6	Decrease in short-term interest rates				
7	Maximum value	1,095,093	2,274,001	331,727	254,339
8	Amount of equity	(E) 2022 (As of March 31, 2022)		(F) 2021 (As of March 31, 2021)	
		¥ 10,864,556		¥ 11,042,663	

Note 1: Decreased economic value and interest income are shown as positive values.

Note 2: Key assumptions for ΔEVE and ΔNII calculations are as follows:

- The Bank has applied an internal model to allocate the estimated balance and termination dates of liquid deposits that have remained on deposit in the Bank for a long term without being withdrawn, (so-called "core deposits"). The average repricing maturities of liquid deposits are 3.7 years. The longest repricing maturities are 10 years.
- Interest rate risk relating to TEIGAKU deposits is calculated based on an estimated future cash flow using an internal model.
- The Bank aggregates ΔEVE of JPY, USD, EUR, GBP, and AUD taking into account the correlation between each different currency. On the other hand, the Bank adds only positive ΔEVE of the other currencies. ΔNII is the simple sum of ΔNII measured for each currency.
- Spread levels are included in discount rates and cash flows.

Note 3: The Bank confirms that it has secured sufficient capital to counter measured interest rate risk.

Note 4: According to the "Comprehensive Guidelines for Supervision of Major Banks, etc." prescribed by the Financial Services Agency (FSA), "Because JAPAN POST BANK is obligated legally to hold a portion of its assets in JGBs and other "safe" assets, the FSA takes this special information into consideration in its oversight of the Bank in terms of the application of the materiality test."

Note 5: Regarding interest rate risks, the assets of consolidated subsidiaries are insignificant, and Japan Post Bank's non-consolidated figures are shown excluding the amount of equity capital.

## Compensation, etc., Subject to Disclosure

### 1. Matters concerning the establishment of an organizational system for subject executives and employees of the Company (Group)

#### (1) Scope of subject executives and employees

The following describes the scope of "subject executives" and "subject employees" (collectively referred to as "subject executives and employees") who are subject to disclosure as persons having a significant impact on the operation of the banking business and state of assets as prescribed by the notification (Japan Financial Services Agency Notification No. 21 of March 29, 2012) for deciding matters determined separately by the Commissioner of the Financial Services Agency as an item concerning compensation based on provisions of the Ordinance for Enforcement of the Banking Act, Article 19-2, Paragraph 1-6.

#### 1) Scope of "subject executives"

Subject executives are the Company's directors and executive officers. Outside directors are excluded.

#### 2) Scope of "subject employees"

Among Company executives (other than subject executives) and employees as well as executives and employees of subsidiaries, those "persons receiving high amounts of compensation" and who have a significant impact on the management of business operations and the state of assets of the Company or its principal subsidiaries are deemed "subject employees" who are subject to disclosure.

#### (a) Scope of "principal consolidated subsidiaries"

Principal consolidated subsidiaries are consolidated subsidiaries that have a significant impact on Group management. Specifically, the three business subsidiaries are in this category.

#### (b) Scope of "persons receiving high amounts of compensation"

"Persons receiving high amounts of compensation" are those persons receiving compensation exceeding standard amounts from the Company and its principal consolidated subsidiaries. The Company has set the Group standard amount at ¥28 million. The relevant standard amount is set based on the average basic compensation (excludes persons who assume positions or retire from positions during the term in each fiscal year) for the past three years for executives of the Company and Japan Post Bank and this serves as a common standard amount for the Group. However, because there are no large differences in compensation systems and levels for the Company's principal consolidated subsidiaries, these are also applied in common at principal consolidated subsidiaries.

#### (c) Scope of "persons having a significant impact on the management of the Group's business or the state of its assets"

"Persons having a significant impact on the management of the Group's business or the state of its assets" refers to persons who engage in regular business transactions and manage matters that have a considerably significant impact on the management of the Company, the Japan Post Group and its principal consolidated subsidiaries, or persons who would exert a significant impact on the state of assets by incurring losses from business transactions or other matters. Specifically, this refers to executives of principal consolidated subsidiaries or executive officers with authority to execute the business of business departments in accordance with resolutions by the Board of Directors as well as to professional positions at Japan Post Bank. (Referred to hereafter as management employees for whom a performance-linked compensation system is applicable based on professional position salary regulations and who perform duties for the execution of business using especially sophisticated and expert knowledge in the Investment Division of Japan Post Bank).

