



**Financial Statements with  
Independent Auditor's Report  
for the Fiscal Year Ended March 31, 2024**

***JAPAN POST HOLDINGS CO., Ltd.***

**JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars (Note 1)</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
<b>ASSETS:</b>			
Cash and due from banks (Notes 3, 4 and 5)	¥ 59,507,482	¥ 70,243,186	\$ 393,022
Call loans	2,050,000	2,500,000	13,539
Receivables under resale agreements	10,789,814	11,173,216	71,262
Receivables under securities borrowing transactions	-	250,241	-
Monetary claims bought (Notes 4 and 21)	540,998	525,632	3,573
Trading account securities (Notes 4 and 21)	54	19	0
Money held in trust (Notes 4 and 21)	12,435,001	11,787,642	82,128
Securities (Notes 3, 4, 5, 6 and 21)	194,744,045	182,770,020	1,286,203
Loans (Notes 6 and 21)	10,129,707	9,210,199	66,902
Foreign exchanges (Note 6)	181,332	124,943	1,198
Other assets (Notes 5, 6 and 27)	4,004,648	2,945,818	26,449
Tangible fixed assets (Note 7)			
Buildings	1,182,803	1,044,100	7,812
Land	1,721,953	1,613,766	11,373
Construction in progress	27,779	235,520	183
Other tangible fixed assets	300,975	270,058	1,988
Total tangible fixed assets	<u>3,233,511</u>	<u>3,163,445</u>	<u>21,356</u>
Intangible assets			
Software	275,093	241,744	1,817
Goodwill	4,947	6,926	33
Other intangible assets	18,487	18,065	122
Total intangible assets	<u>298,528</u>	<u>266,735</u>	<u>1,972</u>
Asset for retirement benefits (Note 13)	74,670	76,022	493
Deferred tax assets (Note 15)	704,972	1,062,438	4,656
Reserve for possible loan losses	(4,841)	(5,909)	(32)
Allowance for investment losses	(775)	-	(5)
Total assets	<u>¥ 298,689,150</u>	<u>¥ 296,093,652</u>	<u>\$ 1,972,717</u>

See the accompanying notes to consolidated financial statements.

**JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS—(Continued)**

	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars (Note 1)</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
<b>LIABILITIES:</b>			
Deposits (Notes 5 and 21)	¥ 190,873,061	¥ 192,420,880	\$ 1,260,637
Payables under repurchase agreements (Note 5)	27,947,626	22,057,310	184,582
Policy reserves and others			
Reserve for outstanding claims (Note 8)	373,913	410,387	2,470
Policy reserves (Notes 8 and 14)	50,512,792	53,518,219	333,616
Reserve for policyholder dividends (Note 9)	1,101,628	1,175,171	7,276
Total policy reserves and others	<u>51,988,334</u>	<u>55,103,778</u>	<u>343,361</u>
Payables under securities lending transactions (Note 5)	2,373,799	1,941,872	15,678
Borrowed money (Notes 3, 5, 10 and 21)	2,153,409	1,791,279	14,222
Foreign exchanges	1,273	1,411	8
Bonds (Notes 5, 11 and 21)	461,000	335,000	3,045
Other liabilities (Notes 10, 12 and 27)	4,021,545	3,994,231	26,561
Reserve for bonuses	123,843	125,570	818
Liability for retirement benefits (Note 13)	2,054,217	2,212,694	13,567
Reserve for employee stock ownership plan trust	510	511	3
Reserve for management board benefit trust	1,432	1,176	9
Reserve for reimbursement of deposits	50,950	54,655	337
Reserve for price fluctuations (Note 14)	873,799	889,960	5,771
Deferred tax liabilities (Note 15)	25,815	67,152	170
Total liabilities	<u>¥ 282,950,619</u>	<u>¥ 280,997,484</u>	<u>\$ 1,868,771</u>
<b>NET ASSETS (Note 16):</b>			
Capital stock	¥ 3,500,000	¥ 3,500,000	\$ 23,116
Retained earnings	6,202,500	6,236,757	40,965
Treasury stock	(301,230)	(201,307)	(1,989)
Total shareholders' equity	<u>9,401,270</u>	<u>9,535,450</u>	<u>62,091</u>
Net unrealized gains (losses) on available-for-sale securities	1,592,142	893,645	10,515
Net deferred gains (losses) on hedges	(773,227)	(375,143)	(5,107)
Foreign currency translation adjustments	(75,843)	(116,148)	(501)
Effect of changes in discount rate assumptions (Note 17)	19,215	-	127
Accumulated adjustments for retirement benefits	102,126	137,703	674
Total accumulated other comprehensive income	<u>864,413</u>	<u>540,056</u>	<u>5,709</u>
Non-controlling interests	5,472,847	5,020,661	36,146
Total net assets	<u>15,738,530</u>	<u>15,096,168</u>	<u>103,946</u>
Total liabilities and net assets	<u>¥ 298,689,150</u>	<u>¥ 296,093,652</u>	<u>\$ 1,972,717</u>

See the accompanying notes to consolidated financial statements.

**JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars (Note 1)</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
INCOME (Note 27):			
Postal business income	¥ 2,389,527	¥ 2,559,172	\$ 15,782
Banking business income	2,648,693	2,062,509	17,494
Life insurance business income	6,744,165	6,374,579	44,542
Other income (Notes 7 and 18)	228,149	254,543	1,507
Total income	<u>12,010,534</u>	<u>11,250,805</u>	<u>79,325</u>
EXPENSES:			
Operating expenses	8,276,204	7,786,792	54,661
Personnel expenses (Note 13)	2,416,440	2,434,331	15,960
Depreciation and amortization	242,690	226,382	1,603
Other expenses (Notes 7 and 19)	446,170	107,924	2,947
Total expenses	<u>11,381,505</u>	<u>10,555,431</u>	<u>75,170</u>
Income before income taxes	<u>629,029</u>	<u>695,374</u>	<u>4,154</u>
Income taxes (Note 15):			
Current	167,045	193,240	1,103
Deferred	14,522	(18,532)	96
Total income taxes	<u>181,568</u>	<u>174,707</u>	<u>1,199</u>
Net income	<u>447,460</u>	<u>520,666</u>	<u>2,955</u>
Net income attributable to non-controlling interests	178,774	89,620	1,181
Net income attributable to Japan Post Holdings	<u>¥ 268,685</u>	<u>¥ 431,045</u>	<u>\$ 1,775</u>
	<b>Yen</b>		<b>U.S. Dollars</b>
Per share of common stock (Note 26):			
Basic net income	¥ 80.26	¥ 120.82	\$ 0.53
Diluted net income	<u>-</u>	<u>-</u>	<u>-</u>

See the accompanying notes to consolidated financial statements.

**JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars (Note 1)</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Net income	¥ 447,460	¥ 520,666	\$ 2,955
Other comprehensive income (loss) (Note 20)			
Net unrealized gains (losses) on available-for-sale securities	1,493,174	(707,864)	9,862
Net deferred gains (losses) on hedges	(648,859)	(82,206)	(4,285)
Foreign currency translation adjustments	3,149	(4,039)	21
Adjustments for retirement benefits	(38,912)	(31,807)	(257)
Share of other comprehensive income (loss) of affiliates	(2)	6	(0)
Total other comprehensive income (loss)	<u>808,548</u>	<u>(825,912)</u>	<u>5,340</u>
Comprehensive income (loss)	<u>¥ 1,256,009</u>	<u>¥ (305,245)</u>	<u>\$ 8,295</u>
Total comprehensive income (loss) attributable to:			
Japan Post Holdings	¥ 612,810	¥ (283,503)	\$ 4,047
Non-controlling interests	<u>643,198</u>	<u>(21,741)</u>	<u>4,248</u>

See the accompanying notes to consolidated financial statements.

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

	Shareholders' equity					Millions of Yen							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income							
						Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Effect of changes in discount rate assumptions	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
BALANCE, APRIL 1, 2022	¥ 3,500,000	¥ 1,458,718	¥ 6,138,069	¥ (96,106)	¥ 11,000,681	¥ 1,731,180	¥ (479,930)	¥ (112,443)	¥ -	¥ 169,902	¥ 1,308,709	¥ 2,379,590	¥ 14,688,981
Cumulative effects of changes in accounting policies			(2,066)		(2,066)								(2,066)
RESTATED BALANCE, APRIL 1, 2022	3,500,000	1,458,718	6,136,002	(96,106)	10,998,614	1,731,180	(479,930)	(112,443)	-	169,902	1,308,709	2,379,590	14,686,914
Changes in the fiscal year:													
Cash dividends			(183,136)		(183,136)								(183,136)
Net income attributable to Japan Post Holdings			431,045		431,045								431,045
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(1,505,816)			(1,505,816)								(1,505,816)
Purchases of treasury stock				(205,355)	(205,355)								(205,355)
Disposals of treasury stock				98	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						(837,535)	104,786	(3,705)	-	(32,198)	(768,652)	2,641,071	1,872,418
Net changes in the fiscal year	-	(1,458,718)	100,754	(105,200)	(1,463,164)	(837,535)	104,786	(3,705)	-	(32,198)	(768,652)	2,641,071	409,253
BALANCE, MARCH 31, 2023	¥ 3,500,000	¥ -	¥ 6,236,757	¥ (201,307)	¥ 9,535,450	¥ 893,645	¥ (375,143)	¥ (116,148)	¥ -	¥ 137,703	¥ 540,056	¥ 5,020,661	¥ 15,096,168
Changes in the fiscal year:													
Cash dividends			(255,911)		(255,911)								(255,911)
Net income attributable to Japan Post Holdings			268,685		268,685								268,685
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		47,211			47,211								47,211
Purchases of treasury stock				(299,999)	(299,999)								(299,999)
Disposals of treasury stock				87	87								87
Cancellation of treasury stock		(199,989)		199,989									
Change in scope of equity method			105,747		105,747								105,747
Transfer from retained earnings to capital surplus		152,777	(152,777)										
Net changes in items other than shareholders' equity in the fiscal year						698,496	(398,083)	40,305	19,215	(35,576)	324,356	452,185	776,542
Net changes in the fiscal year	-	-	(34,256)	(99,923)	(134,180)	698,496	(398,083)	40,305	19,215	(35,576)	324,356	452,185	642,362
BALANCE, MARCH 31, 2024	¥ 3,500,000	¥ -	¥ 6,202,500	¥ (301,230)	¥ 9,401,270	¥ 1,592,142	¥ (773,227)	¥ (75,843)	¥ 19,215	¥ 102,126	¥ 864,413	¥ 5,472,847	¥ 15,738,530

See the accompanying notes to consolidated financial statements.

**JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS—(Continued)**

	Shareholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Effect of changes in discount rate assumptions	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Non-controlling interests	
BALANCE, APRIL 1, 2023	\$ 23,116	\$ -	\$ 41,191	\$ (1,330)	\$ 62,978	\$ 5,902	\$ (2,478)	\$ (767)	\$ -	\$ 909	\$ 3,567	\$ 33,159	\$ 99,704
Changes in the fiscal year:													
Cash dividends			(1,690)		(1,690)								(1,690)
Net income attributable to Japan Post Holdings			1,775		1,775								1,775
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		312			312								312
Purchases of treasury stock				(1,981)	(1,981)								(1,981)
Disposals of treasury stock				1	1								1
Cancellation of treasury stock		(1,321)		1,321									
Change in scope of equity method			698		698								698
Transfer from retained earnings to capital surplus		1,009	(1,009)										
Net changes in items other than shareholders' equity in the fiscal year						4,613	(2,629)	266	127	(235)	2,142	2,986	5,129
Net changes in the fiscal year	-	-	(226)	(660)	(886)	4,613	(2,629)	266	127	(235)	2,142	2,986	4,243
BALANCE, MARCH 31, 2024	\$ 23,116	\$ -	\$ 40,965	\$ (1,989)	\$ 62,091	\$ 10,515	\$ (5,107)	\$ (501)	\$ 127	\$ 674	\$ 5,709	\$ 36,146	\$ 103,946

See the accompanying notes to consolidated financial statements.

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2024	2023	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income before income taxes	¥ 629,029	¥ 695,374	\$ 4,154
Income taxes paid	(148,773)	(124,689)	(983)
Policyholder dividends paid	(129,463)	(146,714)	(855)
Depreciation and amortization	242,690	226,382	1,603
Losses on impairment of fixed assets	2,837	3,224	19
Amortization of goodwill	2,241	2,082	15
Equity in (earnings) losses of affiliates	(934)	(1,387)	(6)
Net change in reserve for outstanding claims	(36,474)	7,778	(241)
Net change in policy reserves	(3,005,427)	(3,015,234)	(19,850)
Provision for interest on policyholder dividends	137	9	1
Provision for reserve for policyholder dividends	55,899	62,067	369
Net change in reserve for possible loan losses	(1,158)	(106)	(8)
Net change in allowance for investment losses	775	-	5
Net change in reserve for bonuses	(2,167)	(1,543)	(14)
Net change in asset and liability for retirement benefits	(157,125)	(16,740)	(1,038)
Net change in reserve for employee stock ownership plan trust	(0)	(3)	(0)
Net change in reserve for management board benefit trust	256	36	2
Net change in reserve for reimbursement of deposits	(3,704)	(4,158)	(24)
Net change in reserve for price fluctuations	(16,161)	(82,645)	(107)
Interest income (accrual basis)	(1,397,149)	(1,243,685)	(9,228)
Interest expenses (accrual basis)	698,339	458,165	4,612
Net (gains) losses on securities	335,057	142,927	2,213
Net (gains) losses on money held in trust	(1,178,290)	(397,198)	(7,782)
Net (gains) losses on foreign exchanges	(1,952,134)	(1,337,823)	(12,893)
Net (gains) losses on sale and disposal of fixed assets	3,019	(13,795)	20
Net change in loans	(1,245,258)	(1,163,957)	(8,224)
Net change in deposits	(1,547,818)	689,707	(10,223)
Net change in negotiable certificates of deposit	65,000	-	429
Net change in borrowed money	352,300	(3,971,000)	2,327
Net change in call loans, etc.	455,898	140	3,011
Net change in receivables under securities borrowing transactions for banking business	250,241	(250,241)	1,653
Net change in call money, etc.	5,726,004	(1,145,024)	37,818
Net change in payables under securities lending transactions for banking business	431,926	427,434	2,853
Net change in foreign exchanges (assets)	(56,389)	88,980	(372)
Net change in foreign exchanges (liabilities)	(138)	714	(1)
Interest received (cash basis)	1,366,232	1,195,051	9,023
Interest paid (cash basis)	(670,306)	(411,768)	(4,427)
Other, net	(1,428,055)	1,173,419	(9,432)
Total adjustments	(2,988,074)	(8,849,594)	(19,735)
Net cash used in operating activities	¥ (2,359,045)	¥ (8,154,220)	\$ (15,581)

See the accompanying notes to consolidated financial statements.



**JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)**

	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars (Note 1)</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of call loans	¥ (7,340,000)	¥ (7,380,000)	\$ (48,478)
Proceeds from redemption of call loans	7,340,000	7,380,000	48,478
Net change in receivables under resale agreements	337,571	735,373	2,230
Net change in payables under repurchase agreements	164,312	1,169,788	1,085
Purchases of monetary claims bought	(19,995)	(119,988)	(132)
Proceeds from sale and redemption of monetary claims bought	41,682	111,808	275
Net change in payables under securities lending transactions for life insurance business	-	(2,236,696)	-
Purchases of securities	(44,988,211)	(47,557,119)	(297,128)
Proceeds from sale of securities	7,868,266	19,019,006	51,967
Proceeds from redemption of securities	28,411,241	38,666,999	187,644
Increase in money held in trust	(1,115,426)	(1,024,238)	(7,367)
Decrease in money held in trust	1,925,834	655,650	12,719
Payments for loans	(444,874)	(421,335)	(2,938)
Proceeds from collection of loans	769,394	1,067,457	5,082
Purchases of tangible fixed assets	(203,785)	(230,999)	(1,346)
Proceeds from sale of tangible fixed assets	7,696	30,623	51
Purchases of intangible assets	(116,185)	(92,214)	(767)
Payments of stocks of subsidiaries and affiliates	(4,460)	(6,688)	(29)
Proceeds from sale of stocks of subsidiaries and affiliates	23	-	0
Purchases of stocks of subsidiaries resulting in change in the scope of consolidation	(1,395)	(121)	(9)
Proceeds from purchase of stocks of subsidiaries resulting in change in the scope of consolidation	3	-	0
Other, net	(350,302)	(415,158)	(2,314)
Net cash provided by (used in) investing activities	<u>¥ (7,718,612)</u>	<u>¥ 9,352,146</u>	<u>\$ (50,978)</u>

See the accompanying notes to consolidated financial statements.

**JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)**

	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars (Note 1)</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings	¥ 116,256	¥ 97,980	\$ 768
Repayment of borrowings	(125,440)	(276,511)	(828)
Proceeds from issuance of bonds	125,320	34,887	828
Purchases of treasury stock	(299,999)	(205,355)	(1,981)
Purchases of treasury stock of subsidiaries	(57,289)	(52,322)	(378)
Proceeds from disposals of treasury stock of subsidiaries	48	55	0
Dividends paid	(255,684)	(182,997)	(1,689)
Dividends paid to non-controlling interests	(91,028)	(41,858)	(601)
Proceeds from sale of stocks of subsidiaries that do not result in change in the scope of consolidation	-	1,191,910	-
Other, net	(18,441)	(13,153)	(122)
Net cash provided by (used in) financing activities	<u>(606,258)</u>	<u>552,634</u>	<u>(4,004)</u>
Effect of exchange rate changes on cash and cash equivalents	6,449	11,693	43
Net change in cash and cash equivalents	<u>(10,677,466)</u>	<u>1,762,254</u>	<u>(70,520)</u>
Cash and cash equivalents at the beginning of the fiscal year	<u>70,181,478</u>	<u>68,419,223</u>	<u>463,519</u>
Cash and cash equivalents at the end of the fiscal year (Note 3)	<u>¥ 59,504,011</u>	<u>¥ 70,181,478</u>	<u>\$ 392,999</u>

See the accompanying notes to consolidated financial statements.

**JAPAN POST HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**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 ¥ 151.41 to U.S. \$1, the approximate rate of exchange as of March 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(1) Consolidation and Equity Method**

**1) Scope of consolidation**

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority-owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements as of and for the fiscal year ended March 31, 2024 include the accounts of the Company and its consolidated subsidiaries (collectively, the “Group”).

**A) Consolidated subsidiaries**

The Company has 217 (218 in 2023) 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, 2024, Japan Post Investment Sigma Regional Business Succession, LLC and 4 other companies, and 4 subsidiaries under Toll Holdings Pty Limited (hereinafter referred to as “Toll”) were included in the scope of consolidation due to their establishment, etc. On the other hand, 10 subsidiaries of Toll were excluded from the scope of consolidation due to their liquidation from the fiscal year ended March 31, 2024.

Furthermore, JP Toll Logistics Co., Ltd. and TOLL EXPRESS JAPAN Co., Ltd. changed their names to JP LOGISTICS GROUP Co., Ltd. and JP LOGISTICS Co., Ltd., respectively, on April 1, 2023.

**B) Non-consolidated subsidiaries**

Principal non-consolidated subsidiaries are Advanced Fintech I Limited Partnership, Japan Post Insurance NEXT Partners Co., Ltd., and Spring Investment Limited Partnership.

The non-consolidated subsidiaries are excluded from the scope of consolidation because their assets, income, net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial, and the exclusion of these companies from the scope of consolidation does not hinder a reasonable understanding of the Group's financial position and results of operations.

## 2) Application of the equity method

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

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

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

The Company has 13 (14 in 2023) 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., Aflac Incorporated, and Toll's affiliates.

During the fiscal year ended March 31, 2024, Aflac Incorporated was included in the scope of the equity method due to an increase in the ratio of voting rights. While the acquisition of shares of Aflac Incorporated was completed on February 13, 2020, due to the application of a provision in the company's Articles of Incorporation (in which Aflac Incorporated common shares will be eligible for 10-for-1 voting rights after being held for 48 consecutive months), the Company's ratio of voting rights increased during the fiscal year ended March 31, 2024.

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

Principal non-consolidated subsidiaries that are not accounted for by the equity method are Advanced Fintech I Limited Partnership, Japan Post Insurance NEXT Partners Co., Ltd., and Spring Investment Limited Partnership.

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

Affiliates that are not accounted for by the equity method are A.I. Squared, Inc. AVILEN, 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.

### E) Application of the equity method

For the affiliates accounted for by the equity method that have a fiscal year-end date different from the consolidated fiscal year-end date, the financial statements pertaining to the fiscal years of the respective affiliates are used.

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

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

<u>Year ended March 31</u>	<u>2024</u>
June 30	5 companies
December 31	33 companies
March 31	179 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 for based on the amount of loans net of amounts expected to be collected through disposal of collateral or through execution of guarantees and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, an allowance is provided in the amount of loans, net of amounts expected to be collected through disposal of collateral or to be recoverable under guarantees.

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

3) Reserve for possible loan losses of the insurance subsidiary is provided pursuant to its standards for self-assessment of asset quality and its write-off and provision standards, and a general allowance is provided using a rate determined by past bad debt experience. In addition, a specific allowance, which is determined after reviewing 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 uncollectable 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 ¥45 million (\$0 million) and ¥92 million as of March 31, 2024 and 2023, respectively.

