

# Data Compilation INDEX

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

1. Company Outline .....	102
2. Information on Shares .....	102
3. Number of Employees .....	102
4. List of Directors, Executive Officers, and Management Committees .....	103
5. Organization Chart .....	104
6. Principal Subsidiaries and Affiliates of Japan Post Holdings Co., Ltd. ....	105

## 2. Outline of Japan Post Co., Ltd.

1. Company Outline .....	107
2. Management Philosophy .....	107
3. Information on Shares .....	107
4. Number of Employees .....	107
5. List of Directors, Audit and Supervisory Board Members, and Executive Officers .....	108
6. Organization Chart .....	109

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

1. Company Outline .....	110
2. Management Philosophy .....	110
3. Information on Shares .....	110
4. Number of Employees .....	110
5. List of Directors, Executive Officers, and Management Committees .....	111
6. Organization Chart .....	112

## 4. Outline of Japan Post Insurance Co., Ltd.

1. Company Outline .....	113
2. Management Philosophy and Management Policy ..	113
3. Information on Stocks .....	113
4. Number of Employees .....	114
5. List of Directors, Executive Officers, and Management Committees .....	114
6. Organization Chart .....	115

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

Japan Post Group (Consolidated) .....	116
Japan Post Holdings (Non-consolidated) .....	116
Japan Post (Consolidated) .....	116
Postal and domestic logistics business segment (Consolidated) .....	117
Post office business segment (Consolidated) ....	117
International logistics business segment (Consolidated) .....	117
Japan Post Bank (Consolidated) .....	117
Japan Post Insurance (Consolidated) .....	117

## 6. Japan Post Group Companies—Consolidated Financial Data

CONSOLIDATED BALANCE SHEETS .....	118
CONSOLIDATED STATEMENTS OF INCOME .....	120
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME .....	120
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS .....	121
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	124
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS .....	126
Capital Adequacy .....	177
Qualitative Disclosure .....	179
Quantitative Disclosure .....	182
Compensation, etc., Subject to Disclosure .....	191

## 7. Japan Post Group Privacy Policy

1. Japan Post Group Privacy Policy .....	193
2. Sharing of Personal Data among Japan Post Group Companies .....	194

## 8. Japan Post Group's Approach to Procurement Activity

Japan Post Group's Approach to Procurement Activity .....	194
---	-----

## 9. Japan Post Group Conflicts of Interest Management Policy

Japan Post Group Conflicts of Interest Management Policy .....	195
--	-----

## 10. Declaration by Top Management Regarding the Elimination of Relationships with Antisocial Forces

Declaration by Top Management Regarding the Elimination of Relationships with Antisocial Forces ..	195
--	-----

## 11. Japan Post Group Information Security Declaration

Japan Post Group Information Security Declaration .....	196
---	-----

## 12. Japan Post Group Executive Declaration on Cyber Security

Japan Post Group Executive Declaration on Cyber Security .....	196
--	-----

## 13. Disclosure Policy

Disclosure Policy .....	197
-------------------------	-----

**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, 2023)

**1. Number of Shares**

Total number of authorized shares	18,000,000,000
Total number of issued shares	3,657,797,700
Total number of shareholders	741,798

**2. Major Shareholders**

	Capital contribution to the Company	
	Number of shares held	Shareholding ratio (%)
Minister of Finance	1,255,956,800	36.28
The Master Trust Bank of Japan, Ltd. (Trust Account)	369,425,300	10.67
Custody Bank of Japan, Ltd. (Trust Account)	121,173,800	3.50
Japan Post Holdings Employee Shareholding Association	93,029,100	2.68
STATE STREET BANK WEST CLIENT - TREATY 505234	45,568,629	1.31
JPMorgan Securities Japan Co., Ltd.	31,821,492	0.91
STATE STREET BANK AND TRUST COMPANY 505103	28,313,266	0.81
JP MORGAN CHASE BANK 385781	28,027,456	0.80
SSBTC CLIENT OMNIBUS ACCOUNT	25,849,488	0.74
STATE STREET BANK AND TRUST COMPANY 505225	20,057,110	0.57

Note 1: Japan Post Holdings, which holds 196,848,273 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**

1,485 (as of March 31, 2023)

\* 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 4, 2023)

### 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 and Representative Executive Officer, Executive Vice President.....	IIZUKA Atsushi
Director .....	IKEDA Norito (Concurrently holds the position of Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd.)
Director .....	SENDA Tetsuya (Concurrently holds the position of President & CEO (Representative Executive Officer) of Japan Post Co., Ltd.)
Director .....	TANIGAKI Kunio (Concurrently holds the position of Director and President, CEO, Representative Executive Officer of Japan Post Insurance Co., Ltd.)
Director (Outside) .....	OKAMOTO Tsuyoshi (Concurrently holds the position of Honorary Advisor of Tokyo Gas Co., Ltd.)
Director (Outside) .....	KOEZUKA Miharū
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.)
Director (Outside) .....	ITO Yayoi
Director (Outside) .....	OEDA Hiroshi (Concurrently holds the position of Special Advisor of Nisshin Seifun Group Inc.)
Director (Outside) .....	KIMURA Miyoko (Concurrently holds the position of Director and Managing Executive Officer, General Manager of R&D Division of KING JIM CO., LTD.)
Director (Outside) .....	SHINDO Kosei (Concurrently holds the position of Representative Director and Chairman of Nippon Steel Corporation)

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

Representative Executive Officer, Senior Managing Executive Officer	KATO Nobuyasu	Executive Officer	SAKURAI Makoto
Senior Managing Executive Officer	YAMASHIRO Yasuhiko	Executive Officer	KAZAMATSURI Makoto
Senior Managing Executive Officer	ASAI Tomonori	Executive Officer	MITANI Masanobu
Senior Managing Executive Officer	HAYAKAWA Masataka	Executive Officer	ITAGAKI Tadayuki
Managing Executive Officer	FUKUMOTO Kenji	Executive Officer	TAKEMOTO Tsutomu
Managing Executive Officer	FURUSATO Hiroyuki	Executive Officer	SUNAYAMA Naoki
Managing Executive Officer	SHOMURA Tsutomu	Executive Officer	MAKI Hirohisa
Managing Executive Officer	ICHIKI Miho	Executive Officer	KAKINOKI Akira
Managing Executive Officer	NAKAMATA Chikara	Executive Officer	NAKAHATA Ikuko
Managing Executive Officer	IIDA Yasuhisa	Executive Officer	NISHIDA Akihisa
Managing Executive Officer	ICHIKURA Noboru	Executive Officer	WAKABAYASHI Isamu
Managing Executive Officer	TANAKA Susumu		
Managing Executive Officer	ONISHI Toru		
Managing Executive Officer	NISHIGUCHI Akihito		

### 3. Nomination Committee

OKAMOTO Tsuyoshi (Chair)  
SHINDO Kosei  
MASUDA Hiroya

### 4. Audit Committee

SATAKE Akira (Chair)  
KAIAMI Makoto  
SUWA Takako  
ITO Yayoi

### 5. Compensation Committee

KOEZUKA Miharū (Chair)  
OEDA Hiroshi  
MASUDA Hiroya

## 5 Organization Chart

(As of July 1, 2023)



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

(As of March 31, 2023)

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 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%)
	JAPAN POST SYSTEM DEVELOPMENT 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 Pty Limited (Note 5)	Melbourne, Australia	AUD4,978	International logistics business (forwarding business, 3PL business)	June 20, 1986	100.0% (100.0%)
	JP TOLL LOGISTICS, Co., Ltd. (Note 6)	Chiyoda-ku, Tokyo	¥100	International logistics business (forwarding business, 3PL business)	September 16, 2009	100.0% (100.0%)
	Toll Express Japan Co., Ltd. (Note 7)	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	60.6%
	JAPAN POST BANK LOAN CENTER Co., Ltd.	Chuo-ku, Tokyo	¥2,000	Banking business (credit guarantee services for 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	49.8%
	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 CORPORATE SERVICE Co., Ltd.	Minato-ku, Tokyo	¥640	Other businesses (temporary staffing service, contracted business)	July 3, 2007	100.0%	
JAPAN POST BUILDING MANAGEMENT Co., Ltd.	Chiyoda-ku, Tokyo	¥150	Other businesses (operational management of leased buildings)	April 1, 2011	100.0% (100.0%)	

Top Commitment

Value Creation Strategy

Sustainability

Corporate Governance

Data Compilation

Affiliation	Company name	Location	Issued capital (Millions)	Main business	Date of establishment	Percentage ownership of voting rights
Consolidated subsidiaries	YUSEI CHALLENGED CO., Ltd.	Setagaya-ku, Tokyo	¥5	Other businesses (office cleaning)	November 20, 2007	100.0%
	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% (10.0%)
	JP TWOWAY CONTACT Co., Ltd.	Nishi-ku, Osaka-shi, Osaka	¥182	Other businesses (telemarketing services)	April 18, 1988	82.9% (82.9%)
	Japan Post Properties Co., Ltd.	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 187 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%)
	Good Technology Company, Co., Ltd.	Chiyoda-ku, Tokyo	¥10	Other businesses (digital-related services)	January 18, 2023	40.0% (40.0%)
	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, Japan Post Information Technology, and Toll Holdings Pty Limited 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 Pty Limited is no longer insolvent (excessive liabilities) as of March 31, 2023 due to an additional investment of AUD2,000 million (approximately ¥180 billion) from Japan Post.

Note 6: JP TOLL LOGISTICS, Co., Ltd. changed its trade name to JP LOGISTICS GROUP Co., Ltd. on April 1, 2023, and its reportable segment was changed from "International logistics business" to "Postal and domestic logistics business."

Note 7: Toll Express Japan Co., Ltd. changed its trade name to JP LOGISTICS Co., Ltd. on April 1, 2023, and its reportable segment was changed from "International logistics business" to "Postal and domestic logistics business."

Note 8: 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
Japan Post	¥ 2,761,180	¥ 83,324	¥ 66,280	¥ 707,195
				¥ 4,417,564

**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, 2023)

**1. Number of Shares**

Total shares issued	10,000,000
---------------------	------------

**2. Shareholder**

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

**④ Number of Employees**

175,950\* (as of March 31, 2023)

\* 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 7, 2023)

### 1. Directors

President & CEO (Representative Executive Officer).....	SENDA Tetsuya (Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
Executive Vice President (Representative Director).....	ICHIKURA Noboru (Concurrently holds the position of Managing Director of Japan Post Holdings Co., Ltd.)
Executive Vice President (Representative Director).....	MINAMI Yoshito
First Executive Officer (Director).....	TSUYAMA Katsuhiko
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) .....	TAKAMURA Etsuko (Concurrently holds the position of Managing Director, General Manager, Value Creation of CHORUS CORPORATION)
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 Director and Vice President of YOMIURI TELECASTING CORPORATION)

### 2. Audit and Supervisory Board Members

INASAWA Toru  
 OGURO Masayasu  
 SHINODA Kenji  
 NAKAYAMA Hitomi

### 3. Executive Officers

First Executive Officer	YAMASHIRO Yasuhiko	Executive Officer	ASAMI Kanako
First Executive Officer	ASAI Tomonori	Executive Officer	HASEGAWA Atsushi
First Executive Officer	KATO Nobuyasu	Executive Officer	OGAWA Masato
First Executive Officer	HAYAKAWA Masataka	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	MITANI Masanobu
Senior Executive Officer	FUKUMOTO Kenji	Executive Officer	GOMI Yoshihiro
Senior Executive Officer	FURUSATO Hiroyuki	Executive Officer	TANAKA Hiroyuki
Senior Executive Officer	KINOSHITA Noriko	Executive Officer	BANDO Hideki
Senior Executive Officer	NISHIGUCHI Akihito	Executive Officer	MEGURO Kenji
Senior Executive Officer	SHOMURA Tsutomu	Executive Officer	TAKEBE Shigeki
Senior Executive Officer	ONOKI Kieko	Executive Officer	SUNAYAMA Naoki
Senior Executive Officer	KAMIOZAKI Koji	Executive Officer	MAKI Hirohisa
Senior Executive Officer	TAKAHASHI Fumiaki	Executive Officer	KUROGI Nobuhiro
Senior Executive Officer	ICHIKI Miho	Executive Officer	SAITO Takashi
Senior Executive Officer	NAKAMA Yoshinobu	Executive Officer	MATSUOKA Hoshihiko
Senior Executive Officer	IIDA Yasuhisa	Executive Officer	YAMADA Ryotaro
		Executive Officer	NAKAHATA Ikuko
		Executive Officer	NISHIDA Akihisa



## 6 Organization Chart

(As of July 1, 2023)



Note: The number of Regional Inspection Offices, Compliance Offices, and each Center (excluding Financial Services Contact Centers) is as of April 1, 2023. In addition, the number of directly managed post offices and contracted post offices is as of March 31, 2023.

**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, 2023)

**1. Number of Shares**

Total shares issued	3,690,021,220
---------------------	---------------

**2. Major Shareholders**

		Number of shares held and percentage of shares held	
		Number of shares held	Percentage of shares held (%)
1	Japan Post Holdings Co., Ltd.	2,224,866,500	60.62
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	76,659,500	2.08
3	JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	30,418,700	0.82
4	STATE STREET BANK WEST CLIENT-TREATY 505234	29,273,600	0.79
5	Custody Bank of Japan, Ltd. (Trust Account)	18,239,200	0.49
6	SBTC CLIENT OMNIBUS ACCOUNT	12,279,075	0.33
7	Japan Post Bank Employee Shareholding Association	11,874,000	0.32
8	JP MORGAN CHASE BANK 385770	11,719,614	0.31
9	STATE STREET BANK AND TRUST COMPANY 505103	10,595,079	0.28
10	JP MORGAN CHASE BANK 385765	9,018,224	0.24

Note 1: The percentage of shares held has been calculated excluding treasury stock (20,347,703 shares) and has been rounded down to the second decimal place.

Note 2: The Bank holds 20,347,703 shares (the ratio of the number of shares held against the total number of shares issued is 0.55%) of treasury stock, which are not included in the above list of major shareholders. The treasury stock does not include the Bank's shares held by the stock benefit trust (1,436,900 shares).

**④ Number of Employees**

11,742\* (as of March 31, 2023)

\* 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, 2023)

### 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, Representative Executive Vice President.....	KASAMA Takayuki
Director .....	MASUDA Hiroya (Concurrently holds the position of Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd.)
Director .....	YAMAZAKI Katsuyo
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 .....	NAKAZAWA Keiji (Formerly held 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)
Outside Director .....	AMANO Reiko (Formerly held the position of Auditor of Japan Atomic Energy Agency)
Outside Director .....	KATO Akane (Concurrently holds the position of Representative Director of AKANE IDENTITIES INC.)

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

Executive Vice President	YANO Harumi	Executive Officer	KISHI Etsuko
Executive Vice President	OGATA Kenji	Executive Officer	TOUMA Masaya
Senior Managing Executive Officer	KOTOUDA Minoru	Executive Officer	DEN Akihiro
Senior Managing Executive Officer	TAMAKI Masato	Executive Officer	FUKUSHIMA Katsuya
Senior Managing Executive Officer	MATSUNAGA Hisashi	Executive Officer	HASUKAWA Koji
Managing Executive Officer	TANAKA Takayuki	Executive Officer	YOSHIDA Koichiro
Managing Executive Officer	SHINMURA Makoto	Executive Officer	KATO Hisanori
Managing Executive Officer	NAGURA Shinobu	Executive Officer	YAMAMOTO Jun
Managing Executive Officer	OGATA Satoru	Executive Officer	TOYODA Yasumitsu
Managing Executive Officer	NAKAO Hideki	Executive Officer	FUJIE Junko
Managing Executive Officer	IIMURA Koji	Executive Officer	UEDA Hiroshi
		Executive Officer	AONO Kenji

### 3. Nomination Committee

Chairman	KAIWA Makoto
Member	TAKEUCHI Keisuke
Member	AMANO Reiko
Member	IKEDA Norito
Member	MASUDA Hiroya

### 4. Audit Committee

Chairman	KAWAMURA Hiroshi
Member	YAMAZAKI Katsuyo
Member	YAMAMOTO Kenzo
Member	NAKAZAWA Keiji
Member	KATO Akane

### 5. Compensation Committee

Chairman	TAKEUCHI Keisuke
Member	AIHARA Risa
Member	NAKAZAWA Keiji
Member	MASUDA Hiroya

## 6 Organization Chart

(As of July 1, 2023)



**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, 2023)

**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.	190,963,900	49.84%
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,715,600	8.54%
Custody Bank of Japan, Ltd. (Trust Account)	11,383,500	2.97%
STATE STREET BANK WEST CLIENT - TREATY 505234	3,543,900	0.92%
Japan Post Insurance Employee Shareholding Association	3,368,500	0.88%
JPMorgan Securities Japan Co., Ltd.	3,319,167	0.87%
JP JPMSE LUX RE MERRILL LYNCH INTERNATI EQ CO	3,126,974	0.82%
STATE STREET BANK AND TRUST COMPANY 505103	3,064,073	0.80%
JP MORGAN CHASE BANK 385781	2,280,804	0.60%
STATE STREET BANK AND TRUST COMPANY 505225	2,117,225	0.55%

Note 1: Although the Company holds treasury stock of 16,512,551 shares, it is excluded from the major shareholders above.

Note 2: Percentage of shares held is calculated excluding treasury stock (16,512,551 shares) and rounded to two decimal places.

Treasury stock does not include the 475,600 shares of the Company's stock held in the Board Benefit Trust (BBT).