### (2) Determination of compensation for subject executives and employees

#### 1) Determination of compensation for subject executives

The Company has established the Compensation Committee as the body for determining the details of the compensation system and compensation for executives. The Compensation Committee determines policies for deciding details of compensation for the Company's directors and executive officers as well as details of individual compensation. In accordance with the Companies Act, the Compensation Committee is composed of a majority of outside directors. The Committee is independent of the business promotion department and has the authority to decide policies for determining compensation as well as determine individual compensation.

### 2) Determination of compensation for subject employees

The determination of compensation for executives of principal consolidated subsidiaries who are deemed subject employees is as follows.

#### (a) Japan Post

Executive compensation is determined under a structure whereby the total amount of executive compensation is determined at the Shareholders' Meeting.

Individual allocation of directors' compensation is determined on a resolution by the Board of Directors, according to the total amount decided at the Shareholders' Meeting.

Individual allocation of compensation for auditors is determined based on consultation by the auditors.

Compensation for executive officers is determined based on a resolution by the Board of Directors.

#### (b) Japan Post Bank and Japan Post Insurance

Japan Post Bank and Japan Post Insurance have respectively established a Compensation Committee as the body for determining the details of the compensation system and compensation for executives. The Compensation Committee determines policies for deciding details of compensation for each company's directors and executive officers as well as details of individual compensation. In accordance with the Companies Act, the Compensation Committee is composed of a majority of outside directors. The Committee is independent of the business promotion department and has the authority to determine policies for determining compensation as well as determine individual compensation.

The Human Resources Division, which is independent from the Corporate Administration Division, has established a performance-linked compensation system based on professional position salary regulations for professional positions at Japan Post Bank. Compensation based on this system is determined after deliberation at the Evaluation Committee that is composed of executive officers such as the President and Representative Executive Officer of Japan Post Bank.

### (3) Determination of compensation for staff of the Risk Management Department and Compliance Department

Compensation for staff of the Risk Management Department and Compliance Department is determined based on salary rules and regulations. Specific amounts paid are decided by determining compensation separate from the sales promotion department by setting amounts based on employee performance evaluations, with the general manager of the relevant departments as the person making final decisions.

Assessment categories of employee performance evaluations encompass assessments of the execution of duties and attainment levels for targets for each job responsibility in the Risk Management Department and Compliance Department. These assessments reflect the level of contribution to the risk management structure and compliance readiness.

### (4) Total amount of compensation paid to members of the Compensation Committee and number of times the Compensation Committee and other meetings convened

Company name	Name of meeting	Number of times convened (From April 2021 to March 2022)
Japan Post Holdings	Compensation Committee	5 times
Japan Post	Shareholders' Meeting	0 times
	Board of Directors	3 times
	Board of Corporate Auditors	1 time
Japan Post Bank	Compensation Committee	4 times
	Evaluation Committee	13 times
Japan Post Insurance	Compensation Committee	7 times

Note: The total amount of compensation is not listed because this amount cannot be calculated separating only the portion corresponding to compensation for the execution of duties of the Compensation Committee.

2. Matters concerning evaluation of the appropriateness of the design and operation of the compensation system for subject executives and employees of the Company (Group)

(1) Policies concerning compensation for "subject executives"

The Company determines compensation for the Company's directors according to job responsibilities based on the scope and size of responsibilities for management and other areas. For executive officers, the Company has designed a compensation system that considers job content as an executive officer, personal evaluations and job performance. As a specific executive compensation system, compensation for executives consists of base compensation.