#### **(9) Allowance for Investment Losses**

The Company and some of its consolidated subsidiaries provide allowance for investment losses based on the rule set by each company, taking into account the financial conditions, etc. of the issuers of the securities, as deemed necessary.

#### **(10) 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.

#### **(11) 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 sale 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.”

#### **(12) Recognition of Insurance Premiums and Others**

##### **1) 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.

##### **2) Reinsurance income**

Reinsurance income at the insurance subsidiary is the amount paid as insurance claims, etc. pertaining to original insurance contracts in accordance with reinsurance contracts, of which portions that correspond to reinsurance, and is recorded in “Life insurance business income” at the time of payment of these claims, etc.

#### **(13) Recognition of Insurance Claims and Others**

##### **1) Insurance claims and others (excluding reinsurance premiums)**

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

##### **2) Reinsurance premiums**

Reinsurance premiums at the insurance subsidiary that have been agreed on based on reinsurance contracts are recorded in “Operating expenses” when the said reinsurance contracts are concluded or when insurance premiums corresponding to original insurance contracts are collected, etc.

A portion of policy reserves and reserve for outstanding claims for reinsured part are not set aside in accordance with Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act.

#### **(14) 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.

#### **(15) 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.



#### **(16) 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.

#### **(17) 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.

#### **(18) 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.

A consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity.

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.

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

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

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

#### **(20) Reserve for Price Fluctuations**

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

## **(21) Statement of Cash Flows**

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

## **(22) Recognition of Significant Revenue and Expenses**

In relation to 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 real estate sales related to the real estate business**

In the post office business, the developed real estate properties are sold.

Revenue from real estate sales related to the real estate business is recognized at the point when the delivery obligation stipulated in the sales contract for the real estate is fulfilled by determining that the customer obtains control of the real estate property and the performance obligation has been satisfied.

### **4) Revenue from the international logistics business**

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

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

## **(23) Application of the Group Tax Sharing System**

The Company and certain domestic consolidated subsidiaries have applied the group tax sharing system.

## (24) Changes in Accounting Policies

The Company's consolidated subsidiaries, JP LOGISTICS GROUP Co., Ltd. and JP LOGISTICS Co., Ltd., which were previously included in the segment of "international logistics business" and therefore applied IFRS, have adopted Japanese GAAP from the beginning of the fiscal year ended March 31, 2024.

This change is part of measures taken to expand domestic B-to-B businesses under JP Vision 2025 (announced in May 2021). From the beginning of the fiscal year ended March 31, 2024, Japan Post Co., Ltd. has taken direct ownership of the shares of these consolidated subsidiaries, which were previously held by Toll Holdings Pty Limited, and made these consolidated subsidiaries its wholly-owned subsidiaries. Businesses of these subsidiaries have been restructured and reclassified from the "international logistics business" to the "postal and domestic logistics business," which applies Japanese GAAP, for the purpose of appropriately managing profit and loss across the Group.

This change in accounting policy has been applied retrospectively and the consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified to reflect this change.

As a result, compared with the figures before the retrospective application, the main changes in the consolidated balance sheets as of March 31, 2023 were decreases in tangible fixed assets, deferred tax assets, other liabilities and retained earnings of ¥15,234 million, ¥2,870 million, ¥15,846 million and ¥2,087 million, respectively. In the consolidated statements of income for the fiscal year ended March 31, 2023, income before income taxes increased by ¥162 million. In the consolidated statements of cash flows for the fiscal year ended March 31, 2023, cash flows from operating activities decreased by ¥2,993 million while those from financing activities increased by the same amount. The effect on per share data is presented in Note 26 "PER SHARE DATA."

As a result of reflecting the cumulative effects of changes in the beginning balance of net assets in the fiscal year ended March 31, 2023, the balance of retained earnings on April 1, 2022 was ¥2,066 million lower than if calculated prior to retrospective application.

## (25) Significant Accounting Estimates

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

### 1) Fair value measurement of securities

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

A) Amounts recorded in the consolidated financial statements were as follows:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Securities	<u>¥ 194,744,045</u>	<u>¥ 182,770,020</u>	<u>\$ 1,286,203</u>

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.

## **(26) 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, March 22, 2024)**

### **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.

## **(27) Additional Information**

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

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

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

### **1) Outline of the transactions**

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

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

### **2) The Company’s shares remaining in the trust**

The Company’s shares remaining in the trust are recorded under net assets as treasury stock at the book value in the trust (excluding incidental expenses). The book value of the treasury stock was ¥1,128 million (\$7 million) and ¥1,216 million, and the number of shares of the treasury stock was 1,058 thousand shares and 1,140 thousand shares as of March 31, 2024 and 2023, 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.

In addition, at the Compensation Committee held on May 27, 2024, the Company has decided to introduce a short-term performance-linked monetary compensation system for eligible Executives. Along with this, the current stock compensation structure will be reformed to comprise two types of compensation, namely, performance-linked and non-performance-linked stock compensation, and compensation levels will be adjusted.