## ④ Number of Employees

19,148\* (as of March 31, 2023)

\* 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, 2023)

### 1. Directors

Director and President, CEO, Representative Executive Officer .....	TANIGAKI Kunio (Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
Director and Deputy President, Representative Executive Officer .....	ONISHI Toru (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 (Formerly held the position of Executive Advisor of Pasona Group Inc.)
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.)
Outside Director .....	SHINGU Yuki (Concurrently holds the position of President and Chief Executive Officer of Future Architect, Inc.)
Outside Director .....	OMACHI Reiko (Attorney-at-law)

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

Deputy President, Representative Executive Officer	SHIMA Toshitaka	Executive Officer	MURO Takashi
Senior Managing Executive Officer	HIRONAKA Yasuaki	Executive Officer	IMAIZUMI Michinori
Senior Managing Executive Officer	TACHIBANA Atsushi	Executive Officer	TAGUCHI Yoshihiro
Senior Managing Executive Officer	KUME Takeshi	Executive Officer	SHIGEMATSU Jun
Managing Executive Officer	KOIE Junko	Executive Officer	YOSHIDA Syouichi
Managing Executive Officer	SAKAMOTO Hidekazu	Executive Officer	KIMURA Yoshihisa
Managing Executive Officer	HARUNA Takayuki	Executive Officer	HAMASAKI Rika
Managing Executive Officer	IIDA Takashi	Executive Officer	HANDA Shuji
Managing Executive Officer	YOKOYAMA Masamichi	Executive Officer	IZUMI Mamiko
Managing Executive Officer	MIYAZAWA Hitoshi	Executive Officer	ADACHI Tamami
		Executive Officer	IWATA Kazuhiko

### 3. Nomination Committee

Chairman	HARADA Kazuyuki
Member	TANIGAKI Kunio
Member	MASUDA Hiroya
Member	SUZUKI Masako
Member	YAMAZAKI Hisashi

### 4. Audit Committee

Chairman	SUZUKI Masako
Member	NARA Tomoaki
Member	TONOSU Kaori
Member	TOMII Satoshi
Member	OMACHI Reiko

### 5. Compensation Committee

Chairman	TOMII Satoshi
Member	MASUDA Hiroya
Member	HARADA Kazuyuki
Member	SHINGU Yuki

## 6 Organization Chart

(As of July 1, 2023)



Top Commitment

Value Creation Strategy

Sustainability

Corporate Governance

Data Compilation

## Japan Post Group (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
<b>Total income</b>	12,774,999	11,950,185	11,720,403	11,264,774	11,138,580
<b>Income before income taxes</b>	830,696	864,457	914,164	991,464	657,499
<b>Net income</b>	479,419	483,733	418,238	501,685	431,066
<b>Comprehensive income (loss)</b>	291,836	(2,225,078)	3,567,160	(805,187)	(305,224)
<b>Net assets</b>	14,788,654	12,616,774	16,071,067	14,688,981	15,098,256
<b>Total assets</b>	286,170,709	286,098,449	297,738,131	303,846,980	296,111,587
<b>Consolidated capital adequacy ratio (domestic standard)</b>	17.73%	17.66%	17.55%	17.21%	17.35%

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, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
<b>Operating income</b>	274,551	289,447	167,933	284,688	257,559
<b>Net operating income</b>	213,623	236,452	104,871	203,545	180,637
<b>Net ordinary income</b>	215,900	243,027	114,800	217,753	198,881
<b>Net income (loss)</b>	220,791	397,647	(2,129,989)	325,460	293,787
<b>Net assets</b>	7,940,442	8,031,667	5,912,969	5,740,721	5,625,034
<b>Total assets</b>	8,079,602	8,129,402	5,997,547	5,848,650	5,762,311

## Japan Post (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
<b>Operating income</b>	3,960,669	3,839,318	3,837,635	3,656,920	3,451,530
<b>Net operating income</b>	182,021	179,034	155,070	148,268	83,794
<b>Net ordinary income</b>	179,865	168,111	149,191	143,545	79,477
<b>Net income</b>	126,614	87,155	53,415	93,217	62,111
<b>Net assets</b>	915,130	855,378	871,293	910,154	851,356
<b>Total assets</b>	5,182,809	5,179,414	5,175,507	5,180,966	4,890,957

Note: The amount of net income attributable to Japan Post has been used for net income of Japan Post (Consolidated).



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

(Millions of yen)

	For the fiscal year ended				
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
<b>Operating income</b>	2,114,950	2,125,313	2,068,426	2,041,210	1,997,817
<b>Net operating income</b>	121,388	147,505	123,716	102,245	32,852

## [Post office business segment (Consolidated)]

(Millions of yen)

	For the fiscal year ended				
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
<b>Operating income</b>	1,362,579	1,298,774	1,243,466	1,151,797	1,074,041
<b>Net operating income</b>	59,619	44,598	37,727	24,569	49,311

## [International logistics business segment (Consolidated)]

(Millions of yen)

	For the fiscal year ended				
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
<b>Operating income</b>	700,650	634,954	749,878	687,506	599,462
<b>Net operating income (loss)</b>	10,300	(8,683)	3,505	28,788	10,732

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, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
<b>Ordinary income</b>	1,845,413	1,799,544	1,946,728	1,977,640	2,064,251
<b>Net ordinary income</b>	373,978	379,137	394,221	490,891	455,566
<b>Net income</b>	266,189	273,435	280,130	355,070	325,070
<b>Net assets</b>	11,362,365	9,003,256	11,394,827	10,302,261	9,651,874
<b>Total assets</b>	208,974,134	210,910,882	223,870,673	232,954,480	229,582,232
<b>Consolidated capital adequacy ratio (domestic standard)</b>	15.80%	15.58%	15.53%	15.56%	15.53%

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, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
<b>Ordinary income</b>	7,916,655	7,211,405	6,786,226	6,454,208	6,379,561
<b>Net ordinary income</b>	264,870	286,601	345,736	356,113	117,570
<b>Net income</b>	120,480	150,687	166,103	158,062	97,614
<b>Net assets</b>	2,135,137	1,928,380	2,841,475	2,421,063	2,375,377
<b>Total assets</b>	73,905,017	71,664,781	70,172,982	67,174,796	62,687,388
<b>Consolidated solvency margin ratio</b>	1,189.8%	1,070.9%	1,121.2%	1,045.5%	1,009.1%

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)	2023 (As of March 31, 2023)
<b>ASSETS:</b>			
Cash and due from banks (Notes 3, 4 and 5)	¥ 70,243,186	¥ 68,502,665	\$ 526,048
Call loans	2,500,000	2,510,000	18,722
Receivables under resale agreements	11,173,216	11,958,586	83,676
Receivables under securities borrowing transactions	250,241	—	1,874
Monetary claims bought (Notes 4 and 20)	525,632	436,845	3,936
Trading account securities (Notes 4 and 20)	19	11	0
Money held in trust (Notes 4 and 20)	11,787,642	10,762,356	88,277
Securities (Notes 3, 4, 5, 6 and 20)	182,770,020	193,172,232	1,368,756
Loans (Notes 6 and 20)	9,210,199	8,693,923	68,975
Foreign exchanges (Note 6)	124,943	213,924	936
Other assets (Notes 5, 6 and 27)	2,945,647	3,183,566	22,060
Tangible fixed assets (Note 7)			
Buildings	1,044,093	1,038,414	7,819
Land	1,613,766	1,608,472	12,085
Construction in progress	235,520	165,308	1,764
Other tangible fixed assets	285,300	292,909	2,137
Total tangible fixed assets	3,178,680	3,105,104	23,805
Intangible assets			
Software	241,744	197,692	1,810
Goodwill	6,926	8,905	52
Other intangible assets	18,065	18,333	135
Total intangible assets	266,735	224,931	1,998
Asset for retirement benefits (Note 13)	76,022	69,639	569
Deferred tax assets (Note 15)	1,065,309	1,019,228	7,978
Reserve for possible loan losses	(5,909)	(6,036)	(44)
<b>Total assets</b>	<b>¥ 296,111,587</b>	<b>¥ 303,846,980</b>	<b>\$ 2,217,566</b>

See the accompanying notes to consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)	2023 (As of March 31, 2023)
<b>LIABILITIES:</b>			
Deposits (Notes 5 and 20)	¥ 192,420,880	¥ 191,731,173	\$ 1,441,031
Payables under repurchase agreements (Note 5)	22,057,310	22,032,546	165,186
Policy reserves and others			
Reserve for outstanding claims (Note 8)	410,387	402,608	3,073
Policy reserves (Notes 8 and 14)	53,518,219	56,533,454	400,795
Reserve for policyholder dividends (Note 9)	1,175,171	1,260,009	8,801
Total policy reserves and others	55,103,778	58,196,072	412,670
Payables under securities lending transactions (Note 5)	1,941,872	3,751,134	14,543
Borrowed money (Notes 3, 5, 10 and 20)	1,791,279	5,942,886	13,415
Foreign exchanges	1,411	697	11
Bonds (Notes 5, 11 and 20)	335,000	300,000	2,509
Other liabilities (Notes 10, 12 and 27)	4,010,077	3,455,867	30,031
Reserve for bonuses	125,570	127,237	940
Liability for retirement benefits (Note 13)	2,212,694	2,223,051	16,571
Reserve for employee stock ownership plan trust	511	515	4
Reserve for management board benefit trust	1,176	1,139	9
Reserve for reimbursement of deposits	54,655	58,813	409
Reserve for price fluctuations (Note 14)	889,960	972,606	6,665
Deferred tax liabilities (Note 15)	67,152	364,257	503
<b>Total liabilities</b>	<b>¥ 281,013,330</b>	<b>¥ 289,157,998</b>	<b>\$ 2,104,496</b>
<b>NET ASSETS (Note 16):</b>			
Capital stock	¥ 3,500,000	¥ 3,500,000	\$ 26,211
Capital surplus	—	1,458,718	—
Retained earnings	6,238,845	6,138,069	46,722
Treasury stock	(201,307)	(96,106)	(1,508)
Total shareholders' equity	9,537,537	11,000,681	71,426
Net unrealized gains (losses) on available-for-sale securities	893,645	1,731,180	6,692
Net deferred gains (losses) on hedges	(375,143)	(479,930)	(2,809)
Foreign currency translation adjustments	(116,148)	(112,443)	(870)
Accumulated adjustments for retirement benefits	137,703	169,902	1,031
Total accumulated other comprehensive income	540,056	1,308,709	4,044
Non-controlling interests	5,020,661	2,379,590	37,599
<b>Total net assets</b>	<b>15,098,256</b>	<b>14,688,981</b>	<b>113,070</b>
<b>Total liabilities and net assets</b>	<b>¥ 296,111,587</b>	<b>¥ 303,846,980</b>	<b>\$ 2,217,566</b>

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023 (From April 1, 2022 to March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)	2023 (From April 1, 2022 to March 31, 2023)
<b>INCOME</b> (Note 27):			
Postal business income	¥ 2,559,172	¥ 2,688,197	\$ 19,166
Banking business income	2,062,509	1,976,004	15,446
Life insurance business income	6,374,579	6,454,191	47,739
Other income (Notes 7 and 17)	254,553	175,820	1,906
<b>Total income</b>	<b>11,250,815</b>	<b>11,294,215</b>	<b>84,257</b>
<b>EXPENSES:</b>			
Operating expenses	7,783,737	7,398,205	58,292
Personnel expenses (Note 13)	2,434,286	2,429,768	18,230
Depreciation and amortization	229,490	255,361	1,719
Other expenses (Notes 7 and 18)	108,089	369,591	809
<b>Total expenses</b>	<b>10,555,603</b>	<b>10,452,927</b>	<b>79,050</b>
<b>Income before income taxes</b>	<b>695,212</b>	<b>841,287</b>	<b>5,206</b>
<b>Income taxes</b> (Note 15):			
Current	193,095	221,456	1,446
Deferred	(18,570)	1,322	(139)
<b>Total income taxes</b>	<b>174,525</b>	<b>222,779</b>	<b>1,307</b>
<b>Net income</b>	<b>520,687</b>	<b>618,508</b>	<b>3,899</b>
Net income attributable to non-controlling interests	89,620	116,823	671
<b>Net income attributable to Japan Post Holdings</b>	<b>¥ 431,066</b>	<b>¥ 501,685</b>	<b>\$ 3,228</b>

	Yen		U.S. Dollars (Note 1)
	2023 (From April 1, 2022 to March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)	2023 (From April 1, 2022 to March 31, 2023)
<b>Per share of common stock</b> (Note 26):			
Basic net income	¥ 120.82	¥ 131.93	\$ 0.90
Diluted net income	—	—	—

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023 (From April 1, 2022 to March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)	2023 (From April 1, 2022 to March 31, 2023)
<b>Net income</b>	<b>¥ 520,687</b>	<b>¥ 618,508</b>	<b>\$ 3,899</b>
<b>Other comprehensive loss</b> (Note 19)			
Net unrealized gains (losses) on available-for-sale securities	(707,864)	(1,210,064)	(5,301)
Net deferred gains (losses) on hedges	(82,206)	(169,335)	(616)
Foreign currency translation adjustments	(4,039)	(7,771)	(30)
Adjustments for retirement benefits	(31,807)	(36,525)	(238)
Share of other comprehensive income of affiliates	6	0	0
Total other comprehensive loss	(825,912)	(1,423,696)	(6,185)
<b>Comprehensive loss</b>	<b>¥ (305,224)</b>	<b>¥ (805,187)</b>	<b>\$ (2,286)</b>
Total comprehensive loss attributable to:			
Japan Post Holdings	¥ (283,482)	¥ (705,175)	\$ (2,123)
Non-controlling interests	(21,741)	(100,011)	(163)

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

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.

2023 (From April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2022	¥ 3,500,000	¥ 1,458,718	¥ 6,138,069	¥ (96,106)	¥ 11,000,681
Changes in the fiscal year:					
Cash dividends			(183,136)		(183,136)
Net income attributable to Japan Post Holdings			431,066		431,066
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(1,505,816)			(1,505,816)
Purchases of treasury stock				(205,355)	(205,355)
Disposals of treasury stock				98	98
Cancellation of treasury stock		(100,056)		100,056	—
Transfer from retained earnings to capital surplus		147,154	(147,154)		—
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	(1,458,718)	100,775	(105,200)	(1,463,143)
BALANCE, MARCH 31, 2023	¥ 3,500,000	¥ —	¥ 6,238,845	¥ (201,307)	¥ 9,537,537

	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, 2022	¥ 1,731,180	¥ (479,930)	¥ (112,443)	¥ 169,902	¥ 1,308,709	¥ 2,379,590	¥ 14,688,981
Changes in the fiscal year:							
Cash dividends							(183,136)
Net income attributable to Japan Post Holdings							431,066
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(1,505,816)
Purchases of treasury stock							(205,355)
Disposals of treasury stock							98
Cancellation of treasury stock							—
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity in the fiscal year	(837,535)	104,786	(3,705)	(32,198)	(768,652)	2,641,071	1,872,418
Net changes in the fiscal year	(837,535)	104,786	(3,705)	(32,198)	(768,652)	2,641,071	409,274
BALANCE, MARCH 31, 2023	¥ 893,645	¥ (375,143)	¥ (116,148)	¥ 137,703	¥ 540,056	¥ 5,020,661	¥ 15,098,256

See the accompanying notes to consolidated financial statements.

2023 (From April 1, 2022 to March 31, 2023)

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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2022	\$ 26,211	\$ 10,924	\$ 45,968	\$ (720)	\$ 82,384
Changes in the fiscal year:					
Cash dividends			(1,371)		(1,371)
Net income attributable to Japan Post Holdings			3,228		3,228
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(11,277)			(11,277)
Purchases of treasury stock				(1,538)	(1,538)
Disposals of treasury stock				1	1
Cancellation of treasury stock		(749)		749	—
Transfer from retained earnings to capital surplus		1,102	(1,102)		—
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	(10,924)	755	(788)	(10,957)
BALANCE, MARCH 31, 2023	\$ 26,211	\$ —	\$ 46,722	\$ (1,508)	\$ 71,426

	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, 2022	\$ 12,965	\$ (3,594)	\$ (842)	\$ 1,272	\$ 9,801	\$ 17,821	\$ 110,005
Changes in the fiscal year:							
Cash dividends							(1,371)
Net income attributable to Japan Post Holdings							3,228
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(11,277)
Purchases of treasury stock							(1,538)
Disposals of treasury stock							1
Cancellation of treasury stock							—
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity in the fiscal year	(6,272)	785	(28)	(241)	(5,756)	19,779	14,022
Net changes in the fiscal year	(6,272)	785	(28)	(241)	(5,756)	19,779	3,065
BALANCE, MARCH 31, 2023	\$ 6,692	\$ (2,809)	\$ (870)	\$ 1,031	\$ 4,044	\$ 37,599	\$ 113,070

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023 (From April 1, 2022 to March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)	2023 (From April 1, 2022 to March 31, 2023)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income before income taxes	¥ 695,212	¥ 841,287	\$ 5,206
Income taxes paid	(124,552)	(274,815)	(933)
Policyholder dividends paid	(146,714)	(155,691)	(1,099)
Depreciation and amortization	229,490	255,361	1,719
Losses on impairment of fixed assets	3,224	11,280	24
Amortization of goodwill	2,082	1,317	16
Equity in (earnings) losses of affiliates	(1,387)	(1,527)	(10)
Net change in reserve for outstanding claims	7,778	(16,412)	58
Net change in policy reserves	(3,015,234)	(2,864,265)	(22,581)
Provision for interest on policyholder dividends	9	9	0
Provision for reserve for policyholder dividends	62,067	73,113	465
Net change in reserve for possible loan losses	(106)	(1,403)	(1)
Net change in reserve for bonuses	(1,543)	504	(12)
Net change in asset and liability for retirement benefits	(16,740)	7,055	(125)
Net change in reserve for employee stock ownership plan trust	(3)	(20)	(0)
Net change in reserve for management board benefit trust	36	186	0
Net change in reserve for reimbursement of deposits	(4,158)	(15,016)	(31)
Net change in reserve for insurance claims and others	—	(2,851)	—
Net change in reserve for price fluctuations	(82,645)	67,789	(619)
Interest income (accrual basis)	(1,243,685)	(1,369,735)	(9,314)
Interest expenses (accrual basis)	458,165	226,652	3,431
Net (gains) losses on securities	142,927	219,842	1,070
Net (gains) losses on money held in trust	(397,198)	(401,224)	(2,975)
Net (gains) losses on foreign exchanges	(1,337,823)	(1,105,269)	(10,019)
Net (gains) losses on sales and disposal of fixed assets	(13,795)	(17,070)	(103)
Net change in loans	(1,163,957)	248,159	(8,717)
Net change in deposits	689,707	3,746,412	5,165
Net change in borrowed money	(3,971,000)	1,686,100	(29,739)
Net change in call loans, etc.	140	(1,257,041)	1
Net change in receivables under securities borrowing transactions for banking business	(250,241)	—	(1,874)
Net change in call money, etc.	(1,145,024)	4,575,165	(8,575)
Net change in payables under securities lending transactions for banking business	427,434	9,894	3,201
Net change in foreign exchanges (assets)	88,980	(133,076)	666
Net change in foreign exchanges (liabilities)	714	182	5
Interest received (cash basis)	1,195,051	1,337,037	8,950
Interest paid (cash basis)	(411,768)	(343,003)	(3,084)
Other, net	1,173,329	(364,760)	8,787
Total adjustments	(8,846,439)	4,142,880	(66,251)
<b>Net cash provided by (used in) operating activities</b>	<b>¥ (8,151,226)</b>	<b>¥ 4,984,168</b>	<b>\$ (61,044)</b>

See the accompanying notes to consolidated financial statements.