(2) Policies concerning compensation for "subject employees"

In determining compensation for Company employees, the Company determines compensation for directors and auditors according to job responsibilities based on the scope and size of responsibilities for management and in other areas. For executive officers and executives, the Company has designed a compensation system that considers job content as an executive officer or executive, personal evaluations and job performance. As a specific compensation system, compensation consists of base compensation.

The Company determines compensation for employees based on employee evaluations to reflect the degree of attainment of targets and job behavior. As a specific compensation system for employees, compensation is determined based on salary rules and regulations.

3. Matters concerning consistency between the compensation system for subject executives and employees of the Company (Group) and risk management and the link between compensation and performance  
In determining compensation for subject executives, the Compensation Committee decides on policies concerning the determination of details of compensation, after which details of compensation for each individual are determined.

In determining compensation for subject employees, compensation for directors and auditors of Japan Post is determined based on resolutions at the Shareholders' Meeting, while compensation for executive officers is determined based on resolutions by the Board of Directors. Regarding executives of Japan Post Bank and Japan Post Insurance, the Compensation Committee decides on policies concerning the determination of details of compensation, after which details of compensation for each individual are determined. In determining compensation for professional positions at Japan Post Bank, the scheme for determining compensation is discussed at the Evaluation Committee, after which details of compensation for each individual are determined. Compensation for other employees is determined based on salary rules and regulations.

Compensation for subject executives and subject employees takes into consideration the state of employee evaluations and the appropriateness of amounts paid without excessive emphasis on performance based systems.

4. Matters concerning the types of compensation for subject executives and employees of the Company (Group), total amount paid and payment method  
Total amount of compensation for subject executives and employees (From April 1, 2021 to March 31, 2022)

Total amount of compensation for subject executives and employees (from April 1, 2021 to March 31, 2022)									
Classification	Number of persons		Total amount of compensation (Millions of yen)					Retirement benefits	Other
			Total fixed compensation		Total variable compensation				
				Base compensation		Bonuses	Stock compensation		
Subject executives (excluding outside executives)	41	1,140	908	908	232	—	232	—	0
Subject employees, etc.	23	1,031	593	593	434	199	235	0	2

Note 1: Compensation for subject executives is listed including compensation as executives of principal consolidated subsidiaries.

Note 2: Stock-compensation type stock options are not applicable.

Note 3: The retirement benefits system for directors, auditors, executive officers and executives was discontinued in June 2013 and therefore retirement benefits are not applicable.

5. Other special pertinent matters for reference or other applicable matters other than those specified up to the previous item concerning the systems for compensation for subject executives and employees of the Company (Group)

There are no applicable matters besides those specifically listed in the previous items.

## ① Japan Post Group Privacy Policy

The Japan Post Group ("the Group") is dedicated to providing services that can achieve a high degree of customer satisfaction. Properly protecting and the treatment of personal information is vital to accomplishing this goal. Accordingly, the Group has established the following fundamental policy (hereinafter referred to as "the Privacy Policy") for protecting personal information.

### (1) Compliance with laws and regulations

When handling personal information, the Group complies with all laws and regulations associated with protecting personal information, national government policies and the provisions of the Privacy Policy ("laws, regulations, etc.," hereafter).

### (2) Purpose of using personal information

The Group specifies the purpose of using personal information and does not use this information beyond the scope necessary for achieving this purpose.

The purposes for which Group companies use personal information are listed in the privacy policies on each company's website and where applicable.

### (3) Acquisition of personal information

The Group acquires personal information using methods that are legal and proper.

### (4) Security measures for management of personal information

The Group uses an appropriate security management system to prevent leaks, losses or alterations of personal information. In addition, the Group properly supervises persons engaged in the business of handling personal information, outsourcing parties and others.

### (5) Provision of personal information to third parties

Except in cases where required by laws and regulations, the Group does not supply personal information to third parties without the prior consent of each individual.

In cases where two or more Group companies share the same personal information, this sharing is performed only after providing prior notice or public announcements of items required by law.

Irrespective of the above, specific personal information shall not be provided to third parties or shared jointly except when prescribed by laws or ordinances.