### 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

<u>March 31</u>	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Cash and due from banks	¥ 59,507,482	¥ 70,243,186	\$ 393,022
Negotiable certificates of deposit of the banking subsidiary included in “Cash and due from banks”	-	(65,000)	-
Negotiable certificates of deposit included in “Securities”	15,000	15,000	99
Deposits with maturities of more than three months	(200)	(200)	(1)
Bank overdrafts included in “Borrowed money”	(18,270)	(11,507)	(121)
Cash and cash equivalents at the end of the fiscal year	<u>¥ 59,504,011</u>	<u>¥ 70,181,478</u>	<u>\$ 392,999</u>

### 4. SECURITIES

#### (1) Securities

Securities consisted of the following:

<u>March 31</u>	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Stocks and investments in capital <sup>1</sup>	¥ 1,227,561	¥ 602,608	\$ 8,108
Japanese government bonds <sup>2</sup>	79,899,629	75,229,314	527,704
Japanese local government bonds	8,269,357	9,041,018	54,616
Japanese corporate bonds <sup>3</sup>	14,455,218	14,863,427	95,471
Other <sup>2</sup>	90,892,278	83,033,651	600,306
Total	<u>¥ 194,744,045</u>	<u>¥ 182,770,020</u>	<u>\$ 1,286,203</u>

Notes:

1. Stocks and investments in capital include investments in non-consolidated subsidiaries and affiliates of ¥455,649 million (\$3,009 million) and ¥46,564 million as of March 31, 2024 and 2023, respectively.
2. Unsecured and secured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥4,390,230 million (\$28,996 million) and ¥3,541,200 million were included in Japanese government bonds and other in “Securities” as of March 31, 2024 and 2023, respectively.  
Securities borrowed under resale agreements, etc. for which the Group has the right to sell or pledge amounted to ¥5,080,217 million (\$33,553 million) and ¥5,178,588 million for securities held at the end of the fiscal year without being sold or pledged as of March 31, 2024 and 2023, respectively.
3. Japanese corporate bonds include investments in non-consolidated subsidiaries and affiliates of ¥78,266 million (\$517 million) as of March 31, 2024. No such investments were included in Japanese corporate bonds as of March 31, 2023.

## (2) Policy-Reserve-Matching Bonds

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

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

The outline of the risk management policy of policy-reserve-matching bonds 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) (excluding some insurance types)

## (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, 2024 and 2023.

### 2) Held-to-maturity bonds

<u>March 31</u>	Millions of Yen		
	2024		
	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	¥ 25,776,090	¥ 27,777,976	¥ 2,001,886
Japanese local government bonds	1,604,175	1,684,464	80,289
Japanese corporate bonds	921,738	958,610	36,872
Other	5,652,744	6,020,248	367,503
Subtotal	33,954,749	36,441,300	2,486,551
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	24,000,667	22,369,071	(1,631,596)
Japanese local government bonds	4,543,071	4,438,200	(104,871)
Japanese corporate bonds	6,119,276	5,930,417	(188,859)
Other	1,265,506	1,253,252	(12,253)
Subtotal	35,928,522	33,990,941	(1,937,581)
Total	¥ 69,883,272	¥ 70,432,241	¥ 548,969

		<b>Millions of Yen</b>		
		<b>2023</b>		
		<b>Consolidated balance sheet amount</b>	<b>Fair value</b>	<b>Difference</b>
<b>March 31</b>				
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
	<b>Subtotal</b>	<b>39,138,881</b>	<b>42,391,686</b>	<b>3,252,804</b>
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)
	<b>Subtotal</b>	<b>20,850,318</b>	<b>19,859,030</b>	<b>(991,287)</b>
	<b>Total</b>	<b>¥ 59,989,200</b>	<b>¥ 62,250,717</b>	<b>¥ 2,261,516</b>

		<b>Millions of U.S. Dollars</b>		
		<b>2024</b>		
		<b>Consolidated balance sheet amount</b>	<b>Fair value</b>	<b>Difference</b>
<b>March 31</b>				
Those for which fair value exceeds consolidated balance sheet amount				
	Japanese government bonds	\$ 170,240	\$ 183,462	\$ 13,222
	Japanese local government bonds	10,595	11,125	530
	Japanese corporate bonds	6,088	6,331	244
	Other	37,334	39,761	2,427
	<b>Subtotal</b>	<b>224,257</b>	<b>240,680</b>	<b>16,423</b>
Those for which fair value does not exceed consolidated balance sheet amount				
	Japanese government bonds	158,514	147,738	(10,776)
	Japanese local government bonds	30,005	29,312	(693)
	Japanese corporate bonds	40,415	39,168	(1,247)
	Other	8,358	8,277	(81)
	<b>Subtotal</b>	<b>237,293</b>	<b>224,496</b>	<b>(12,797)</b>
	<b>Total</b>	<b>\$ 461,550</b>	<b>\$ 465,176</b>	<b>\$ 3,626</b>

### 3) Policy-reserve-matching bonds

		Millions of Yen		
		2024		
		Consolidated balance sheet amount	Fair value	Difference
<b>March 31</b>				
Those for which fair value exceeds consolidated balance sheet amount				
	Japanese government bonds	¥ 3,446,300	¥ 3,714,174	¥ 267,873
	Japanese local government bonds	154,435	161,038	6,602
	Japanese corporate bonds	102,569	106,263	3,693
	Other	-	-	-
	Subtotal	<u>3,703,306</u>	<u>3,981,476</u>	<u>278,170</u>
Those for which fair value does not exceed consolidated balance sheet amount				
	Japanese government bonds	2,025,683	1,736,067	(289,615)
	Japanese local government bonds	252,680	231,158	(21,522)
	Japanese corporate bonds	1,137,958	985,833	(152,125)
	Other	20,000	19,555	(444)
	Subtotal	<u>3,436,323</u>	<u>2,972,614</u>	<u>(463,708)</u>
	Total	<u>¥ 7,139,629</u>	<u>¥ 6,954,091</u>	<u>¥ (185,537)</u>