	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2023 (From April 1, 2022 to March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)	2023 (From April 1, 2022 to March 31, 2023)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of call loans	¥ (7,380,000)	¥ (7,600,000)	\$ (55,268)
Proceeds from redemption of call loans	7,380,000	7,690,000	55,268
Net change in receivables under resale agreements	735,373	(2,096,833)	5,507
Net change in payables under repurchase agreements	1,169,788	2,570,899	8,760
Purchases of monetary claims bought	(119,988)	(384,982)	(899)
Proceeds from sale and redemption of monetary claims bought	111,808	621,790	837
Net change in receivables under securities borrowing transactions for life insurance business	—	2,585,087	—
Net change in payables under securities lending transactions for life insurance business	(2,236,696)	(2,350,772)	(16,751)
Purchases of securities	(47,557,119)	(44,871,665)	(356,153)
Proceeds from sale of securities	19,019,006	7,159,507	142,432
Proceeds from redemption of securities	38,666,999	38,079,332	289,575
Increase in money held in trust	(1,024,238)	(1,136,176)	(7,670)
Decrease in money held in trust	655,650	885,997	4,910
Payments for loans	(421,335)	(435,102)	(3,155)
Proceeds from collection of loans	1,067,457	1,146,131	7,994
Purchases of tangible fixed assets	(230,999)	(140,274)	(1,730)
Proceeds from sale of tangible fixed assets	30,623	45,991	229
Purchases of intangible assets	(92,214)	(63,516)	(691)
Payments of stocks of subsidiaries and affiliates	(6,688)	—	(50)
Purchases of stocks of subsidiaries resulting in change in the scope of consolidation	(121)	(23,721)	(1)
Proceeds from purchase of stocks of subsidiaries resulting in change in the scope of consolidation	—	4,990	—
Payments for sale of stocks of subsidiaries resulting in change in the scope of consolidation	—	(30)	—
Other, net	(415,158)	(273,431)	(3,109)
<b>Net cash provided by investing activities</b>	<b>¥ 9,352,146</b>	<b>¥ 1,413,220</b>	<b>\$ 70,038</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings	¥ 97,980	¥ 89,187	\$ 734
Repayment of borrowings	(276,511)	(98,193)	(2,071)
Proceeds from issuance of bonds	34,887	—	261
Purchases of treasury stock	(205,355)	(345,450)	(1,538)
Purchases of treasury stock of subsidiaries	(52,322)	(548)	(392)
Proceeds from disposals of treasury stock of subsidiaries	55	52	0
Dividends paid	(182,997)	(202,176)	(1,370)
Dividends paid to non-controlling interests	(41,858)	(45,894)	(313)
Purchases of stocks of subsidiaries that do not result in change in the scope of consolidation	—	(1)	—
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	1,191,910	1,189	8,926
Other, net	(16,147)	(19,205)	(121)
<b>Net cash provided by (used in) financing activities</b>	<b>549,640</b>	<b>(621,040)</b>	<b>4,116</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>11,693</b>	<b>4,920</b>	<b>88</b>
<b>Net change in cash and cash equivalents</b>	<b>1,762,254</b>	<b>5,781,269</b>	<b>13,197</b>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	<b>68,419,223</b>	<b>62,637,954</b>	<b>512,388</b>
<b>Cash and cash equivalents at the end of the fiscal year (Note 3)</b>	<b>¥ 70,181,478</b>	<b>¥ 68,419,223</b>	<b>\$ 525,586</b>

See the accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

### 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 ¥133.53 to U.S. \$1, the approximate rate of exchange as of March 31, 2023. 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 year ended March 31, 2023 include the accounts of the Company and its consolidated subsidiaries (collectively, the "Group").

##### A) Consolidated subsidiaries

The Company has 218 (245 in 2022) 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, 2023, Japan Post Investment Regional Development and Impact Fund I, ILP and 2 other companies were included in the scope of consolidation due to their establishment, and a subsidiary under Toll Holdings Pty Limited (hereinafter referred to as "Toll") was included in the scope of consolidation due to the acquisition of its stock. On the other hand, 31 subsidiaries of Toll were excluded from the scope of consolidation due to their liquidation from the fiscal year ended March 31, 2023.

##### B) Non-consolidated subsidiaries

The Company has 10 (6 in 2022) non-consolidated subsidiaries, namely, silent partnerships 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 14 (13 in 2022) 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., Good Technology Company, Ltd and Toll's affiliates.

During the fiscal year ended March 31, 2023, Good Technology Company, Ltd was included in the scope of the equity method due to its establishment.

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

The Company has 10 (6 in 2022) non-consolidated subsidiaries that are not accounted for by the equity method, namely, silent partnerships investing in real estate, etc.

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

The Company has 3 affiliates (2 in 2022) that is not accounted for by the equity method, namely, BPO.MP COMPANY LIMITED, A.I. Squared, Inc. and MKAM Co., Ltd.

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:

Year ended March 31	2023
June 30	5 companies
December 31	31 companies
March 31	182 companies

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

Necessary adjustments are made for material transactions that occurred between the consolidated fiscal year-end date and the fiscal year-end dates above.

##### (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.

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.

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 the 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 costs 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 the 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 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 the 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 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 the 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 uncollectible amount, which is calculated as the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. The amounts written off for these loans were ¥92 million (\$1 million) and ¥37 million for the fiscal years ended March 31, 2023 and 2022, 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.
 

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 or Redemption of Investment Trusts
 

Gains (losses) on cancellation or redemption 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 at the insurance subsidiary 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.
  - (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) Retirement Benefits
    - 1) In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to the 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.
    - 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 based on a proportional amount using the straight-line method over a fixed period (7 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.
    - 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 based on a proportional amount 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.
  - (18) 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".
  - (19) Reserve for Price Fluctuations
 

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



## (20) 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).

## (21) Recognition of Significant Revenue and Expenses

In relation to the recognition of revenue from contracts with customers, the nature of principal performance obligations for major businesses of the Group and the 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 logistics business are satisfied over time from the 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 catalogues 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.

## (22) Changes in Accounting Policies

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the "Implementation Guidance on Fair Value Measurement Accounting Standard"), from the beginning of the fiscal year ended March 31, 2023. The Company has applied the new accounting policy prescribed under the Implementation Guidance on Fair Value Measurement Accounting Standard prospectively, in accordance with the transitional treatment prescribed under Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard. Pursuant to this application, the method used to measure the value of certain investment trusts on the consolidated balance sheets has changed from acquisition costs to fair value.

Concerning notes on investment trusts in fair value information of financial instruments by level of inputs under Note 20 "FINANCIAL INSTRUMENTS," notes pertaining to the fiscal year ended March 31, 2022 are not presented in accordance with Paragraph 27-3 of the Implementation Guidance on Fair Value Measurement Accounting Standard.

## (23) 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 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Securities	¥ 182,770,020	¥ 193,172,232	\$ 1,368,756

## 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 [Yields] 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

This information is provided in Note 13 "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.

## (24) New Accounting Pronouncements

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)

"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)

"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

## 1) Overview

The above standards and guidance define the accounting classification of income taxes, etc. when other comprehensive income is taxable and the handling of tax effect regarding the sales of the stock of subsidiaries, etc. when the group taxation regime is adopted.

## 2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2025.

## 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.

## (25) Additional Information

## 1) Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

The Company and certain domestic consolidated subsidiaries implemented the transition from the consolidated tax payment system to the group tax sharing system from the fiscal year ended March 31, 2023. Accordingly, accounting treatment and disclosure of corporate tax, local corporate tax, and tax effect accounting are processed in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System"

(ASBJ PITF No. 42, August 12, 2021; hereinafter referred to as "ASBJ PITF No. 42"). Moreover, based on ASBJ PITF No. 42 Paragraph 32-1, it is deemed that there is no impact from the changes in accounting policy due to the application of ASBJ PITF No. 42.

- 2) 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.

- A) 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.

- B) 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 ¥1,216 million (\$9 million) and ¥507 million, and the number of shares of the treasury stock was 1,140 thousand shares and 375 thousand shares as of March 31, 2023 and 2022, 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 of the Company.

### 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
	2023	2022	2023
Cash and due from banks	¥ 70,243,186	¥ 68,502,665	\$ 526,048
Negotiable certificates of deposit of the banking subsidiary included in "Cash and due from banks"	(65,000)	(65,000)	(487)
Negotiable certificates of deposit included in "Securities"	15,000	15,000	112
Deposits with maturities of more than three months	(200)	(200)	(1)
Bank overdrafts included in "Borrowed money"	(11,507)	(33,241)	(86)
Cash and cash equivalents at the end of the fiscal year	¥ 70,181,478	¥ 68,419,223	\$ 525,586

### 4. SECURITIES

#### (1) Securities

Securities consisted of the following:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Stocks and investments in capital <sup>1</sup>	¥ 602,608	¥ 643,736	\$ 4,513
Japanese government bonds <sup>2</sup>	75,229,314	86,668,741	563,389
Japanese local government bonds	9,041,018	10,053,341	67,708
Japanese corporate bonds	14,863,427	15,419,430	111,312
Other <sup>2</sup>	83,033,651	80,386,982	621,835
Total	¥ 182,770,020	¥ 193,172,232	\$ 1,368,756

Notes:

- Stocks and investments in capital include investments in non-consolidated subsidiaries and affiliates of ¥46,564 million (\$349 million) and ¥18,852 million as of March 31, 2023 and 2022, respectively.
- Unsecured and secured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥3,541,200 million (\$26,520 million) and ¥3,657,589 million were included in Japanese government bonds and other in "Securities" as of March 31, 2023 and 2022, respectively. Securities borrowed under resale agreements, etc. for which the Group has the right to sell or pledge amounted to ¥5,178,588 million (\$38,782 million) and ¥4,904,839 million for securities held at the end of the fiscal year without being sold or pledged as of March 31, 2023 and 2022, respectively.

#### (2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Consolidated balance sheet amount	¥ 8,075,012	¥ 8,604,735	\$ 60,473
Fair value	8,237,638	9,106,029	61,691

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 (excluding some insurance types)
- 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 Postal Life Insurance contracts sub-group used to include all insurance policies of Postal Life Insurance contracts. However, as part of measures for risk management improvements in response to capital controls, which are scheduled to be introduced in the fiscal year ending March 31, 2026, the Company decided to apply the deferred hedge method using interest rate swaps based on the "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Insurance Industry" (JICPA Industry Committee Practical Guidance No. 26) to hedge against interest rate risks for some of its Postal Life Insurance contracts. Therefore, from the fourth quarter of the fiscal year ended March 31, 2023, the relevant insurance policies are excluded from the policy reserves sub-group. This change has no impact on income or loss.

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

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

## 1) Trading securities

There were no valuation gains (losses) associated with trading securities recorded under gains or losses as of March 31, 2023 and 2022.

## 2) Held-to-maturity bonds

(Millions of Yen)

March 31	2023		
	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 33,096,724	¥ 36,136,138	¥ 3,039,413
Japanese local government bonds	2,700,074	2,812,482	112,407
Japanese corporate bonds	1,713,293	1,767,560	54,267
Other	1,628,789	1,675,504	46,715
Subtotal	39,138,881	42,391,686	3,252,804
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	11,040,470	10,275,246	(765,223)
Japanese local government bonds	3,398,397	3,332,005	(66,391)
Japanese corporate bonds	4,266,512	4,162,063	(104,449)
Other	2,144,937	2,089,715	(55,222)
Subtotal	20,850,318	19,859,030	(991,287)
Total	¥ 59,989,200	¥ 62,250,717	¥ 2,261,516

(Millions of Yen)

March 31	2022		
	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 38,003,470	¥ 42,058,856	¥ 4,055,385
Japanese local government bonds	3,453,953	3,620,009	166,055
Japanese corporate bonds	2,161,921	2,244,078	82,156
Other	573,309	587,450	14,140
Subtotal	44,192,656	48,510,394	4,317,737
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	6,116,978	5,834,157	(282,821)
Japanese local government bonds	2,520,633	2,495,597	(25,035)
Japanese corporate bonds	3,130,052	3,095,392	(34,659)
Other	1,235,185	1,221,125	(14,059)
Subtotal	13,002,849	12,646,273	(356,576)
Total	¥ 57,195,506	¥ 61,156,667	¥ 3,961,161

(Millions of U.S. Dollars)

March 31	2023		
	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	\$ 247,860	\$ 270,622	\$ 22,762
Japanese local government bonds	20,221	21,063	842
Japanese corporate bonds	12,831	13,237	406
Other	12,198	12,548	350
Subtotal	293,109	317,469	24,360
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	82,682	76,951	(5,731)
Japanese local government bonds	25,450	24,953	(497)
Japanese corporate bonds	31,952	31,169	(782)
Other	16,063	15,650	(414)
Subtotal	156,147	148,723	(7,424)
Total	\$ 449,256	\$ 466,193	\$ 16,936

## 3) Policy-reserve-matching bonds

(Millions of Yen)

March 31	2023		
	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 4,539,176	¥ 4,974,007	¥ 434,831
Japanese local government bonds	253,802	262,977	9,174
Japanese corporate bonds	53,063	56,749	3,685
Subtotal	4,846,042	5,293,734	447,691
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	1,815,799	1,654,334	(161,465)
Japanese local government bonds	238,629	225,016	(13,613)
Japanese corporate bonds	1,174,539	1,064,553	(109,985)
Subtotal	3,228,969	2,943,904	(285,064)
Total	¥ 8,075,012	¥ 8,237,638	¥ 162,626

(Millions of Yen)

March 31	2022		
	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 5,683,080	¥ 6,253,790	¥ 570,710
Japanese local government bonds	407,633	421,913	14,280
Japanese corporate bonds	332,465	340,577	8,111
Subtotal	6,423,179	7,016,281	593,102
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	1,183,968	1,124,855	(59,113)
Japanese local government bonds	137,892	134,883	(3,008)
Japanese corporate bonds	859,694	830,008	(29,686)
Subtotal	2,181,555	2,089,747	(91,808)
Total	¥ 8,604,735	¥ 9,106,029	¥ 501,294

(Millions of U.S. Dollars)

March 31	2023		
	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	\$ 33,994	\$ 37,250	\$ 3,256
Japanese local government bonds	1,901	1,969	69
Japanese corporate bonds	397	425	28
Subtotal	36,292	39,645	3,353
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	13,598	12,389	(1,209)
Japanese local government bonds	1,787	1,685	(102)
Japanese corporate bonds	8,796	7,972	(824)
Subtotal	24,182	22,047	(2,135)
Total	\$ 60,473	\$ 61,691	\$ 1,218



## 4) Available-for-sale securities

(Millions of Yen)

March 31	2023		
	Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost			
Stocks	¥ 323,928	¥ 246,070	¥ 77,858
Bonds	16,719,089	16,509,721	209,367
Japanese government bonds	12,809,843	12,625,559	184,283
Japanese local government bonds	1,706,967	1,703,021	3,945
Japanese short-term corporate bonds	—	—	—
Japanese corporate bonds	2,202,279	2,181,140	21,138
Other	30,017,234	27,059,409	2,957,825
Of which: foreign bonds	16,620,961	14,806,448	1,814,513
Of which: investment trusts	13,249,409	12,107,481	1,141,927
Subtotal	47,060,252	43,815,201	3,245,051
Those for which consolidated balance sheet amount does not exceed cost			
Stocks	180,487	259,160	(78,673)
Bonds	18,124,185	18,922,513	(798,327)
Japanese government bonds	11,927,300	12,655,296	(727,996)
Japanese local government bonds	743,145	749,404	(6,258)
Japanese short-term corporate bonds	1,400,895	1,400,895	—
Japanese corporate bonds	4,052,843	4,116,915	(64,072)
Other	50,250,129	51,663,850	(1,413,720)
Of which: foreign bonds	8,531,443	8,884,533	(353,090)
Of which: investment trusts	40,723,755	41,780,815	(1,057,059)
Subtotal	68,554,801	70,845,523	(2,290,721)
Total	¥ 115,615,054	¥ 114,660,725	¥ 954,329

(Millions of Yen)

March 31	2022		
	Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost			
Stocks	¥ 305,485	¥ 225,811	¥ 79,674
Bonds	28,425,427	28,004,196	421,231
Japanese government bonds	21,801,829	21,427,708	374,120
Japanese local government bonds	2,658,327	2,649,646	8,681
Japanese short-term corporate bonds	—	—	—
Japanese corporate bonds	3,965,270	3,926,841	38,429
Other	50,687,018	48,665,109	2,021,909
Of which: foreign bonds	21,464,017	19,768,180	1,695,837
Of which: investment trusts	29,103,342	28,779,100	324,242
Subtotal	79,417,931	76,895,116	2,522,815
Those for which consolidated balance sheet amount does not exceed cost			
Stocks	268,415	305,710	(37,294)
Bonds	19,724,339	20,068,320	(343,980)
Japanese government bonds	13,879,413	14,194,877	(315,463)
Japanese local government bonds	874,901	877,451	(2,549)
Japanese short-term corporate bonds	1,434,510	1,434,510	—
Japanese corporate bonds	3,535,514	3,561,480	(25,966)
Other	25,547,343	25,910,855	(363,511)
Of which: foreign bonds	5,419,138	5,545,431	(126,293)
Of which: investment trusts	19,313,466	19,549,404	(235,937)
Subtotal	45,540,099	46,284,886	(744,786)
Total	¥ 124,958,031	¥ 123,180,003	¥ 1,778,028

(Millions of U.S. Dollars)

March 31	2023		
	Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost			
Stocks	\$ 2,426	\$ 1,843	\$ 583
Bonds	125,208	123,641	1,568
Japanese government bonds	95,932	94,552	1,380
Japanese local government bonds	12,783	12,754	30
Japanese short-term corporate bonds	—	—	—
Japanese corporate bonds	16,493	16,334	158
Other	224,798	202,647	22,151
Of which: foreign bonds	124,474	110,885	13,589
Of which: investment trusts	99,224	90,672	8,552
Subtotal	352,432	328,130	24,302
Those for which consolidated balance sheet amount does not exceed cost			
Stocks	1,352	1,941	(589)
Bonds	135,731	141,710	(5,979)
Japanese government bonds	89,323	94,775	(5,452)
Japanese local government bonds	5,565	5,612	(47)
Japanese short-term corporate bonds	10,491	10,491	—
Japanese corporate bonds	30,352	30,831	(480)
Other	376,321	386,908	(10,587)
Of which: foreign bonds	63,892	66,536	(2,644)
Of which: investment trusts	304,978	312,895	(7,916)
Subtotal	513,404	530,559	(17,155)
Total	\$ 865,836	\$ 858,689	\$ 7,147

## 5) Held-to-maturity bonds sold

There were no held-to-maturity bonds sold for the fiscal years ended March 31, 2023 and 2022.