### (6) Procedures for requesting disclosure of personal data

The Group responds in a sincere manner in cases where there are requests for the notification of the purpose of use or for the disclosure, correction or termination of use of retained personal data as prescribed by laws, regulations, etc.

The disclosure request procedures for each company can be found on their respective websites and where applicable.

### (7) Points of contact for inquiries

Requests regarding retained personal data set forth in the preceding section and inquiries and requests regarding treatment of personal information can be made to designated points of contact.

### (8) Continuous improvements

The Group constantly reviews and improves its management and handling methods for the protection of personal information in response to advances in information technology and shifts in social demands.



## ② Sharing of Personal Data among Japan Post Group Companies

Japan Post Group companies consist of Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Insurance Co., Ltd. and several other subsidiaries and affiliated companies.

Each Japan Post Group company uses its respective specialized skills to provide high-quality services. The objective is to achieve even greater customer satisfaction.

To accomplish this goal, the Japan Post Group wishes to share customers' personal data solely to the degree required and within the scope explained below. This data is used to conduct business activities performed directly by Group companies or through outsourcing parties.

The Group asks for customers' understanding and pledges that strict information management will be used during the shared use of personal data.

### (1) Personal data items for shared use

Shared use covers names, birth dates, addresses, telephone numbers and other contact information, family members, occupations and data concerning business transactions with the Group. However, this excludes information about materials sent or delivered by postal mail or any sensitive information.

### (2) Scope of parties involved in shared use

Shared use is limited to the Japan Post Group. However, this applies only to companies included in the consolidated financial statements, including equity-method affiliates, of Japan Post Holdings, as prescribed by laws, regulations, etc., and is limited to the following companies:

Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.

### (3) Purpose of use

- 1) Distribution of information about services and research and development involving services
- 2) Decisions involving the provision of services
- 3) For the proper management of Group business operations primarily for the purpose of monitoring and managing risks

### (4) Name of party with responsibility for managing personal data

Japan Post Holdings Co., Ltd.

## Data Compilation | 8. Japan Post Group's Approach to Procurement Activity

The Japan Post Group conducts its procurement activity according to the following concept.

### Japan Post Group's Approach to Procurement Activity

#### 1. Open, fair and appropriate procurement

- The Group opens the door widely to suppliers and offers fair entry opportunities.
- The Group selects suppliers based on a comprehensive and appropriate evaluation of quality, price, delivery period, technology, business condition and other factors.

#### 2. Compliance with laws, regulations and social standards

- The Group complies with all applicable laws, regulations and social standards and carries out procurement activity in good faith.
- In its procurement activity, the Group forms no relationship with antisocial forces that pose a threat to the order and safety of civil society.

#### 3. Environmental considerations

- The Group carries out procurement activity in consideration of global and local environmental preservation and the effective use of resources.

#### 4. Building trusting relationships

- Through good communication with suppliers, the Group builds strong trust and strives for mutual prosperity.
- The Group appropriately manages information about suppliers that it obtains through its procurement activity.

#### 5. Request to suppliers (Compliance with the UN Global Compact)

- The Group supports the Ten Principles of the UN Global Compact regarding the four areas of human rights, labor, the environment and anti-corruption and promotes CSR procurement activity. The Group expects its suppliers to understand the above and asks for their proactive cooperation.

The Ten Principles of the UN Global Compact

<https://www.unglobalcompact.org/what-is-gc/mission/principles>

## 9. Japan Post Group Conflicts of Interest Management Policy

The Japan Post Group ("the Group") conducts business activities fairly based on laws, ordinances and internal regulations so that the interests of customers are not unduly impaired due to transactions that may give rise to a conflict of interest.

1. The following representative examples of companies in the Japan Post Group ("Group companies") fall within the scope of the Conflicts of Interest Management Policy.

- Japan Post Bank Co., Ltd.
- Japan Post Insurance Co., Ltd.
- Japan Post Co., Ltd.