		Millions of Yen		
		2023		
		Consolidated balance sheet amount	Fair value	Difference
<b>March 31</b>				
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
	Other	-	-	-
	Subtotal	<u>4,846,042</u>	<u>5,293,734</u>	<u>447,691</u>
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)
	Other	-	-	-
	Subtotal	<u>3,228,969</u>	<u>2,943,904</u>	<u>(285,064)</u>
	Total	<u>¥ 8,075,012</u>	<u>¥ 8,237,638</u>	<u>¥ 162,626</u>



Millions of U.S. Dollars			
2024			
	Consolidated balance sheet amount	Fair value	Difference
<b>March 31</b>			
Those for which fair value exceeds consolidated balance sheet amount			
Japanese government bonds	\$ 22,761	\$ 24,531	\$ 1,769
Japanese local government bonds	1,020	1,064	44
Japanese corporate bonds	677	702	24
Other	-	-	-
Subtotal	<u>24,459</u>	<u>26,296</u>	<u>1,837</u>
Those for which fair value does not exceed consolidated balance sheet amount			
Japanese government bonds	13,379	11,466	(1,913)
Japanese local government bonds	1,669	1,527	(142)
Japanese corporate bonds	7,516	6,511	(1,005)
Other	132	129	(3)
Subtotal	<u>22,695</u>	<u>19,633</u>	<u>(3,063)</u>
Total	<u>\$ 47,154</u>	<u>\$ 45,929</u>	<u>\$ (1,225)</u>

#### 4) Available-for-sale securities

Millions of Yen			
2024			
	Consolidated balance sheet amount	Cost	Difference
<b>March 31</b>			
Those for which consolidated balance sheet amount exceeds cost			
Stocks	¥ 558,090	¥ 335,757	¥ 222,333
Bonds	3,826,724	3,701,927	124,796
Japanese government bonds	2,386,447	2,275,154	111,292
Japanese local government bonds	306,315	305,349	966
Japanese short-term corporate bonds	-	-	-
Japanese corporate bonds	1,133,961	1,121,423	12,537
Other	60,711,091	55,555,906	5,155,185
Of which: foreign bonds	21,333,384	17,808,984	3,524,399
Of which: investment trusts	39,303,424	37,673,307	1,630,117
Subtotal	<u>65,095,906</u>	<u>59,593,590</u>	<u>5,502,316</u>
Those for which consolidated balance sheet amount does not exceed cost			
Stocks	141,030	182,874	(41,844)
Bonds	28,712,830	29,989,719	(1,276,888)
Japanese government bonds	22,264,439	23,449,992	(1,185,553)
Japanese local government bonds	1,408,677	1,420,137	(11,459)
Japanese short-term corporate bonds	891,924	891,924	-
Japanese corporate bonds	4,147,789	4,227,664	(79,875)
Other	24,328,159	25,138,423	(810,263)
Of which: foreign bonds	3,029,663	3,139,288	(109,624)
Of which: investment trusts	20,136,427	20,831,184	(694,756)
Subtotal	<u>53,182,020</u>	<u>55,311,016</u>	<u>(2,128,995)</u>
Total	<u>¥ 118,277,927</u>	<u>¥ 114,904,607</u>	<u>¥ 3,373,320</u>

		<b>Millions of Yen</b>		
		<b>2023</b>		
		<b>Consolidated balance sheet amount</b>	<b>Cost</b>	<b>Difference</b>
<b>March 31</b>				
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		<u>47,060,252</u>	<u>43,815,201</u>	<u>3,245,051</u>
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		<u>68,554,801</u>	<u>70,845,523</u>	<u>(2,290,721)</u>
Total	¥	<u>115,615,054</u>	¥ <u>114,660,725</u>	¥ <u>954,329</u>

		<b>Millions of U.S. Dollars</b>		
		<b>2024</b>		
		<b>Consolidated balance sheet amount</b>	<b>Cost</b>	<b>Difference</b>
<b>March 31</b>				
Those for which consolidated balance sheet amount exceeds cost				
Stocks	\$	3,686	\$ 2,218	\$ 1,468
Bonds		25,274	24,450	824
Japanese government bonds		15,761	15,026	735
Japanese local government bonds		2,023	2,017	6
Japanese short-term corporate bonds		-	-	-
Japanese corporate bonds		7,489	7,407	83
Other		400,971	366,924	34,048
Of which: foreign bonds		140,898	117,621	23,277
Of which: investment trusts		259,583	248,817	10,766
Subtotal		<u>429,931</u>	<u>393,591</u>	<u>36,341</u>
Those for which consolidated balance sheet amount does not exceed cost				
Stocks		931	1,208	(276)
Bonds		189,636	198,070	(8,433)
Japanese government bonds		147,047	154,877	(7,830)
Japanese local government bonds		9,304	9,379	(76)
Japanese short-term corporate bonds		5,891	5,891	-
Japanese corporate bonds		27,394	27,922	(528)
Other		160,677	166,029	(5,351)
Of which: foreign bonds		20,010	20,734	(724)
Of which: investment trusts		132,993	137,581	(4,589)
Subtotal		<u>351,245</u>	<u>365,306</u>	<u>(14,061)</u>
Total	\$	<u>781,176</u>	\$ <u>758,897</u>	\$ <u>22,279</u>

## 5) Held-to-maturity bonds sold

There were no held-to-maturity bonds sold for the fiscal years ended March 31, 2024 and 2023.