## 6) Policy-reserve-matching bonds sold

(Millions of Yen)

Year ended March 31	2023		
	Sales	Gains	Losses
Bonds	¥ 295,753	¥ 4,003	¥ —
Japanese government bonds	295,753	4,003	—
Total	¥ 295,753	¥ 4,003	¥ —

(Millions of Yen)

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

(Millions of U.S. Dollars)

Year ended March 31	2023		
	Sales	Gains	Losses
Bonds	\$ 2,215	\$ 30	\$ —
Japanese government bonds	2,215	30	—
Total	\$ 2,215	\$ 30	\$ —

## 7) Available-for-sale securities sold

(Millions of Yen)

Year ended March 31	2023		
	Sales	Gains	Losses
Stocks	¥ 119,406	¥ 19,993	¥ (6,372)
Bonds	12,846,313	54,755	(90,398)
Japanese government bonds	12,375,748	54,278	(77,876)
Japanese local government bonds	277,139	58	(125)
Japanese corporate bonds	193,425	418	(12,396)
Other	5,756,251	141,265	(270,990)
Of which: foreign bonds	3,970,542	55,594	(228,074)
Of which: investment trusts	1,785,709	85,671	(42,916)
Total	¥ 18,721,971	¥ 216,015	¥ (367,761)

(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 U.S. Dollars)

Year ended March 31	2023		
	Sales	Gains	Losses
Stocks	\$ 894	\$ 150	\$ (48)
Bonds	96,205	410	(677)
Japanese government bonds	92,681	406	(583)
Japanese local government bonds	2,075	0	(1)
Japanese corporate bonds	1,449	3	(93)
Other	43,108	1,058	(2,029)
Of which: foreign bonds	29,735	416	(1,708)
Of which: investment trusts	13,373	642	(321)
Total	\$ 140,208	\$ 1,618	\$ (2,754)

## 8) Securities of which holding purposes were changed

There were no securities of which holding purposes were changed as of March 31, 2023 and 2022.

## 9) Securities that incurred impairment losses

For securities other than trading securities (excluding stocks without market prices and investments in partnerships), 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 ¥344 million (\$3 million) and ¥876 million for the fiscal years ended March 31, 2023 and 2022, respectively.

## (4) Money Held in Trust

## 1) Money held in trust classified as trading

There was no money held in trust classified as trading as of March 31, 2023 and 2022, respectively.

## 2) Money held in trust classified as held-to-maturity

There was no money held in trust classified as held-to-maturity as of March 31, 2023 and 2022, respectively.

## 3) Money held in trust classified as other than trading or held-to-maturity

(Millions of Yen)

March 31	2023				
	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	¥ 8,754,765	¥ 6,249,110	¥ 2,505,654	¥ 2,640,416	¥ (134,761)

(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 U.S. Dollars)

March 31	2023				
	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	\$ 65,564	\$ 46,799	\$ 18,765	\$ 19,774	\$ (1,009)

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.), 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 ¥9,555 million (\$72 million) and ¥10,124 million for the fiscal years ended March 31, 2023 and 2022, respectively.
- "Money held in trust classified as other than trading or held-to-maturity" include investment in non-consolidated subsidiaries of ¥28,772 million (\$215 million) and ¥25,401 million as of March 31, 2023 and 2022, respectively.

## 5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral consisted of the following:

## (1) Assets Pledged as Collateral

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Securities	¥ 26,133,024	¥ 30,906,567	\$ 195,709

## (2) Liabilities Related to Collateral

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Deposits	¥ 492,834	¥ 608,469	\$ 3,691
Payables under repurchase agreements	22,057,310	22,032,546	165,186
Payables under securities lending transactions	1,941,872	3,751,134	14,543
Borrowed money	1,632,600	5,603,600	12,226

- In addition to the assets pledged as collateral and the liabilities related to collateral presented above, the total assets of the Company have been pledged as general collateral for corporate bonds issued valued at ¥35,000 million (\$262 million) as of March 31, 2023.

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, 2023 and 2022:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Assets pledged as collateral:			
Cash and due from banks	¥ 1,977	¥ —	\$ 15
Securities	4,357,682	3,142,273	32,634

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

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Other assets:			
Margins for future transactions	¥ 171,788	¥ 158,969	\$ 1,287
Guarantee deposits	22,970	21,242	172
Margins with central counterparty	362,637	527,199	2,716
Cash collateral paid for financial instruments	538,805	743,560	4,035

## 6. LOANS

Receivables based on the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions 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."

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Claims provable in bankruptcy	¥ —	¥ —	\$ —
Doubtful receivables	0	0	0
Past-due loans for three months or more	—	—	—
Restructured loans	—	—	—
Total	¥ 0	¥ 0	\$ 0

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

Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed upon 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 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Amount of unused commitments on loans	¥ 39,855	¥ 54,579	\$ 298
Of which: unused commitments with a term of less than one year or that may be cancelled unconditionally at any point of time	579	20,221	4

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 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Amount of unused commitments on loans	¥ 15,659	¥ 25,367	\$ 117

## 7. TANGIBLE FIXED ASSETS

### (1) Accumulated Depreciation

Accumulated depreciation were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Accumulated depreciation	¥ 1,808,345	¥ 1,702,779	\$ 13,543

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 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Deferred gains on tangible fixed assets not recognized for tax purposes	¥ 89,978	¥ 89,959	\$ 674
Of which: deferred during the fiscal year	19	80	0

### (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
	2023	2022	2023
Net rent income (losses) <sup>1</sup>	¥ 8,377	¥ 14,280	\$ 63
Net gains (losses) on sales <sup>2</sup>	15,419	7,377	115
Losses on impairment <sup>3</sup>	2,180	4,295	16
Other gains <sup>4</sup>	93	—	1
Other losses <sup>3</sup>	1,363	302	10

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.

4. Other gains are recorded under other income.

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
	2023	2022	2023
Consolidated balance sheet amount <sup>1</sup>			
Balance at the beginning of the fiscal year	¥ 529,122	¥ 492,202	\$ 3,963
Net change during the fiscal year	60,306	36,920	452
Balance at the end of the fiscal year	¥ 589,429	¥ 529,122	\$ 4,414
Fair value at the end of the fiscal year <sup>2</sup>	¥ 865,001	¥ 744,486	\$ 6,478

Notes:

- The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.
- The fair value is calculated primarily based on the real estate appraisal standard.
- 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 ¥290,087 million (\$2,172 million) and ¥216,418 million as of March 31, 2023 and 2022, 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 ¥690 million (\$5 million) and ¥525 million as of March 31, 2023 and 2022, respectively.

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance were ¥880 million (\$7 million) and ¥907 million as of March 31, 2023 and 2022, respectively.

#### 9. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Balance at the beginning of the fiscal year	¥ 1,260,009	¥ 1,342,855	\$ 9,436
Policyholder dividends paid	(146,714)	(155,691)	(1,099)
Interest accrual, etc.	9	9	0
Reduction due to the acquisition of additional annuity	(200)	(278)	(1)
Provision for reserve for policyholder dividends	62,067	73,113	465
Balance at the end of the fiscal year	¥ 1,175,171	¥ 1,260,009	\$ 8,801

#### 10. BORROWED MONEY AND LEASE OBLIGATIONS

Borrowed money and lease obligations were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars	Average interest rate <sup>1</sup>	Due
	2023	2022	2023		2023
Borrowed money	¥ 1,791,279	¥ 5,942,886	\$ 13,415	0.42%	—
Borrowings	1,791,279	5,942,886	13,415	0.42%	April 2023–March 2028
Lease obligations	123,249	126,147	923	—	April 2023–April 2062

Notes:

- The interest rates above are calculated using the weighted-average method based on the interest rate and balance at the fiscal year-end date.
- Of Borrowings, ¥360,100 million (\$2,697 million) was without interest as of March 31, 2023.
- 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.
- Borrowings are included in "Borrowed money" and lease obligations are included in "Other liabilities" in the accompanying consolidated balance sheets, respectively.

The repayment schedule within 5 years subsequent to the fiscal year-end on borrowings as of March 31, 2023 was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Within 1 year	¥ 495,108	\$ 3,708
Due after 1 year through 2 years	7,155	54
Due after 2 years through 3 years	5,800	43
Due after 3 years through 4 years	880	7
Due after 4 years through 5 years	1,282,335	9,603

The repayment schedule within 5 years subsequent to the fiscal year-end on lease obligations as of March 31, 2023 was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Within 1 year	¥ 20,054	\$ 150
Due after 1 year through 2 years	16,620	124
Due after 2 years through 3 years	16,127	121
Due after 3 years through 4 years	13,838	104
Due after 4 years through 5 years	9,122	68

## 11. BONDS

Bonds were as follows:

Issuer	Description	Issue	Millions of Yen		Millions of U.S. Dollars	Interest rate	Collateral	Due
			2023	2022	2023			
The Company	Japan Post Holdings Series 1 (green bonds)	September 1, 2022	¥ 15,000	¥ —	\$ 112	0.255%	General collateral	September 1, 2027
The Company	Japan Post Holdings Series 2 (green bonds)	September 1, 2022	¥ 15,000	¥ —	\$ 112	0.469%	General collateral	September 1, 2032
The Company	Japan Post Holdings Series 3 (green bonds)	September 1, 2022	¥ 5,000	¥ —	\$ 37	0.984%	General collateral	September 1, 2042
Japan Post Insurance Co., Ltd.	First series of subordinated unsecured bonds with interest deferral option and early redemption option <sup>1</sup>	January 29, 2019	¥ 100,000	¥ 100,000	\$ 749	1.00% <sup>2</sup>	Not provided	January 29, 2049
Japan Post Insurance Co., Ltd.	Second series of subordinated unsecured bonds with interest deferral option and early redemption option <sup>1</sup>	January 28, 2021	¥ 200,000	¥ 200,000	\$ 1,498	1.05% <sup>3</sup>	Not provided	January 28, 2051
		Total	¥ 335,000	¥ 300,000	\$ 2,509			

Notes:

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

The redemption schedule within 5 years subsequent to the fiscal year-end on bonds as of March 31, 2023 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	15,000	112

## 12. 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 6.9%.

### (3) Changes in Asset Retirement Obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Balance at the beginning of the fiscal year	¥ 37,143	¥ 38,659	\$ 278
Obligations incurred due to acquisition of tangible fixed assets	574	1,611	4
Obligations incurred by acquisition of consolidated subsidiaries	—	4,900	—
Time progress adjustments	295	51	2
Changes in estimates	(130)	2,864	(1)
Obligations settled	(7,300)	(8,100)	(55)
Other	(3,391)	(2,842)	(25)
Balance at the end of the fiscal year	¥ 27,190	¥ 37,143	\$ 204

### (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, 2023 and 2022, respectively.

As a result, Changes in estimates of ¥(130) million (\$ (1) million) have been deducted from the amount of asset retirement obligations for the fiscal year ended March 31, 2023 and those of ¥2,864 million have been added to the amount of asset retirement obligations for the fiscal year ended March 31, 2022.

### 13. 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(17)) 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 ¥10,330 million (\$77 million) and ¥10,355 million for the fiscal years ended March 31, 2023 and 2022, respectively.

#### (2) Defined Benefit Plans

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

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Balance at the beginning of the fiscal year	¥ 2,468,764	¥ 2,497,192	\$ 18,488
Service cost	110,023	111,924	824
Interest cost	16,231	16,267	122
Actuarial differences	(4,426)	(9,742)	(33)
Benefits paid	(169,911)	(146,738)	(1,272)
Prior service cost	—	(408)	—
Other	(4)	268	(0)
Balance at the end of the fiscal year	¥ 2,420,676	¥ 2,468,764	\$ 18,128

##### 2) Changes in plan assets

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Balance at the beginning of the fiscal year	¥ 315,352	¥ 351,103	\$ 2,362
Expected return on plan assets	746	820	6
Actuarial differences	(1,664)	(1,879)	(12)
Contributions paid by the employer	241	236	2
Benefits paid	(30,672)	(34,927)	(230)
Balance at the end of the fiscal year	¥ 284,004	¥ 315,352	\$ 2,127

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

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Funded retirement benefit obligations	¥ 208,110	¥ 245,834	\$ 1,559
Share of public service pension	202,939	240,665	1,520
Share of another public service pension	189	219	1
Corporate pension plan	4,981	4,949	37
Plan assets	(284,004)	(315,352)	(2,127)
Share of public service pension	(277,608)	(308,792)	(2,079)
Share of another public service pension	(61)	(97)	(0)
Corporate pension plan	(6,335)	(6,462)	(47)
	(75,894)	(69,517)	(568)
Unfunded retirement benefit obligations	2,212,566	2,222,929	16,570
Lump-sum severance indemnity	2,212,566	2,222,929	16,570
Net liability (asset) for retirement benefits	¥ 2,136,671	¥ 2,153,412	\$ 16,001
Liability for retirement benefits	¥ 2,212,694	¥ 2,223,051	\$ 16,571
Asset for retirement benefits	(76,022)	(69,639)	(569)
Net liability (asset) for retirement benefits	¥ 2,136,671	¥ 2,153,412	\$ 16,001

##### 4) Retirement benefit costs

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Service cost	¥ 110,023	¥ 111,924	\$ 824
Interest cost	16,231	16,267	122
Expected return on plan assets	(746)	(820)	(6)
Amortization of actuarial differences	(17,950)	(21,651)	(134)
Amortization of prior service cost	(17,383)	(24,206)	(130)
Other	1,929	(149)	14
Total	¥ 92,102	¥ 81,365	\$ 690



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

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Prior service cost	¥ (17,383)	¥ (23,797)	\$ (130)
Actuarial differences	(15,188)	(13,788)	(114)
Total	¥ (32,571)	¥ (37,586)	\$ (244)

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

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Unrecognized prior service cost	¥ 94,464	¥ 112,619	\$ 707
Unrecognized actuarial differences	44,415	59,356	333
Total	¥ 138,880	¥ 171,976	\$ 1,040

## 7) Plan assets

March 31	2023	2022
Bonds	73%	76%
Stocks	1	1
Life insurance general account	0	0
Other	26	23
Total	100%	100%

Note: The percentage of retirement benefit trusts to total plan assets were 98% and 98% as of March 31, 2023 and 2022, respectively, which were set up for the Company's share of public service pension and share of another public service pension.

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 were as follows:

Years ended March 31	2023	2022
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 ¥11,174 million (\$84 million) and ¥11,534 million for the fiscal years ended March 31, 2023 and 2022, respectively.

## 14. 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 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Policy reserves (excluding contingency reserve)	¥ 27,370,400	¥ 29,331,229	\$ 204,976
Contingency reserve	1,260,220	1,203,243	9,438
Reserve for price fluctuations	711,298	695,157	5,327

15. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Deferred tax assets:			
Liability for retirement benefits	¥ 737,429	¥ 751,476	\$ 5,523
Policy reserves	1,021,572	1,026,908	7,651
Reserve for outstanding claims	48,375	38,057	362
Reserve for bonuses	38,246	38,909	286
Reserve for price fluctuations	231,440	248,305	1,733
Deferred losses on hedges	277,268	240,095	2,076
Tax losses carried forward*	1,069,400	677,378	8,009
Other	329,922	233,959	2,471
Subtotal deferred tax assets	3,753,656	3,255,090	28,111
Valuation allowance for tax losses carried forward*	(1,069,383)	(677,301)	(8,009)
Valuation allowance for deductible temporary differences	(797,890)	(801,120)	(5,975)
Total valuation allowance	(1,867,274)	(1,478,421)	(13,984)
Total deferred tax assets	1,886,382	1,776,668	14,127
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(847,448)	(1,059,628)	(6,346)
Unrealized gains on assets and liabilities of the consolidated subsidiaries	(4,118)	(4,209)	(31)
Other	(36,659)	(57,859)	(275)
Total deferred tax liabilities	(888,225)	(1,121,697)	(6,652)
Net deferred tax assets (liabilities)	¥ 998,156	¥ 654,971	\$ 7,475

Notes:

- 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.
- Valuation allowance increased by ¥388,852 million (\$2,912 million). This increase was due mainly to valuation allowance for tax losses carried forward of ¥392,082 million (\$2,936 million) recognized additionally.

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

March 31	Millions of Yen						
	2023						
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax losses carried forward <sup>1</sup>	¥ 3,670	¥ 189,410	¥ 10,313	¥ 8,431	¥ 34	¥ 857,540	¥ 1,069,400
Valuation allowance	(3,670)	(189,410)	(10,313)	(8,431)	(34)	(857,523)	(1,069,383)
Deferred tax assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 16	¥ 16

March 31	Millions of Yen						
	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>	¥ 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 U.S. Dollars						
	2023						
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax losses carried forward <sup>1</sup>	\$ 27	\$ 1,418	\$ 77	\$ 63	\$ 0	\$ 6,422	\$ 8,009
Valuation allowance	(27)	(1,418)	(77)	(63)	(0)	(6,422)	(8,009)
Deferred tax assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0	\$ 0

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, 2023 and 2022, respectively.

Reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate were as follows:

Years ended March 31	2023	2022
Statutory tax rate	30.6%	30.6%
Income not taxable for income tax purposes (e.g., non-taxable dividend income)	(4.6)	(1.5)
Changes in valuation allowance	56.4	21.2
Adjustment of book value of stocks of subsidiaries for consolidated tax payment system	(56.5)	(23.7)
Other	(0.8)	(0.2)
Effective income tax rate	25.1%	26.5%

(Accounting for corporate tax, local corporate tax, and tax effect accounting)

From the fiscal year ended March 31, 2023, the Company and some of its consolidated subsidiaries have adopted the group tax sharing system. Moreover, the Group process accounting for and presentation of corporate tax, local corporate tax, and tax effect accounting in accordance with ASBJ PITF No. 42.

## 16. NET ASSETS

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

Year ended March 31, 2023	Thousands of shares			
	April 1, 2022	Increase	Decrease	March 31, 2023
Shares authorized:				
Common stock	18,000,000	—	—	18,000,000
Shares issued:				
Common stock	3,767,870	—	110,072	3,657,797

Note: The decrease of 110,072 thousand shares issued is due to the cancellation of treasury stock.

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.

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

Year ended March 31, 2023	Thousands of shares			
	April 1, 2022 <sup>1</sup>	Increase <sup>2</sup>	Decrease <sup>2</sup>	March 31, 2023 <sup>1</sup>
Treasury stock:				
Common stock	105,519	202,628	110,159	197,988

Notes:

- The number of shares of treasury stock at the beginning of the fiscal year includes the shares of the Company held by the management board benefit trust of 375 thousand shares. The number of shares of treasury stock at the end of the fiscal year includes the shares of the Company held by the management board benefit trust of 1,140 thousand shares.
- The increase of 202,628 thousand shares of treasury stock is due to 5,028 thousand shares repurchased from April 1, 2022 to April 7, 2022 based on the resolution of the Board of Directors' meeting held on October 6, 2021; 196,748 thousand shares repurchased from May 16, 2022 to March 9, 2023 based on the resolution of the Board of Directors' meeting held on May 13, 2022; the purchase of shares less than one unit of 0 thousand shares; and the additional contribution to the management board benefit trust of 851 thousand shares. The decrease of 110,159 thousand shares of treasury stock is due to the cancellation of treasury stock of 110,072 thousand shares based on the resolution of the Board of Directors' meeting held on April 25, 2022 and the benefits paid of the shares of the Company by the management board benefit trust of 86 thousand shares.
- The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors' meeting held on March 29, 2023, however, the cancellation procedures of the following treasury stock had not been completed at the end of the fiscal year ended March 31, 2023.  
Book value: ¥199,989 million (\$1,498 million)  
Class of shares to be cancelled: Common stock  
Number of shares to be cancelled: 196,748 thousand shares  
The cancellation procedures of the above treasury stock have been completed on April 20, 2023.

Year ended March 31, 2022	Thousands of shares			
	April 1, 2021 <sup>1</sup>	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 shares 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 shares 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 shares of treasury stock repurchased from April 1, 2022 to April 7, 2022 was 5,028 thousand shares.

(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, 2023

Resolution	Class of shares	Total amount <sup>1</sup> (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 13, 2022	Common stock	¥ 183,136	\$ 1,371	¥ 50.00	\$ 0.37	March 31, 2022	June 20, 2022

Note:

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

Dividends paid for the fiscal year ended March 31, 2022

Resolution	Class of shares	Total amount <sup>1</sup> (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 14, 2021	Common stock	¥ 202,193	¥ 50.00	March 31, 2021	June 15, 2021

Note:

1. The total amount of dividends includes dividends of ¥24 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, 2023

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 15, 2023	Common stock	¥ 173,047	\$ 1,296	Retained earnings	¥ 50.00	\$ 0.37	March 31, 2023	June 22, 2023

Note:

1. The total amount of dividends includes dividends of ¥57 million (\$0 million) for the Company's shares held by the management board benefit trust.

17. OTHER INCOME

Other income consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Gains on sales of fixed assets	¥ 20,593	¥ 21,639	\$ 154
Reversal of reserve for price fluctuations	82,645	—	619
Compensation for transfer	832	1,185	6
Insurance claim income	735	4,383	6
Gains on sale of businesses	6,995	—	52
Other	142,751	148,611	1,069
Total	¥ 254,553	¥ 175,820	\$ 1,906

18. OTHER EXPENSES

Other expenses consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Losses on sales and disposal of fixed assets	¥ 3,859	¥ 4,609	\$ 29
Losses on impairment of fixed assets	3,224	11,280	24
Provision for reserve for price fluctuations	—	67,789	—
Extra payments for early retirements	1,992	—	15
Litigation expenses	969	—	7
Losses on sale of businesses	—	10,898	—
Provision for reserve for policyholder dividends <sup>1</sup>	62,067	73,113	465
Other	35,975	201,899	269
Total	¥ 108,089	¥ 369,591	\$ 809

Note:

1. 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 ¥43,678 million (\$327 million) and ¥54,849 million for the fiscal years ended March 31, 2023 and 2022, respectively.

## 19. OTHER COMPREHENSIVE LOSS

The components of other comprehensive loss were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ (684,584)	¥ (1,543,827)	\$ (5,127)
Reclassification adjustments	(312,257)	(183,633)	(2,338)
Before tax effect adjustments	(996,841)	(1,727,460)	(7,465)
Tax effect	288,977	517,395	2,164
Net unrealized gains (losses) on available-for-sale securities	(707,864)	(1,210,064)	(5,301)
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	(245,230)	(442,446)	(1,837)
Reclassification adjustments	129,938	201,500	973
Adjustments of assets' acquisition costs	(2,188)	(1,239)	(16)
Before tax effect adjustments	(117,481)	(242,186)	(880)
Tax effect	35,274	72,850	264
Net deferred gains (losses) on hedges	(82,206)	(169,335)	(616)
Foreign currency translation adjustments:			
Amount arising during the fiscal year	(4,039)	(12,886)	(30)
Reclassification adjustments	—	5,115	—
Before tax effect adjustments	(4,039)	(7,771)	(30)
Tax effect	—	—	—
Foreign currency translation adjustments	(4,039)	(7,771)	(30)
Adjustments for retirement benefits:			
Amount arising during the fiscal year	2,762	8,220	21
Reclassification adjustments	(35,333)	(45,806)	(265)
Before tax effect adjustments	(32,571)	(37,586)	(244)
Tax effect	764	1,061	6
Adjustments for retirement benefits	(31,807)	(36,525)	(238)
Share of other comprehensive income of affiliates:			
Amount arising during the fiscal year	6	0	0
Reclassification adjustments	—	—	—
Before tax effect adjustments	6	0	0
Tax effect	—	—	—
Share of other comprehensive income of affiliates	6	0	0
Total other comprehensive loss	¥ (825,912)	¥ (1,423,696)	\$ (6,185)

## 20. 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 ¥4,722,630 million (\$35,368 million) and ¥3,853,231 million as of March 31, 2023 and 2022, 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

In calculating the fair value of a financial instrument, 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 were as follows.

Stocks and other securities without market prices and investments in partnerships 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.

(Millions of Yen)

March 31	2023		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	¥ 525,632	¥ 525,632	¥ —
2) Trading account securities			
Trading securities	19	19	—
3) Money held in trust <sup>1</sup>	8,754,765	8,754,765	—
4) Securities			
Held-to-maturity bonds	59,989,200	62,218,904	2,229,703
Policy-reserve-matching bonds	8,075,012	8,237,638	162,626
Available-for-sale securities <sup>1</sup>	114,499,422	114,499,422	—
5) Loans	9,210,199		
Reserve for possible loan losses <sup>2</sup>	(175)		
	9,210,023	9,312,882	102,858
Total	¥ 201,054,076	¥ 203,549,265	¥ 2,495,189
1) Deposits	192,420,880	192,441,115	20,235
2) Borrowed money	1,791,279	1,791,683	404
3) Bonds	335,000	317,859	(17,141)
Total	¥ 194,547,159	¥ 194,550,658	¥ 3,498
Derivative transactions <sup>3</sup>			
Hedge accounting not applied	¥ (144,148)	¥ (144,148)	¥ —
Hedge accounting applied <sup>4</sup>	(999,973)	(999,973)	—
Total derivative transactions	¥ (1,144,121)	¥ (1,144,121)	¥ —

(Millions of U.S. Dollars)

March 31	2023		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	\$ 3,936	\$ 3,936	\$ —
2) Trading account securities			
Trading securities	0	0	—
3) Money held in trust <sup>1</sup>	65,564	65,564	—
4) Securities			
Held-to-maturity bonds	449,256	465,954	16,698
Policy-reserve-matching bonds	60,473	61,691	1,218
Available-for-sale securities <sup>1</sup>	857,481	857,481	—
5) Loans	68,975		
Reserve for possible loan losses <sup>2</sup>	(1)		
	68,973	69,744	770
<b>Total</b>	<b>\$ 1,505,685</b>	<b>\$ 1,524,371</b>	<b>\$ 18,686</b>
1) Deposits	1,441,031	1,441,183	152
2) Borrowed money	13,415	13,418	3
3) Bonds	2,509	2,380	(128)
<b>Total</b>	<b>\$ 1,456,955</b>	<b>\$ 1,456,981</b>	<b>\$ 26</b>
Derivative transactions <sup>3</sup>			
Hedge accounting not applied	\$ (1,080)	\$ (1,080)	\$ —
Hedge accounting applied <sup>4</sup>	(7,489)	(7,489)	—
<b>Total derivative transactions</b>	<b>\$ (8,568)</b>	<b>\$ (8,568)</b>	<b>\$ —</b>

Notes:

- Investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are included.
- 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 borrowed money and securities. Therefore, their fair values are included in the relevant borrowed money 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 deferred hedge method. "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No.40, March 17, 2022) is applied to these hedging relationships.

Note 1: Amounts carried on the consolidated balance sheets for stocks and other securities without market prices and investments in partnerships 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
	2023	
Money held in trust <sup>1 and 2</sup>	¥ 3,032,876	\$ 22,713
Securities		
Unlisted stocks <sup>1</sup>	74,917	561
Investment trusts	—	—
Investments in partnerships <sup>2</sup>	131,467	985
<b>Total<sup>3</sup></b>	<b>¥ 3,239,262</b>	<b>\$ 24,259</b>

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 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), investments in partnerships are not included in the scope of fair value disclosures.
- Impairment losses of ¥4,822 million (\$36 million) were recognized for the fiscal year ended March 31, 2023.



(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
<b>Total</b>	<b>¥ 206,855,261</b>	<b>¥ 211,531,418</b>	<b>¥ 4,676,157</b>
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)
<b>Total</b>	<b>¥ 197,974,059</b>	<b>¥ 198,004,059</b>	<b>¥ 30,000</b>
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)	—
<b>Total derivative transactions</b>	<b>¥ (1,325,602)</b>	<b>¥ (1,325,602)</b>	<b>¥ —</b>

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 borrowed money and securities. Therefore, their fair values are included in the relevant borrowed money 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 deferred hedge method. "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No.40, March 17, 2022) is applied to these hedging relationships.

Note 2: Amounts carried on the consolidated balance sheets for stocks and other securities 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.

March 31	Millions of Yen
	2022
Money held in trust <sup>1,2 and 3</sup>	¥ 2,889,132
Securities	
Unlisted stocks <sup>1</sup>	66,271
Investment trusts <sup>2</sup>	3,161,984
Investments in partnerships <sup>3</sup>	92,549
<b>Total<sup>4</sup></b>	<b>¥ 6,209,937</b>

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), 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 "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019), investments in partnerships are not included in the scope of fair value disclosures.
- Impairment losses of ¥5,661 million were recognized for the fiscal year ended March 31, 2022.

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

(Millions of Yen)

March 31	2023					
	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	¥ 32,452	¥ 19,175	¥ 76,085	¥ 80,073	¥ 64,531	¥ 255,197
Securities	15,031,238	23,804,013	17,604,347	15,001,780	13,747,438	50,320,775
Held-to-maturity bonds	3,810,638	8,746,512	7,335,661	5,164,549	6,798,316	27,883,178
Japanese government bonds	2,262,900	5,606,700	3,605,800	3,520,300	4,954,200	23,958,500
Japanese local government bonds	806,945	1,211,060	1,056,854	941,204	1,257,508	810,854
Japanese corporate bonds	612,799	1,138,354	1,588,531	607,826	462,464	1,562,469
Other	127,993	790,398	1,084,475	95,218	124,144	1,551,354
Policy-reserve-matching bonds	478,065	605,516	571,300	1,708,700	1,127,100	3,423,393
Japanese government bonds	351,900	451,400	554,200	1,693,800	905,900	2,240,400
Japanese local government bonds	105,865	78,299	300	—	65,000	242,693
Japanese corporate bonds	20,300	75,817	16,800	14,900	156,200	940,300
Available-for-sale securities with maturities	10,742,534	14,451,984	9,697,386	8,128,531	5,822,022	19,014,203
Japanese government bonds	3,966,264	6,443,348	1,126,493	981,061	1,331,342	11,224,600
Japanese local government bonds	683,713	862,909	654,932	103,518	2,200	136,019
Japanese short-term corporate bonds	1,401,000	—	—	—	—	—
Japanese corporate bonds	973,925	1,582,761	1,112,156	685,916	652,376	1,284,011
Other	3,717,631	5,562,965	6,803,805	6,358,034	3,836,103	6,369,571
Loans <sup>1</sup>	3,876,819	1,864,634	1,058,157	780,316	820,536	805,714
Total	¥ 18,940,510	¥ 25,687,823	¥ 18,738,590	¥ 15,862,170	¥ 14,632,506	¥ 51,381,688

(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 U.S. Dollars)

March 31	2023					
	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	\$ 243	\$ 144	\$ 570	\$ 600	\$ 483	\$ 1,911
Securities	112,568	178,267	131,838	112,348	102,954	376,850
Held-to-maturity bonds	28,538	65,502	54,936	38,677	50,912	208,816
Japanese government bonds	16,947	41,988	27,004	26,363	37,102	179,424
Japanese local government bonds	6,043	9,070	7,915	7,049	9,417	6,072
Japanese corporate bonds	4,589	8,525	11,896	4,552	3,463	11,701
Other	959	5,919	8,122	713	930	11,618
Policy-reserve-matching bonds	3,580	4,535	4,278	12,796	8,441	25,638
Japanese government bonds	2,635	3,381	4,150	12,685	6,784	16,778
Japanese local government bonds	793	586	2	—	487	1,818
Japanese corporate bonds	152	568	126	112	1,170	7,042
Available-for-sale securities with maturities	80,450	108,230	72,623	60,874	43,601	142,396
Japanese government bonds	29,703	48,254	8,436	7,347	9,970	84,061
Japanese local government bonds	5,120	6,462	4,905	775	16	1,019
Japanese short-term corporate bonds	10,492	—	—	—	—	—
Japanese corporate bonds	7,294	11,853	8,329	5,137	4,886	9,616
Other	27,841	41,661	50,953	47,615	28,728	47,701
Loans <sup>1</sup>	29,033	13,964	7,924	5,844	6,145	6,034
Total	\$ 141,845	\$ 192,375	\$ 140,332	\$ 118,791	\$ 109,582	\$ 384,795

Note: 1. Loans do not include ¥0 million (\$0 million) and ¥0 million of claims whose redemption schedules are not expected, such as claims against bankrupt obligors, substantially bankrupt obligors and doubtful borrowers as of March 31, 2023 and 2022, respectively.