2. The Group will manage conflicts of interest for the transactions stipulated below.

- (1) Transactions that may unduly impair the interests of customers among the following transactions:
- Transaction with a customer that has an interest in one of the Group companies based on an agreement
  - Transaction with a party that has conflicting interests or is competing with a customer that has an interest in one of the Group companies based on an agreement
  - Transaction that makes wrongful use of information gained from a customer with an interest in one of the Group companies based on an agreement
- (2) Any transaction aside from the aforementioned that may unduly impair the interests of the customer due to a conflict of interest

3. The Group will select one or a combination of the following methods and other measures to manage transactions with a conflict of interest:

- (1) Separate the business unit conducting the target transaction and the business unit conducting the secondary transaction with the customer
- (2) Amend the terms and conditions or method of the target transaction or the secondary transaction with the customer
- (3) Discontinue the target transaction or the secondary transaction with the customer
- (4) Properly disclose to the customer that the target transaction may unduly impair his or her interests

4. The Group will establish a department that handles conflicts of interest independent from business departments that will specify target transactions and properly manage conflicts of interest. In addition, the Group will educate and train executives and employees so that they comply with laws, ordinances and internal regulations set down regarding the management of conflicts of interest.

5. The Group will continuously review its management stance regarding conflicts of interest and strive to make improvements.

## 10. Declaration by Top Management Regarding the Elimination of Relationships with Antisocial Forces

To eliminate any relationships with antisocial forces and prevent damage to the organization, the Japan Post Group has made the following declaration in line with the Fundamental Policy for Establishment of Internal Control Systems.

### 1. Organizational response

In firm recognition of its social responsibility and to strengthen management based on compliance, the Japan Post Group, as an organization in its entirety, will ensure that any relationships with antisocial forces are eliminated.

will take legal measures, either via a civil court or a criminal court, or both. The Japan Post Group will never negotiate in secrecy with antisocial forces, even if their unjustified demands are to conceal matters related to any misconduct of the Group's own activities or that of its staff.

### 2. Complete elimination of relationships, including transactions

The Japan Post Group will have no relationships whatsoever with antisocial forces, including transactions.

### 4. Cooperation with outside experts

The Japan Post Group will establish close relationships with outside experts in preparation for any unjustified demands by antisocial forces in order to ensure the safety of its staff against such demands.

### 3. Legal measures and prohibition of secret negotiations

The Japan Post Group will strongly refuse any unjustified demands by antisocial forces and

### 5. Prohibiting financing for antisocial forces

The Japan Post Group will never engage in financing for antisocial forces.

## 11. Japan Post Group Information Security Declaration

Services provided by Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. as the Japan Post Group are used by a large number of customers. We believe that information about these customers must be strictly managed, and the services used by customers must be absolutely safe.

We understand that information security is essential for

customers to use our services with confidence. Our activities reflect this awareness of the importance of information security. We place priority on the following items in order to manage information about customers safely and to protect this information from leaks and alterations resulting from unauthorized access and from disruptions in services caused by accidents, natural disasters and other events.

1. Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. will establish information security policies and follow the policies for the purpose of conducting information security activities.
2. We will conduct a continuous information security training program for the purpose of maintaining a strong awareness among employees of the importance of information security and reinforcing that awareness.
3. We will conduct continuous inspections of information security activities and make revisions and improvements whenever needed for the purpose of maintaining and enhancing the effectiveness of information security activities.

## 12. Japan Post Group Executive Declaration on Cyber Security

Recognizing cyber security measures as a critical issue in its corporate management, the Japan Post Group (\*) has developed the Japan Post Group Executive Declaration on Cyber Security (hereinafter the "Declaration").

In adherence to the Declaration, the Group will be committed to further driving cyber security measures, with the management taking the initiative, and to delivering services in a secure and safe fashion, in defense against increasingly serious and sophisticated cyber attacks.

(\*) Japan Post Group refers to JAPAN POST HOLDINGS Co., Ltd., JAPAN POST Co., Ltd., JAPAN POST BANK Co., Ltd. and JAPAN POST INSURANCE Co., Ltd.

### 1. Recognition as an executive issue

Recognizing the importance of cyber security, the Japan Post Group will position risks related to cyber attacks and other such threats as a critical issue in its corporate management and the management will take the initiative in driving the measures to address those risks.