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

(Millions of Yen)

March 31	2023					
	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>	¥ 128,161,115	¥ 10,653,395	¥ 18,946,445	¥ 16,717,895	¥ 17,942,029	¥ —
Borrowed money	495,108	12,955	1,283,215	—	—	—
Bonds	—	—	15,000	—	15,000	305,000
Total	¥ 128,656,223	¥ 10,666,350	¥ 20,244,660	¥ 16,717,895	¥ 17,957,029	¥ 305,000

(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 U.S. Dollars)

March 31	2023					
	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>	\$ 959,793	\$ 79,783	\$ 141,889	\$ 125,200	\$ 134,367	\$ —
Borrowed money	3,708	97	9,610	—	—	—
Bonds	—	—	112	—	112	2,284
Total	\$ 963,501	\$ 79,880	\$ 151,611	\$ 125,200	\$ 134,479	\$ 2,284

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	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 29,996	¥ 495,635	¥ 525,632
Money held in trust <sup>1</sup>	6,399,239	736,851	—	7,136,091
Trading account securities and securities				
Trading securities				
Japanese government bonds	19	—	—	19
Available-for-sale securities				
Stocks	504,415	—	—	504,415
Japanese government bonds	24,486,704	250,439	—	24,737,143
Japanese local government bonds	—	2,417,432	32,681	2,450,113
Japanese short-term corporate bonds	—	1,400,895	—	1,400,895
Japanese corporate bonds	—	6,254,583	539	6,255,122
Other	11,513,828	61,620,996	140,294	73,275,120
Of which: foreign bonds	11,513,828	13,509,443	129,133	25,152,404
Of which: investment trusts <sup>1</sup>	—	48,096,553	—	48,096,553
Total assets	¥ 42,904,207	¥ 72,711,195	¥ 669,151	¥ 116,284,553
Derivative transactions <sup>3</sup>				
Interest rate-related derivatives	¥ —	¥ (22,200)	¥ —	¥ (22,200)
Currency-related derivatives	—	(1,122,023)	—	(1,122,023)
Credit derivatives	—	102	—	102
Total derivative transactions	¥ —	¥ (1,144,121)	¥ —	¥ (1,144,121)

(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>2</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	13,282,874	13,369,772	258,059	26,910,707
Of which: foreign bonds	13,282,874	13,354,772	245,508	26,883,156
Of which: investment trusts <sup>2</sup>	—	—	—	—
Total assets	¥ 53,875,339	¥ 27,522,144	¥ 711,386	¥ 82,108,870
Derivative transactions <sup>3</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	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$ —	\$ 225	\$ 3,712	\$ 3,936
Money held in trust <sup>1</sup>	47,924	5,518	—	53,442
Trading account securities and securities				
Trading securities				
Japanese government bonds	0	—	—	0
Available-for-sale securities				
Stocks	3,778	—	—	3,778
Japanese government bonds	183,380	1,876	—	185,255
Japanese local government bonds	—	18,104	245	18,349
Japanese short-term corporate bonds	—	10,491	—	10,491
Japanese corporate bonds	—	46,840	4	46,844
Other <sup>1</sup>	86,227	461,477	1,051	548,754
Of which: foreign bonds	86,227	101,172	967	188,365
Of which: investment trusts <sup>1</sup>	—	360,193	—	360,193
Total assets	\$ 321,308	\$ 544,531	\$ 5,011	\$ 870,850
Derivative transactions <sup>3</sup>				
Interest rate-related derivatives	\$ —	\$ (166)	\$ —	\$ (166)
Currency-related derivatives	—	(8,403)	—	(8,403)
Credit derivatives	—	1	—	1
Total derivative transactions	\$ —	\$ (8,568)	\$ —	\$ (8,568)

## Notes:

- Investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) are not included. The consolidated balance sheet amount of investment trusts that apply the treatment of Paragraph 24-3 was ¥6,690,682 million (\$50,106 million) and the consolidated balance sheet amount of investment trusts that apply the treatment of Paragraph 24-9 was ¥300,283 million (\$2,249 million).
- Investment trusts applying transitional measures prescribed in Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019) are not included in the above table. The amount of such investment trusts in the consolidated balance sheets was ¥49,982,519 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	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	¥ —	¥ 504,320	¥ —	¥ 504,320
Securities				
Held-to-maturity bonds				
Japanese government bonds	46,411,385	—	—	46,411,385
Japanese local government bonds	—	6,140,736	3,752	6,144,488
Japanese corporate bonds	—	5,929,623	—	5,929,623
Other	721,757	3,011,650	—	3,733,407
Policy-reserve-matching bonds				
Japanese government bonds	6,628,341	—	—	6,628,341
Japanese local government bonds	—	464,269	23,723	487,993
Japanese corporate bonds	—	1,121,303	—	1,121,303
Loans	—	—	9,312,882	9,312,882
Total assets	¥ 53,761,484	¥ 17,171,903	¥ 9,340,358	¥ 80,273,746
Deposits	¥ —	¥ 192,441,115	¥ —	¥ 192,441,115
Borrowed money	—	1,791,683	—	1,791,683
Bonds	—	317,859	—	317,859
Total liabilities	¥ —	¥ 194,550,658	¥ —	¥ 194,550,658

(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	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	\$ —	\$ 3,777	\$ —	\$ 3,777
Securities				
Held-to-maturity bonds				
Japanese government bonds	347,573	—	—	347,573
Japanese local government bonds	—	45,988	28	46,016
Japanese corporate bonds	—	44,407	—	44,407
Other	5,405	22,554	—	27,959
Policy-reserve-matching bonds				
Japanese government bonds	49,639	—	—	49,639
Japanese local government bonds	—	3,477	178	3,655
Japanese corporate bonds	—	8,397	—	8,397
Loans	—	—	69,744	69,744
Total assets	\$ 402,617	\$ 128,600	\$ 69,950	\$ 601,166
Deposits	\$ —	\$ 1,441,183	\$ —	\$ 1,441,183
Borrowed money	—	13,418	—	13,418
Bonds	—	2,380	—	2,380
Total liabilities	\$ —	\$ 1,456,981	\$ —	\$ 1,456,981

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 securities representing trust assets in money held in trust, the fair value of stocks and investment trusts with market prices 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 investment trusts without market prices is based on a unit price if there are no restrictions that are significant enough to cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, and the fair value is categorized as level 2.

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 investment trusts without market prices is based on a unit price if there are no restrictions that are significant enough to cause market participants to demand compensation for risks with respect to cancellation or repurchase requests, and the fair value is categorized as level 2.

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 loans that are limited to within a designated percentage of the amount of pledged assets, book values are used as fair values, because their fair values approximate book values based on the loan terms and conditions.

The fair value of these loans is classified into Level 3 fair value.

#### 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 rates applicable to new savings are used as the discount rates of time deposits and fixed deposits.

##### 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 and its 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

This information is not presented because the Company's consolidated subsidiaries do not estimate unobservable inputs as of March 31, 2023 and 2022.

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)

	2023							
	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>5</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 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	¥ 416,846	¥ (6)	¥ (2,555)	¥ 81,351	¥ —	¥ —	¥ 495,635	¥ —
Securities								
Available-for-sale securities								
Japanese local government bonds	34,642	106	(1,185)	(882)	—	—	32,681	106
Japanese corporate bonds	1,837	(3)	(0)	(1,294)	—	—	539	—
Other	258,059	2,793	(4,107)	(62,160)	10,529	(64,818)	140,294	(1,707)
Of which: foreign bonds	245,508	2,793	(3,928)	(60,950)	10,529	(64,818)	129,133	(1,707)



(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>4</sup>	Reclassified from level 3 fair value <sup>5</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 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
Of which: foreign bonds	343,184	6,079	399	(47,032)	—	(57,122)	245,508	4,571

(Millions of U.S. Dollars)

	2023							
	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>5</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 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	\$ 3,122	\$ (0)	\$ (19)	\$ 609	\$ —	\$ —	\$ 3,712	\$ —
Securities								
Available-for-sale securities								
Japanese local government bonds	259	1	(9)	(7)	—	—	245	1
Japanese corporate bonds	14	(0)	(0)	(10)	—	—	4	—
Other	1,933	21	(31)	(466)	79	(485)	1,051	(13)
Of which: foreign bonds	1,839	21	(29)	(456)	79	(485)	967	(13)

## Notes:

- Included mainly in banking business income, life insurance business income and operating expenses in the consolidated statements of income.
- Included in net unrealized gains (losses) on available-for-sale securities under other comprehensive income in the consolidated statements of comprehensive income.
- Reclassified from level 2 fair value to level 3 fair value. For foreign bonds, this is because of the shortage of material observable data due to the reduced market activities. The reclassification is made at the beginning of the fiscal year.
- 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.
- 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 are 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.

Information on investment trusts that apply the treatment to regard a unit price as the fair value based on Paragraph 24-3 and Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is as follows:

A) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year of the investment trusts that apply the treatment of Paragraph 24-3

(Millions of Yen)

2023							
Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>					
¥ 3,884,768	¥ 76,133	¥ 1,255,198	¥ 1,474,582	¥ —	¥ —	¥ 6,690,682	¥ —

(Millions of U.S. Dollars)

2023							
Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>					
\$ 29,093	\$ 570	\$ 9,400	\$ 11,043	\$ —	\$ —	\$ 50,106	\$ —

Notes:

1. Included mainly in banking business income 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.

B) Changes from balance at the beginning of the fiscal year to balance at the end of the fiscal year of the investment trusts that apply the treatment of Paragraph 24-9

(Millions of Yen)

2023							
Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>					
¥ 225,542	¥ 127	¥ 35,443	¥ 39,168	¥ —	¥ —	¥ 300,283	¥ —

(Millions of U.S. Dollars)

2023							
Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year		Net amount of purchases, sales and redemption	Amount of investment trusts that regards a unit price as fair value	Amount of investment trusts that doesn't regard a unit price as fair value	Balance at the end of the fiscal year	Of the amounts listed under gain (loss) for the fiscal year, gain (loss) on valuation of investment trusts held on the date of the consolidated balance sheet
	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>					
\$ 1,689	\$ 1	\$ 265	\$ 293	\$ —	\$ —	\$ 2,249	\$ —

Notes:

1. Included mainly in banking business income 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.

C) Breakdown by the content of the restrictions regarding cancellation or repurchase requests on the last day of the fiscal period

March 31	Millions of Yen	Millions of U.S. Dollars
	2023	2023
Investment trusts that require a certain period of time for cancellation, etc.	¥ 6,690,682	\$ 50,106

21. 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	2023			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	¥ 1,413,700	¥ 897,092	¥ (146,585)	¥ (146,585)
Forward foreign exchange:				
Sold	235,593	—	956	956
Bought	443,506	—	1,378	1,378
Total			¥ (144,250)	¥ (144,250)

(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	308,988	—	(14,659)	(14,659)
Bought	202,603	—	5,607	5,607
Total			¥ (83,562)	¥ (83,562)

(Millions of U.S. Dollars)

March 31	2023			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	\$ 10,587	\$ 6,718	\$ (1,098)	\$ (1,098)
Forward foreign exchange:				
Sold	1,764	—	7	7
Bought	3,321	—	10	10
Total			\$ (1,080)	\$ (1,080)

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) Credit-related derivatives

(Millions of Yen)

March 31	2023			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default swaps:				
Sold	¥ 14,000	¥ 5,000	¥ 102	¥ 102
Total			¥ 102	¥ 102

(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 U.S. Dollars)

March 31	2023			
	Contract amount		Fair value <sup>2</sup>	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default swaps:				
Sold	\$ 105	\$ 37	\$ 1	\$ 1
Total			\$ 1	\$ 1

Notes:

- The above transactions are measured at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.
- "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	2023		
			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferral hedge method	Interest rate swaps:	Securities Deposits Insurance liabilities			
	Receivable fixed rate / Payable floating rate		¥ 5,275,000	¥ 4,725,000	¥ 7,071
	Receivable floating rate / Payable fixed rate		3,716,712	3,484,525	(29,271)
Exceptional treatment for interest rate swaps	Interest rate swaps:	Borrowed money	1,657	1,355	
	Receivable floating rate / Payable fixed rate				
		Total			¥ (22,200)

(Millions of Yen)

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	Interest rate swaps:	Securities Deposits Borrowed money			
	Receivable fixed rate / Payable floating rate		¥ 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:	Borrowed money	5,035	4,632	
	Receivable floating rate / Payable fixed rate				
		Total			¥ (122,044)

(Millions of U.S. Dollars)

March 31	Type of derivative	Major hedged item	2023		
			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferral hedge method	Interest rate swaps:	Securities Deposits Insurance liabilities			
	Receivable fixed rate / Payable floating rate		\$ 39,504	\$ 35,385	\$ 53
	Receivable floating rate / Payable fixed rate		27,834	26,095	(219)
Exceptional treatment for interest rate swaps	Interest rate swaps:	Borrowed money	12	10	
	Receivable floating rate / Payable fixed rate				
		Total			\$ (166)

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 borrowed money that are subject to the hedge. Therefore their fair value is included in the fair value of the relevant loans in Note 20 "FINANCIAL INSTRUMENTS."

## 2) Currency-related derivatives

(Millions of Yen)

March 31	Type of derivative	Major hedged item	2023		
			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Hedge accounting method					
Deferral hedge method	Currency swaps	Securities Borrowed money	¥ 9,195,588	¥ 7,765,631	¥ (913,382)
Allocation method	Currency swaps	Securities	1,819,272	1,743,579	
Recognition of gain or loss on the hedged item	Forward foreign exchange Currency swaps	Securities	2,979,420 408,934	— 92,876	15,496 (79,886)
		Total			¥ (977,773)

(Millions of Yen)

March 31	Type of derivative	Major hedged item	2022		
			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Hedge accounting method					
Deferral hedge method	Currency swaps	Securities Borrowed money	¥ 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 Currency swaps	Securities	4,032,109 477,496	— 316,058	(290,030) (67,700)
		Total			¥ (1,120,327)

(Millions of U.S. Dollars)

March 31	Type of derivative	Major hedged item	2023		
			Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Hedge accounting method					
Deferral hedge method	Currency swaps	Securities Borrowed money	\$ 68,865	\$ 58,156	\$ (6,840)
Allocation method	Currency swaps	Securities	13,624	13,058	
Recognition of gain or loss on the hedged item	Forward foreign exchange Currency swaps	Securities	22,313 3,062	— 696	116 (598)
		Total			\$ (7,322)

## Notes:

- In principle, these derivatives are accounted for using deferred hedge accounting.
- 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 20 "FINANCIAL INSTRUMENTS."

## 22. LEASE TRANSACTIONS

## Operating Leases

## (1) As lessee

Future lease payments under non-cancelable operating leases were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Due within 1 year	¥ 8,922	¥ 7,936	\$ 67
Due after 1 year	39,612	30,772	297
Total	¥ 48,534	¥ 38,709	\$ 363

## (2) As lessor

Future lease receivables under non-cancelable operating leases were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Due within 1 year	¥ 14,618	¥ 14,828	\$ 109
Due after 1 year	51,747	47,226	388
Total	¥ 66,366	¥ 62,055	\$ 497

## 23. 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 ¥59,588 million (\$446 million) and ¥61,334 million as of March 31, 2023 and 2022, 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.

## 24. BUSINESS COMBINATIONS

## Transactions Under Common Control

## Sale of a portion of stocks in subsidiaries

The Company sold a portion of its shares in the stocks in Japan Post Insurance Co., Ltd. and Japan Post Bank Co., Ltd. (hereinafter collectively referred to as "the Two Finance Companies"), which are consolidated subsidiaries, as described below.

- (1) Transactions with Japan Post Insurance Co., Ltd.
- 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 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.
- 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  
Sale of shares in response to the implementation of a share repurchase by Japan Post Insurance Co., Ltd.  
August 16, 2022
- 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 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  
¥7,725 million (\$58 million)
- (2) Transactions with Japan Post Bank Co., Ltd.
- 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 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.  
Based on the above plan, from the view that Japan Post Bank Co., Ltd. does not satisfy the requirement for tradable share ratio among the listing criteria of the Prime Market of the Tokyo Stock Exchange, Inc., in order to improve the ratio, the Company sold a portion of its shares of common stock in Japan Post Bank Co., Ltd. (hereinafter referred to as the "Sale") considering the influence over the share price of Japan Post Bank Co., Ltd., the Company's capital needs and consolidated financial results, etc.  
Prior to this, the Company sold a portion of its shares of common stock in Japan Post Bank Co., Ltd. in response to a share repurchase undertaken by Japan Post Bank Co., Ltd.
- B) Name and description of business of party to which the business combination was applied  
Name: Japan Post Bank Co., Ltd.  
Description of business: Banking business
- C) Date of the business combination
- a. Sale of shares in response to the implementation of a share repurchase by Japan Post Bank Co., Ltd.  
March 3, 2023
- b. The Sale  
From March 20, 2023 to March 31, 2023
- 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 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  
¥1,532,635 million (\$11,478 million)  
Since other capital surplus became a negative value due to the transaction above, other capital surplus was recorded as zero and the amount of the negative value was deducted from other retained earnings, based on "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (ASBJ Statement No. 1, March 26, 2015).
25. 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 business conducted by Japan Post Building Management Co., Ltd., which was previously included in the "Post office" business for the purposes of classifying the Group's reportable segment, has been reclassified as part of "Other" business from the fiscal year ended March 31, 2023.  
The segment information for the fiscal year ended March 31, 2022 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.

## (3) Selected Financial Information on Reportable Segment

(Millions of Yen)

Year ended March 31	2023							
	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	¥ 1,963,562	¥ 84,509	¥ 599,899	¥ 2,062,509	¥ 6,374,579	¥ 11,085,062	¥ 49,160	¥ 11,134,222
Intersegment income	38,056	991,253	279	1,605	4,981	1,036,176	263,988	1,300,164
Total	¥ 2,001,619	¥ 1,075,762	¥ 600,179	¥ 2,064,115	¥ 6,379,561	¥ 12,121,238	¥ 313,149	¥ 12,434,387
Segment profit (loss)	¥ 35,212	¥ 50,466	¥ (723)	¥ 455,537	¥ 117,892	¥ 658,385	¥ 189,802	¥ 848,188
Segment assets	2,059,374	2,585,101	405,955	229,580,406	62,687,388	297,318,226	5,843,422	303,161,649
Other items:								
Depreciation and amortization	66,456	36,395	35,698	34,234	39,490	212,275	17,507	229,782
Amortization of goodwill	—	—	103	—	—	103	1,979	2,082
Interest and dividend income	11	109	730	1,243,685	950,717	2,195,253	12,874	2,208,127
Interest expenses	978	0	12,173	458,165	4,639	475,956	97	476,053
Equity in earnings of affiliates	—	488	714	183	—	1,387	—	1,387
Gains on sales of fixed assets	1,103	12,078	1,264	257	—	14,704	5,889	20,593
Reversal of reserve for price fluctuations	—	—	—	—	82,645	82,645	—	82,645
Losses on sales and disposal of fixed assets	1,172	1,335	228	575	319	3,632	230	3,863
Losses on impairment of fixed assets	229	802	—	875	—	1,907	1,318	3,226
Provision for reserve for price fluctuations	—	—	—	—	—	—	—	—
Provision for reserve for policyholder dividends	—	—	—	—	62,067	62,067	—	62,067
Income taxes	13,634	9,243	3,305	122,698	40,215	189,097	(14,572)	174,525
Investments in affiliates accounted for by the equity method	—	3,048	12,205	1,012	—	16,266	—	16,266
Increase in tangible fixed assets and intangible assets	75,715	105,043	34,654	54,223	36,794	306,432	60,779	367,211

Top Commitment

Value Creation Strategy

Sustainability

Corporate Governance

Data Compilation

(Millions of Yen)

Year ended March 31	2022							
	Reportable segment						Other <sup>3</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	¥ 86,771	¥ 687,579	¥ 1,976,004	¥ 6,454,191	¥ 11,207,632	¥ 54,690	¥ 11,262,323
Intersegment income	40,540	1,069,944	237	1,637	16	1,112,376	279,651	1,392,028
Total	¥ 2,043,624	¥ 1,156,716	¥ 687,817	¥ 1,977,642	¥ 6,454,208	¥ 12,320,009	¥ 334,341	¥ 12,654,351
Segment profit	¥ 103,898	¥ 24,486	¥ 21,226	¥ 490,893	¥ 356,113	¥ 996,617	¥ 209,590	¥ 1,206,208
Segment assets	2,185,467	2,632,504	435,273	232,954,438	67,174,796	305,382,480	5,924,102	311,306,583
Other items:								
Depreciation and amortization	71,381	37,755	36,620	37,716	54,562	238,036	17,711	255,748
Amortization of goodwill	183	—	—	—	—	183	1,133	1,317
Interest and dividend income	10	61	375	1,369,735	985,879	2,356,061	10,007	2,366,069
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
Reversal of reserve for price fluctuations	—	—	—	—	—	—	—	—
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 fluctuations	—	—	—	—	67,789	67,789	—	67,789
Provision for reserve for policyholder dividends	—	—	—	—	73,113	73,113	—	73,113
Income taxes	32,380	4,533	6,466	142,348	62,517	248,245	(25,466)	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	35,197	20,468	44,685	31,958	170,549	49,333	219,882

(Millions of U.S. Dollars)

Year ended March 31	2023							
	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	\$ 14,705	\$ 633	\$ 4,493	\$ 15,446	\$ 47,739	\$ 83,016	\$ 368	\$ 83,384
Intersegment income	285	7,423	2	12	37	7,760	1,977	9,737
Total	\$ 14,990	\$ 8,056	\$ 4,495	\$ 15,458	\$ 47,776	\$ 90,775	\$ 2,345	\$ 93,121
Segment profit (loss)	\$ 264	\$ 378	\$ (5)	\$ 3,411	\$ 883	\$ 4,931	\$ 1,421	\$ 6,352
Segment assets	15,423	19,360	3,040	1,719,317	469,463	2,226,602	43,761	2,270,364
Other items:								
Depreciation and amortization	498	273	267	256	296	1,590	131	1,721
Amortization of goodwill	—	—	1	—	—	1	15	16
Interest and dividend income	0	1	5	9,314	7,120	16,440	96	16,537
Interest expenses	7	0	91	3,431	35	3,564	1	3,565
Equity in earnings of affiliates	—	4	5	1	—	10	—	10
Gains on sales of fixed assets	8	90	9	2	—	110	44	154
Reversal of reserve for price fluctuations	—	—	—	—	619	619	—	619
Losses on sales and disposal of fixed assets	9	10	2	4	2	27	2	29
Losses on impairment of fixed assets	2	6	—	7	—	14	10	24
Provision for reserve for price fluctuations	—	—	—	—	—	—	—	—
Provision for reserve for policyholder dividends	—	—	—	—	465	465	—	465
Income taxes	102	69	25	919	301	1,416	(109)	1,307
Investments in affiliates accounted for by the equity method	—	23	91	8	—	122	—	122
Increase in tangible fixed assets and intangible assets	567	787	260	406	276	2,295	455	2,750

## Notes:

- Income is presented instead of net sales which is typical for companies in other industries.
- Other business includes the hospital business. Segment profit in other business includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥184,610 million (\$1,383 million) for the fiscal year ended March 31, 2023.
- 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 for the fiscal year ended March 31, 2022.



(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
	2023	2022	2023
Total income of reportable segments <sup>1</sup>	¥ 12,121,238	¥ 12,320,009	\$ 90,775
Income of other business <sup>1</sup>	313,149	334,341	2,345
Eliminations of intersegment transactions	(1,300,164)	(1,392,028)	(9,737)
Adjustments <sup>2</sup>	4,358	2,451	33
Subtotal	¥ 11,138,580	¥ 11,264,774	\$ 83,416
Gains on sales of fixed assets	20,593	21,639	154
Reversal of reserve for price fluctuations	82,645	—	619
Compensation for transfer	832	1,185	6
Insurance claim income	735	4,383	6
Gains on sale of businesses	6,995	—	52
Other	432	2,232	3
Total income on the consolidated statements of income	¥ 11,250,815	¥ 11,294,215	\$ 84,257

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
	2023	2022	2023
Total segment profit (loss) of reportable segments	¥ 658,385	¥ 996,617	\$ 4,931
Segment profit in other business	189,802	209,590	1,421
Eliminations of intersegment transactions	(187,443)	(211,745)	(1,404)
Adjustments <sup>1</sup>	(3,245)	(2,997)	(24)
Subtotal	¥ 657,499	¥ 991,464	\$ 4,924
Gains on sales of fixed assets	20,593	21,639	154
Reversal of reserve for price fluctuations	82,645	—	619
Compensation for transfer	832	1,185	6
Insurance claim income	735	4,383	6
Gains on sale of businesses	6,995	—	52
Losses on sales and disposal of fixed assets	(3,859)	(4,609)	(29)
Losses on impairment of fixed assets	(3,224)	(11,280)	(24)
Provision for reserve for price fluctuations	—	(67,789)	—
Extra payments for early retirements	(1,992)	—	(15)
Litigation expenses	(969)	—	(7)
Losses on sale of businesses	—	(10,898)	—
Provision for reserve for policyholder dividends	(62,067)	(73,113)	(465)
Other, net	(1,975)	(9,693)	(15)
Income before income taxes on the consolidated statements of income	¥ 695,212	¥ 841,287	\$ 5,206

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
	2023	2022	2023
Total segment assets of reportable segments	¥ 297,318,226	¥ 305,382,480	\$ 2,226,602
Segment assets in other business	5,843,422	5,924,102	43,761
Eliminations of intersegment transactions	(7,050,062)	(7,459,602)	(52,798)
Total assets on the consolidated balance sheets	¥ 296,111,587	¥ 303,846,980	\$ 2,217,566

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	2023			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 212,275	¥ 17,507	¥ (292)	¥ 229,490
Amortization of goodwill	103	1,979	—	2,082
Interest and dividend income	2,195,253	12,874	(5,073)	2,203,053
Interest expenses	475,956	97	(279)	475,774
Equity in earnings of affiliates	1,387	—	—	1,387
Gains on sales of fixed assets	14,704	5,889	—	20,593
Reversal of reserve for price fluctuations	82,645	—	—	82,645
Losses on sales and disposal of fixed assets	3,632	230	(3)	3,859
Losses on impairment of fixed assets	1,907	1,318	(1)	3,224
Provision for reserve for price fluctuations	—	—	—	—
Provision for reserve for policyholder dividends	62,067	—	—	62,067
Income taxes	189,097	(14,572)	—	174,525
Investments in affiliates accounted for by the equity method	16,266	—	—	16,266
Increase in tangible fixed assets and intangible assets	306,432	60,779	(1,126)	366,084

(Millions of Yen)

Year ended March 31	2022			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 238,036	¥ 17,711	¥ (386)	¥ 255,361
Amortization of goodwill	183	1,133	—	1,317
Interest and dividend income	2,356,061	10,007	(60)	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
Reversal of reserve for price fluctuations	—	—	—	—
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 fluctuations	67,789	—	—	67,789
Provision for reserve for policyholder dividends	73,113	—	—	73,113
Income taxes	248,245	(25,466)	—	222,779
Investments in affiliates accounted for by the equity method	15,041	—	—	15,041
Increase in tangible fixed assets and intangible assets	170,549	49,333	(143)	219,739

(Millions of U.S. Dollars)

Year ended March 31	2023			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	\$ 1,590	\$ 131	\$ (2)	\$ 1,719
Amortization of goodwill	1	15	—	16
Interest and dividend income	16,440	96	(38)	16,499
Interest expenses	3,564	1	(2)	3,563
Equity in earnings of affiliates	10	—	—	10
Gains on sales of fixed assets	110	44	—	154
Reversal of reserve for price fluctuations	619	—	—	619
Losses on sales and disposal of fixed assets	27	2	(0)	29
Losses on impairment of fixed assets	14	10	(0)	24
Provision for reserve for price fluctuations	—	—	—	—
Provision for reserve for policyholder dividends	465	—	—	465
Income taxes	1,416	(109)	—	1,307
Investments in affiliates accounted for by the equity method	122	—	—	122
Increase in tangible fixed assets and intangible assets	2,295	455	(8)	2,742

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

(Millions of Yen)

Year ended March 31	2023							
	Reportable segment						Other	Total
	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total		
Amortization of goodwill	¥ —	¥ —	¥ 103	¥ —	¥ —	¥ 103	¥ 1,979	¥ 2,082
Unamortized balance of goodwill	—	—	—	—	—	—	6,926	6,926

(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 U.S. Dollars)

Year ended March 31	2023							
	Reportable segment						Other	Total
	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total		
Amortization of goodwill	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1	\$ 15	\$ 16
Unamortized balance of goodwill	—	—	—	—	—	—	52	52

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

There were no gains on negative goodwill for the fiscal years ended March 31, 2023 and 2022.

## (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, 2023 and 2022.

## 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, 2023 and 2022.

## 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, 2023 and 2022.

## 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, 2023 and 2022.

## 26. PER SHARE DATA

March 31	Yen		U.S. Dollars
	2023	2022	2023
Net assets per share <sup>2</sup>	¥ 2,912.76	¥ 3,361.06	\$ 21.81

Years ended March 31	Yen		U.S. Dollars
	2023	2022	2023
Net income per share <sup>4</sup>	¥ 120.82	¥ 131.93	\$ 0.90

Notes:

1. Diluted net income per share is not presented for the fiscal years ended March 31, 2023 and 2022 as potential common stock did not exist.

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

March 31	Millions of yen		Millions of U.S. Dollars
	2023	2022	2023
Net assets	¥ 15,098,256	¥ 14,688,981	\$ 113,070
Amount deducted from net assets:			
Non-controlling interests	5,020,661	2,379,590	37,599
Net assets attributable to common stock at the fiscal year-end	¥ 10,077,594	¥ 12,309,391	\$ 75,471

(Thousands of shares)

March 31	2023	2022
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share <sup>3</sup>	3,459,808	3,662,350

3. The number of shares 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 1,140,500 shares and 375,400 shares as of March 31, 2023 and 2022, respectively.
4. Net income per share is calculated based on the following:

Years ended March 31	Millions of yen		Millions of U.S. Dollars
	2023	2022	2023
Net income attributable to Japan Post Holdings	¥ 431,066	¥ 501,685	\$ 3,228
Amount not attributable to common stockholders	—	—	—
Net income attributable to common stock	¥ 431,066	¥ 501,685	\$ 3,228

(Thousands of shares)

Years ended March 31	2023	2022
Average number of common stock outstanding during the fiscal year <sup>5</sup>	3,567,713	3,802,720

5. The number of shares 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 1,022,544 shares and 413,423 shares for the fiscal years ended March 31, 2023 and 2022, respectively.

## 27. 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	2023		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	¥ 1,958,813	¥ 4,749	¥ 1,963,562
Postal operations, etc.	1,832,195		
Other	126,618		
Post office business segment	52,935	31,574	84,509
Merchandising	36,628		
Third-party financial	7,512		
Other	8,794		
International logistics business segment	598,602	1,297	599,899
Banking business segment	173,346	1,889,163	2,062,509
Life insurance business segment	—	6,374,579	6,374,579
Other business	23,187	25,972	49,160
Total	¥ 2,806,885	¥ 8,327,336	¥ 11,134,222

(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	33,598	86,771
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	23,740	54,690
Total	¥ 2,926,450	¥ 8,335,872	¥ 11,262,323

(Millions of U.S. Dollars)

Year ended March 31	2023		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	\$ 14,669	\$ 36	\$ 14,705
Postal operations, etc.	13,721		
Other	948		
Post office business segment	396	236	633
Merchandising	274		
Third-party financial	56		
Other	66		
International logistics business segment	4,483	10	4,493
Banking business segment	1,298	14,148	15,446
Life insurance business segment	—	47,739	47,739
Other business	174	195	368
<b>Total</b>	<b>\$ 21,021</b>	<b>\$ 62,363</b>	<b>\$ 83,384</b>

## Notes:

- "Other business" includes the hospital business and other businesses not included in reportable segments for the fiscal year ended March 31, 2023 and includes the hotel business, hospital business and other businesses not included in reportable segments for the fiscal year ended March 31, 2022.
- The above information for the fiscal year ended March 31, 2022 was presented based on the new classification as described in "Changes in classification of reportable segments" in Note 25 "SEGMENT INFORMATION."

## (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 catalogue 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 are 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
	2023	2022	2023
Receivables arising from contracts with customers			
Balance at the beginning of the fiscal year	¥ 270,339	¥ 280,812	\$ 2,025
Balance at the end of the fiscal year	238,250	270,339	1,784
Contract assets			
Balance at the beginning of the fiscal year	8,523	6,423	64
Balance at the end of the fiscal year	8,548	8,523	64
Contract liabilities			
Balance at the beginning of the fiscal year	46,266	44,142	346
Balance at the end of the fiscal year	51,465	46,266	385

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 amounts of revenue recognized in the fiscal years ended March 31, 2023 and 2022 and included in contract liabilities at the beginning of the fiscal years were ¥41,901 million (\$314 million) and ¥43,792 million, respectively.

There were no significant amounts in revenue recognized in the fiscal years ended March 31, 2023 and 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 in the fiscal years ended March 31, 2023 and 2022.

28. SUBSEQUENT EVENTS

(1) 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 meetings of the Board of Directors held on May 15, 2023 and August 14, 2023.

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: 346,000,000 shares (maximum) (10.0% to the total number of shares issued (excluding treasury stock))
- C) Total repurchase cost of shares: ¥300,000 million (\$2,247 million) (maximum)
- D) Repurchase period: From August 15, 2023 to March 31, 2024
- E) Method of repurchase: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) and trading on the auction market of the Tokyo Stock Exchange, Inc.

3) Status of the repurchase of treasury stock

Based on the above resolutions on treasury stock of the meetings of the Board of Directors, the Company repurchased the Company's common stock on August 15, 2023 as follows:

- A) Total number of shares repurchased: 103,073,600 shares
- B) Total repurchase cost: ¥106,526,565,600 (\$798 million)

Since the total cost of treasury stock repurchased through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) did not reach the maximum amount of the total repurchase cost of shares resolved at the meeting of the Board of Directors held on May 15, 2023, the Company determined to commence repurchasing treasury stock through trading on the auction market up to the maximum amount less the total cost of shares repurchased through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3).

(2) Issuance of Subordinated Unsecured Bonds for Domestic Public Offering

Japan Post Insurance Co., Ltd., a consolidated subsidiary of the Company, adopted a resolution concerning the issuance of subordinated unsecured bonds for domestic public offering at the meeting of the Board of Directors held on August 10, 2023, and the payment was completed on September 7, 2023. Its outline is as follows:

1) Description of bonds:	Third series of subordinated unsecured bonds with interest deferral option and early redemption option
2) Total amount of issuance:	¥100 billion (\$749 million)
3) Amount of each bond:	¥100 million
4) Repayment term:	September 7, 2053 It shall be redeemable at the option of the issuer with the authorities' prior approval, etc., (i) on September 7, 2033 and the corresponding day of subsequent every 5 years or (ii) in the cases where events that affect capital, tax or equity attributes occur after the payment date and continue after the payment date.
5) Interest rate:	(i) From the day immediately following September 7, 2023 to September 7, 2033 : 1.910% per annum (ii) From the day immediately following September 7, 2033 : 5-year JGB interest rate plus 2.277% (reset every five years)
6) Interest payment date:	March 7 and September 7 each year
7) Issue price:	¥100 per ¥100 of each bond
8) Redemption amount:	¥100 per ¥100 of each bond
9) Payment date:	September 7, 2023
10) Collateral or guarantees:	Not provided.
11) Repayment priority:	As for the repayment of debt in the issuer's liquidation proceedings, etc., the bonds shall be subordinate to general indebtedness, treated substantially at the same priority level as the issuer's pari passu subordinated debt and the highest-ranked preferred stock (in the case where the issuer issues it), and take precedence over common stock.
12) Use of funds:	General working capital



# 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 sheet as at March 31, 2023, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year 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, 2023, and its consolidated financial performance and its consolidated cash flows for the year 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 ¥182,770,020 million were recognized as of March 31, 2023, accounting for approximately 62% 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 foreign bonds included in Others (“Bonds”) of ¥15,409,964 million categorized within Level 2 and Bonds of ¥99,200 million 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”, (23) “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</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>



management judgment, and the use of a price 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 of most significance 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 ¥53,518,219 million were recognized as of March 31, 2023, accounting for approximately 19% 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 procedures approved by the FSA is complex,</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 calculation system used for financial</li> </ul>

<p>and therefore involves a high level of expertise in actuarial valuation. In addition, pursuant to the Act, in order to validate the sufficiency of policy reserves, an analysis on future income and expenses must be performed by the chief actuary. This analysis requires significant management judgment on assumptions underlying the estimate of future cash flows, such as a level of insurance product sales, the amount of insurance claims and other benefit payments, investment income and operating expenses, which involves a high level of expertise in actuarial valuation.</p> <p>We, therefore, determined that our assessment of the accuracy of the calculation and sufficiency of policy reserves was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>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 newly sold and revised during the current fiscal year were accurately calculated in accordance with the statements of calculation procedures approved by the FSA through recalculation; and</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> <li>● 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.</li> </ul>
--	---

**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 ¥1,065,309 million were recognized as of March 31, 2023. As described in Note 15, “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 evidence was obtained. The following audit</p>

assets before being offset by deferred tax liabilities amounted to ¥1,886,382 million. Of this amount, the deferred tax assets related to policy reserves and reserve for price fluctuations were ¥1,021,572 million and ¥231,440 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 the company category determined in accordance with the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Guidance No. 26 of the Accounting Standards Board of Japan) and the estimated future taxable income.

As described in Note 15, “DEFERRED TAX ASSETS AND LIABILITIES”, the Company determined that deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets would have the effect of reducing the amount of tax payable. Consolidated subsidiary, JAPAN POST INSURANCE Co., Ltd. (hereinafter, the “insurance subsidiary”) management’s estimate of future taxable income that would be generated over the long term involved significant management judgment on key assumptions, such as forecasts of the level of new contracts for insurance products, the amount of insurance claims and other benefit payments, investment income and operating expenses. The level of new contracts for insurance products, in particular, was estimated based on the business plan prepared in the current fiscal year and on the assumption that new contracts for insurance products would reach a certain level under the measures in the business plan. However, the actual results of new contracts for the current fiscal year only showed a moderate recovery and accordingly, the estimate of the level of new contracts for insurance products involved a high degree of uncertainty.