### 2. Development of measures and representation of commitment

Only after reviewing the functions of our cyber security measures (identification, defense, detection, response and recovery) according to changes in the surroundings, the Japan Post Group will develop business continuity plans (BCPs) with the aim of ensuring quick recovery from the event of any cyber security risk materializing.

The management will take the leading role in making its commitment clear to internal and external stakeholders, as well as in making efforts to disclose what risks are recognized and what action is taken to address them by, for example, voluntarily stating them in various types of reports.

### 3. Establishment of a control structure

The Japan Post Group will establish an organization engaged to work under normal circumstances in preparation for cyber attacks as well as to take action in the event of emergency and thereby conduct a range of activities relevant to cyber attacks, including monitoring, inspection, collecting and analyzing information, and responding to and recovering from incidents, and will also perform regular exercises and training sessions in an attempt to develop more sophisticated cyber security readiness.

For the purpose of cyber security enhancement, each class of the Group's personnel, from executives to managers and employees, will be provided with necessary education.

The Group will pursue security measures that encompass its business associates, including contractors.

### 4. Continuous delivery of systems and services with user peace-of-mind

In order to maintain its cyber security measures and make them better, the Japan Post Group will continually perform inspections and work on improvements.

### 5. Coordination with external organizations

The Japan Post Group will have timely and appropriate coordination with related ministries and governmental agencies, such as the Ministry of Internal Affairs and Communications, the Financial Services Agency, the National Center of Incident Readiness and Strategy for Cybersecurity, the Information-Technology Promotion Agency and the police, and will also make proactive efforts in the exchange of information through JPCERT / CC and other relevant channels, thereby contributing to raising the levels of cyber security measures of the entire society.

**Fundamental policy**

The Japan Post Group has stipulated in its Charter of Corporate Conduct to “fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner” to earn the trust of customers. To achieve sustainable growth and medium- to long-term improvement in our enterprise value, Japan Post Holdings Co., Ltd. (the “Company”) shall disclose information in a fair and accurate manner to its shareholders, investors, and other stakeholders. In addition, the management shall make efforts to actively communicate with them and share among its own staff the requests, expectations, and so on obtained through this communication.

**Standards for information disclosure**

The Company shall comply with the Financial Instruments and Exchange Act of Japan, other applicable laws and regulations and the securities listing regulations stipulated by the Tokyo Stock Exchange, manage important information about the Company and its subsidiaries, and swiftly disclose it in a timely manner.

Moreover, the Company shall not only disclose information in accordance with the aforementioned laws and regulations and other relevant rules and regulations, but it shall also strive to voluntarily disclose information that will contribute to the deepening of understanding of the Company and its subsidiaries at occasions such as investor information meetings.

**Establishment of internal systems**

The Company shall strive to establish and reinforce its internal systems by appointing the executive officer in charge of the Corporate Planning Division to be responsible for establishing the internal system for our IR

activities, so that each division works together in an organic manner to ensure appropriate information disclosure. Furthermore, the Company has established the Disclosure Committee for discussions about information disclosure.

**Method of disclosing information**

The Company shall make disclosure as required based on the Financial Instruments and Exchange Act of Japan, other related laws and regulations, securities listing regulations of the Tokyo Stock Exchange, etc., through prescribed means including the Electronic Disclosure for Investors' NETwork (EDINET), which is operated by the Financial Services Agency, the Timely Disclosure network (TDnet), which is operated by the Tokyo Stock Exchange, and through the Company's website.

Disclosure of information through methods other than the above shall be made through the Company's website and other means.

**Future outlook**

Information disclosed of the Company might include forward-looking statements. Such statements have been prepared in accordance with judgments made by the management based on the information available to the Company at the time of disclosure and on certain assumptions that the Company believes to be reasonable in making its predictions of the future, thereby containing various risks, as well as some degree of indeterminacy and uncertainty. Accordingly, actual figures and financial results may differ from the forward-looking statements included in the disclosed information depending on future business operation as well as changes in economic and other circumstances.