We, therefore, determined that our assessment of the reasonableness of

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 the business plan.

**(2) Assessment of the company category**

The component auditor evaluated the appropriateness of the company category determined in accordance with the “Implementation Guidance on Recoverability of Deferred Tax Assets,” with a particular focus on the assessment of whether significant changes in the business environment 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 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 the main causes of any differences between the future taxable income estimated in the previous fiscal years and the actual results by inquiring of the insurance subsidiary’s relevant department and assessed their impacts to the estimated future taxable income;
- The component auditor confirmed the consistency between the estimated future taxable income and the business plan; and
- The component auditor inquired of the insurance subsidiary’s relevant department regarding alternative assumptions used by management of the insurance subsidiary for stress test scenarios in estimating future taxable income, understood the results of the stress test, and assessed the appropriateness of the evaluation of uncertainty in management’s estimate.

management's judgment on the recoverability of deferred tax assets related to policy reserves and reserve for price fluctuations was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	
---	--

### 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 reports 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, 2023 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/ MAENO Atsuji  
Designated Engagement Partner  
Certified Public Accountant

/S/ MURAMATSU Keisuke  
Designated Engagement Partner  
Certified Public Accountant

/S/ TOYAMA Takahiro  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
September 22, 2023

**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	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
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	¥ 8,607,026	¥ 10,151,816
of which: capital and capital surplus	3,638,044	5,102,510
of which: retained earnings	5,415,576	5,349,170
of which: treasury stock (deduction)	201,307	96,106
of which: cash dividends to be paid (deduction)	245,287	203,758
of which: other than those above	—	—
Accumulated other comprehensive income included in Core Capital	20,407	56,069
of which: foreign currency translation adjustments	(116,148)	(112,443)
of which: remeasurements of defined benefit plans	136,555	168,512
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)	921,756	255,976
Reserves included in Core Capital: instruments and reserves	205	224
of which: general reserve for possible loan losses	205	224
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	1,642,835	542,641
Core Capital: instruments and reserves (A)	11,192,230	11,006,729
Core Capital: regulatory adjustments		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	125,231	93,860
of which: goodwill (net of related tax liability, including those equivalent)	6,926	8,905
of which: other intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	118,305	84,954
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	52,740	48,312
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	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
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)	177,972	142,172
Total capital		
Total capital ((A) - (B)) (C)	11,014,257	10,864,556
Risk-weighted assets		
Credit risk-weighted assets	60,792,901	60,339,441
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%	2,678,331	2,784,254
Credit risk-weighted assets adjustments	—	—
Operational risk equivalent adjustments	—	—
Total amount of risk-weighted assets (D)	63,471,232	63,123,696
Capital adequacy ratio		
Capital adequacy ratio ((C) / (D))	17.35%	17.21%

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 105 through 106 for the names of principal subsidiaries. In accordance with Article 15, the Group is comprised of the following 217 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 218 companies, comprising 217 consolidated subsidiaries and Japan Post Insurance Co., Ltd., a Group company.

Further details on Japan Post Insurance Co., Ltd. are presented on pages 49 and 113 through 115.

(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 217 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 46 through 48 and 107 through 112 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 117 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 49 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, 2023 calculated in accordance with the Holding Company Capital Adequacy Ratio Notice was 17.35%. 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 90 through 91 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 guaranties 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 2023, 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 repurchase 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  $\Delta$ NII (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  $\Delta$ NII) 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.  $\Delta$ NII is the simple sum of  $\Delta$ NII 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	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
1	Cash	¥ —	¥ —
2	Japanese government and the Bank of Japan	—	—
3	Foreign central governments and central banks	6,820	8,207
4	Bank for International Settlements, etc.	—	—
5	Non-central government public-sector entities	—	—
6	Foreign non-central government public-sector entities	6,636	6,997
7	Multilateral Development Banks	—	—
8	Japan Finance Organization for Municipalities	2,480	2,640
9	Japanese government agencies	8,956	10,148
10	Three regional public corporations under Japanese local governments	526	494
11	Financial Institutions and Type I Financial Instruments Business Operators	79,992	80,109
12	Corporates	273,224	256,652
13	Small and medium-sized enterprises and individuals	2	2
14	Mortgage loans	—	—
15	Project finance (acquisition of real estate)	204	204
16	Past-due loans (three months or more)	92	101
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	23,868	23,543
	of which: exposure to investments	23,868	23,543
	of which: exposure to significant investments	—	—
21	Other than above	193,966	193,113
	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	17,677	22,959
	of which: exposure related to portions not included in adjustment items among specified items	49,539	46,733
	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	126,749	123,420
22	Securitization transactions	24,057	16,903
	of which: STC requirements are applied	—	—
	of which: non-STC requirements are applied	24,057	16,903
23	Re-securitization transactions	22	29
24	Exposure to which deemed calculation of risk weight is applied	1,774,505	1,771,447
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	¥ 2,395,355	¥ 2,370,595

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	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
1	Commitment lines that can be cancelled automatically or unconditionally at any time	¥ —	¥ —
2	Commitment lines with original contracts of one year or less	37	80
3	Short-term trade contingent liabilities	—	—
4	Contingent liabilities arising from specific transactions	—	—
	of which: principal reimbursement trust deeds with restructuring	—	—
5	NIF or RUF	—	—
6	Commitment lines with an original duration of one year or longer	448	325
7	Contingent liabilities arising from directly substituted credit	8,834	12,716
	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	6,914	10,516
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	23,064	23,253
11	Derivative transactions and long-term settlements transactions	1,266	2,432
	Current exposure method	3	12
	Derivative transactions	3	12
	Foreign exchange related transactions	3	12
	Interest rate related transactions	—	—
	Gold related transactions	—	—
	Equity security related transactions	—	—
	Precious metal related transactions (excluding gold)	—	—
	Other commodity related transactions	—	—
	Credit derivative transactions (counterparty risk)	—	—
	Netting effect on credit equivalent amount under close-out netting agreement (deduction)	—	—
	Long-term settlements transactions	—	—
	SA-CCR	1,262	2,420
	Derivative transactions	1,262	2,416
	Long-term settlements transactions	0	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	¥ 33,651	¥ 38,807

Note 1: Required capital is calculated using the following formula:  
Credit risk-weighted assets × 4%

Note 2: Japan Post Bank Co., Ltd. applies the SA-CCR as the credit equivalent calculation method for derivative transactions and long-term settlements transactions. Other credit equivalent amounts are calculated using the current exposure method.

## (3) Total amount of consolidated required capital

(Millions of yen)

Item	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
Total amount of consolidated required capital	¥ 2,538,849	¥ 2,524,947
Amount of required capital for credit risk	657,210	642,130
Portfolios where the standardized approach is applied	630,421	621,023
Securitization exposure	24,079	16,933
CVA risk equivalent amount	1,898	3,642
Central counterparty risk exposure	810	531
Amount of required capital for credit risk pertaining to exposure for which deemed calculation of risk weight is applied	1,774,505	1,771,447
Amount of required capital for market risk equivalent amount	—	—
Amount of required capital for operational risk equivalent amount	107,133	111,370
Basic indicator approach	107,133	111,370

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		2023 (As of March 31, 2023)				
		Loans and deposits	Securities	Derivatives	Others	Total
Domestic	Sovereigns	¥ 77,543,487	¥ 52,816,698	¥ —	¥ 119,294	¥ 130,479,480
	Financial institutions	5,593,733	11,416,634	168,710	48,926	17,228,004
	Corporates	563,120	6,586,786	—	319,628	7,469,535
	Small and medium-sized enterprises and individuals	—	—	—	140	140
	Others	2,425,288	7,269,507	51,674	3,266,367	13,012,837
	Domestic total	86,125,629	78,089,626	220,384	3,754,357	168,189,997
Overseas total		85,784	12,325	385	166,474	264,970
Investment trust, etc.		6,126,443	52,820,289	—	—	58,946,733
Total		¥ 92,337,857	¥ 130,922,241	¥ 220,770	¥ 3,920,832	¥ 227,401,701

(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

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	2023 (As of March 31, 2023)				
	Loans and deposits	Securities	Derivatives	Others	Total
1 year or less	¥ 13,919,794	¥ 12,879,820	¥ 7,112	¥ 422,958	¥ 27,229,686
Over 1 year to 3 years	738,020	19,912,778	42,199	—	20,692,999
Over 3 years to 5 years	560,811	11,770,487	96,490	35	12,427,825
Over 5 years to 7 years	343,131	6,103,656	1,210	—	6,447,998
Over 7 years to 10 years	457,389	4,673,719	25,029	—	5,156,138
Over 10 years	801,230	21,846,876	48,728	—	22,696,835
No due date or perpetual	69,391,035	914,612	—	3,497,837	73,803,485
Investment trust, etc.	6,126,443	52,820,289	—	—	58,946,733
Total	¥ 92,337,857	¥ 130,922,241	¥ 220,770	¥ 3,920,832	¥ 227,401,701

(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

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		2023 (As of March 31, 2023)					2022 (As of March 31, 2022)				
		Loans and deposits	Securities	Derivatives	Others	Total	Loans and deposits	Securities	Derivatives	Others	Total
Domestic	Sovereigns	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Financial institutions	—	—	—	—	—	—	—	—	—	—
	Corporates	—	—	—	5	5	—	—	—	5	5
	Small and medium-sized enterprises and individuals	—	—	—	61	61	—	—	—	60	60
	Others	—	—	—	3,639	3,639	—	—	—	3,769	3,769
	Domestic total	—	—	—	3,707	3,707	—	—	—	3,835	3,835
Overseas total		—	—	—	—	—	—	—	—	—	—
Investment trust, etc.		—	—	—	—	—	—	—	—	—	—
Total		¥ —	¥ —	¥ —	¥ 3,707	¥ 3,707	¥ —	¥ —	¥ —	¥ 3,835	¥ 3,835

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)

	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
General reserve for possible loan losses	¥ 161	¥ 170
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

## Change during the period

(Millions of yen)

	2023 (From April 1, 2022 to March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)
General reserve for possible loan losses	¥ (10)	¥ 9
Specific reserve for possible loan losses	(0)	—
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.

## • Year-end balances and changes during the period of specific reserve for possible loan losses by region and industry

## By region

(Millions of yen)

	2023 (From April 1, 2022 to March 31, 2023)	2023 (As of March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)	2022 (As of March 31, 2022)
	Change during the period	Year-end balance	Change during the period	Year-end balance
Domestic	(0)	0	—	—
Overseas	—	—	—	—
Total	(0)	0	—	—

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



## By industry

(Millions of yen)

	2023 (From April 1, 2022 to March 31, 2023)	2023 (As of March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)	2022 (As of March 31, 2022)
	Change during the period	Year-end balance	Change during the period	Year-end balance
Agriculture, forestry, fisheries, mining	—	—	—	—
Manufacturing	—	—	—	—
Utilities, Information/communications, transportation	—	—	—	—
Wholesale, retail	—	—	—	—
Finance and Insurance	—	—	—	—
Construction, real estate	—	—	—	—
Services, goods rental/leasing	—	—	—	—
Sovereigns	—	—	—	—
Others	(0)	(0)	—	—
Total	(0)	(0)	—	—

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

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

(Millions of yen)

	2023 (From April 1, 2022 to March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)
Agriculture, forestry, fisheries, mining	—	—
Manufacturing	—	—
Utilities, Information/communications, transportation	—	—
Wholesale, retail	—	—
Finance and Insurance	—	—
Construction, real estate	—	—
Services, goods rental/leasing	—	—
Sovereigns	—	—
Others	1	—
Total	1	—

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

(Millions of yen)

Risk weight	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
	Rated	Not rated	Rated	Not rated
0%	¥ 124,196,836	¥ 8,525,877	¥ 134,408,945	¥ 8,542,611
2%	—	684,204	—	476,632
4%	—	—	—	—
10%	212,929	2,852,002	230,454	3,197,215
20%	17,282,358	69,357	17,262,270	61,853
35%	—	—	—	—
50%	7,106,627	3,519	6,641,552	3,532
75%	—	78	—	93
100%	2,240,444	4,507,929	2,229,080	4,423,986
150%	178	186	207	302
250%	50,893	621,273	64,014	632,910
1,250%	—	—	—	—
Others	—	100,272	—	101,381
Investment trust, etc.	—	58,946,733	—	55,997,163
Total	¥ 151,090,267	¥ 76,311,434	¥ 160,836,524	¥ 73,437,683

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 75.26% as of March 31, 2023 (compared with 79.08% as of March 31, 2022)

#### 4. Credit risk mitigation methods

Exposure amount to which credit risk mitigation methods are applied

(Millions of yen)

Item	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
	Exposure amount	Composition ratio	Exposure amount	Composition ratio
Eligible financial collateral	¥ 30,709,264	91.80%	¥ 31,202,008	92.84%
Guarantees and credit derivatives	2,742,714	8.20%	2,407,220	7.16%
Total	¥ 33,451,978	100.00%	¥ 33,609,228	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	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
Amount for which the current exposure method has been applied		
Aggregate sum of amounts of gross reconstruction costs	¥ 232	¥ 195
Aggregate sum of gross add-on amounts	224	1,335
Gross credit equivalents	456	1,531
Foreign exchange related transactions	456	1,531
Interest rate related transactions	—	—
Stock related transactions	—	—
Credit derivative transactions (counterparty risk)	—	—
Long-term settlements transactions	—	—
Reduction in credit equivalents through netting (deduction)	—	—
Net credit equivalents (before taking into account the effect of credit risk reduction by collateral)	456	1,531
Amount of SA-CCR to be applied		
Collateral amount received	49,946	42,021
Marketable securities	27,289	32,517
Cash	22,657	9,504
Collateral amount pledged	823,199	966,963
Marketable securities	288,488	260,252
Cash	534,711	706,710
Net credit equivalents (after consideration of effectiveness of risks mitigated by collateral)	220,380	326,961
Net credit equivalents (current exposure method and SA-CCR)	¥ 220,837	¥ 328,492

Note 1: Japan Post Bank Co., Ltd. applies the SA-CCR as the credit equivalent calculation method.

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.

#### • Notional principal amounts of credit derivatives

(Millions of yen)

Item	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
Total return swaps	¥ —	¥ 1,600
Purchase of protection	—	1,600
Among these, those that are used for considering the effects of credit risk mitigation methods	—	1,600
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	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
	Balance	Required capital	Balance	Required capital
Mortgage loans	¥ 248,271	¥ 212,326		
Auto loans	219,343	176,926		
Leases	3,967	5,389		
Accounts receivable	64,861	54,286		
Corporate loans	2,489,111	1,680,066		
Others	—	—		
Total	¥ 3,025,555	¥ 2,128,995		

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	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
	Balance	Required capital	Balance	Required capital
15% or more and 20% or less	¥ 3,025,555	¥ 24,057	¥ 2,128,995	¥ 16,903
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	¥ 3,025,555	¥ 24,057	¥ 2,128,995	¥ 16,903

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)

	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
	Amount carried on the consolidated balance sheet	Fair value	Amount carried on the consolidated balance sheet	Fair value
Listed equities exposure <sup>(Note 1)</sup>	¥ —	—	¥ —	—
Investment or equities exposure not corresponding to listed equities exposure <sup>(Note 2)</sup>	35,056		33,038	
Total	¥ 35,056		¥ 33,038	

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	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
	Balance	Required capital	Balance	Required capital
Mortgage loans	¥ 561	¥ 735		
Auto loans	—	—		
Leases	—	—		
Accounts receivable	—	—		
Corporate loans	—	—		
Others	—	—		
Total	¥ 561	¥ 735		

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	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
	Balance	Required capital	Balance	Required capital
100%	¥ 561	¥ 22	¥ 735	¥ 29
Over 100% and less than 1,250%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 561	¥ 22	¥ 735	¥ 29

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)

	2023 (From April 1, 2022 to March 31, 2023)	2022 (From April 1, 2021 to March 31, 2022)
Gains / Losses	¥(1,208)	¥(1,501)
Gains	362	—
Losses	—	—
Write-off	¥ 1,570	¥ 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)

	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
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)

	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
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	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
		Balance	Required capital	Balance	Required capital
Look-through approach (LTA)	—	¥ 58,753,172	¥ 1,737,039	¥ 55,803,848	¥ 1,734,931
Mandate-based approach (MBA)	—	—	—	—	—
Probability approach	250%	139,584	13,958	110,168	11,016
	400%	10,237	1,638	47,279	7,564
Fall-back approach (FBA)	1,250%	43,739	21,869	35,867	17,933
Total		¥ 58,946,733	¥ 1,774,505	¥ 55,997,163	¥ 1,771,447

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		(A)	(B)	(C)	(D)
Item number		ΔEVE		ΔNII	
		2023 (As of March 31, 2023)	2022 (As of March 31, 2022)	2023 (As of March 31, 2023)	2022 (As of March 31, 2022)
1	Upward parallel shift	¥ 685,309	¥ 1,053,364	¥ 295,311	¥ 331,727
2	Downward parallel shift	536,094	1,095,093	(107,442)	2,296
3	Steepening	753,119			
4	Flattening				
5	Rise in short-term interest rates				
6	Decrease in short-term interest rates				
7	Maximum value	¥ 753,119	¥ 1,095,093	¥ 295,311	¥ 331,727
		(E)		(F)	
8	Amount of equity	2023 (As of March 31, 2023)		2022 (As of March 31, 2022)	
		11,014,257		10,864,556	

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 3.1 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 2022 to March 2023)
Japan Post Holdings	Compensation Committee	4 times
Japan Post	Shareholders' Meeting	0 times
	Board of Directors	2 times
	Board of Corporate Auditors	1 time
Japan Post Bank	Compensation Committee	4 times
	Evaluation Committee	9 times
Japan Post Insurance	Compensation Committee	6 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, 2022 to March 31, 2023)

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)	34	933	800	800	132	—	132	—	—
Subject employees, etc.	25	1,160	681	681	476	230	246	—	0

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.

## 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.

JAPAN POST GROUP

**Annual Report 2023**

(April 1, 2022–March 31, 2023)

Published in September 2023

JAPAN POST HOLDINGS Co., Ltd.

3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8791, Japan

Tel: +81-3-3477-0111

URL: <https://www.japanpost.jp/en/>