## 6) Policy-reserve-matching bonds sold

<u>Year ended March 31</u>	Millions of Yen		
	2024		
	Sales	Gains	Losses
Bonds	¥ 802,064	¥ 22,141	¥ (8,354)
Japanese government bonds	737,465	22,141	(3,153)
Japanese local government bonds	200	0	-
Japanese corporate bonds	64,399	-	(5,200)
Total	¥ 802,064	¥ 22,141	¥ (8,354)

<u>Year ended March 31</u>	Millions of Yen		
	2023		
	Sales	Gains	Losses
Bonds	¥ 295,753	¥ 4,003	¥ -
Japanese government bonds	295,753	4,003	-
Total	¥ 295,753	¥ 4,003	¥ -

<u>Year ended March 31</u>	Millions of U.S. Dollars		
	2024		
	Sales	Gains	Losses
Bonds	\$ 5,297	\$ 146	\$ (55)
Japanese government bonds	4,871	146	(21)
Japanese local government bonds	1	0	-
Japanese corporate bonds	425	-	(34)
Total	\$ 5,297	\$ 146	\$ (55)

## 7) Available-for-sale securities sold

<u>Year ended March 31</u>	Millions of Yen		
	2024		
	Sales	Gains	Losses
Stocks	¥ 70,336	¥ 16,971	¥ (4,489)
Bonds	1,925,448	4,848	(50,161)
Japanese government bonds	1,824,592	4,785	(45,388)
Japanese local government bonds	-	-	-
Japanese corporate bonds	100,856	62	(4,772)
Other	4,991,549	160,080	(468,966)
Of which: foreign bonds	2,903,464	114,602	(135,137)
Of which: investment trusts	2,088,084	45,478	(333,828)
Total	<u>¥ 6,987,333</u>	<u>¥ 181,900</u>	<u>¥ (523,617)</u>

<u>Year ended March 31</u>	Millions of Yen		
	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	<u>¥ 18,721,971</u>	<u>¥ 216,015</u>	<u>¥ (367,761)</u>

<u>Year ended March 31</u>	Millions of U.S. Dollars		
	2024		
	Sales	Gains	Losses
Stocks	\$ 465	\$ 112	\$ (30)
Bonds	12,717	32	(331)
Japanese government bonds	12,051	32	(300)
Japanese local government bonds	-	-	-
Japanese corporate bonds	666	0	(32)
Other	32,967	1,057	(3,097)
Of which: foreign bonds	19,176	757	(893)
Of which: investment trusts	13,791	300	(2,205)
Total	<u>\$ 46,148</u>	<u>\$ 1,201</u>	<u>\$ (3,458)</u>

## 8) Securities of which holding purposes were changed

There were no securities of which holding purposes were changed as of March 31, 2024 and 2023.

## 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 ¥2,913 million (\$19 million) and ¥344 million for the fiscal years ended March 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, respectively.

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

		Millions of Yen				
		2024				
		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
<b>March 31</b>	Money held in trust classified as other than trading or held-to-maturity	¥ 8,874,120	¥ 5,695,466	¥ 3,178,653	¥ 3,306,077	¥ (127,423)

		Millions of Yen				
		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
<b>March 31</b>	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 U.S. Dollars				
		2024				
		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
<b>March 31</b>	Money held in trust classified as other than trading or held-to-maturity	\$ 58,610	\$ 37,616	\$ 20,994	\$ 21,835	\$ (842)

Notes:

1. Stocks of Aflac Incorporated, which had been held as “Money held in trust classified as other than trading or held-to-maturity,” have been reclassified as “Investments in non-consolidated subsidiaries and affiliates” because Aflac Incorporated became the Company’s equity method affiliate from the fiscal year ended March 31, 2024. The consolidated balance sheet amount of such stocks was ¥384,790 million (\$2,541 million).
2. 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 ¥4,260 million (\$28 million) and ¥9,555 million for the fiscal years ended March 31, 2024 and 2023, respectively.
3. “Money held in trust classified as other than trading or held-to-maturity” include investment in non-consolidated subsidiaries of ¥40,732 million (\$269 million) and ¥28,772 million as of March 31, 2024 and 2023, respectively.

## 5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral consisted of the following:

### (1) Assets Pledged as Collateral

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Securities	¥ 32,738,367	¥ 26,133,024	\$ 216,223

### (2) Liabilities Related to Collateral

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Deposits	¥ 399,997	¥ 492,834	\$ 2,642
Payables under repurchase agreements	27,947,626	22,057,310	184,582
Payables under securities lending transactions	2,373,799	1,941,872	15,678
Borrowed money	1,984,900	1,632,600	13,109

(3) 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 ¥61,000 million (\$403 million) and ¥35,000 million as of March 31, 2024 and 2023, respectively.

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, 2024 and 2023:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Assets pledged as collateral:			
Cash and due from banks	¥ -	¥ 1,977	\$ -
Securities	4,817,843	4,357,682	31,820

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

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Other assets:			
Margins for future transactions	¥ 158,111	¥ 171,788	\$ 1,044
Guarantee deposits	22,892	22,970	151
Margins with central counterparty	272,787	362,637	1,802
Cash collateral paid for financial instruments	1,816,173	538,805	11,995

## 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.”

<u>March 31</u>	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Claims provable in bankruptcy	¥ -	¥ -	\$ -
Doubtful receivables	0	0	0
Past-due loans for three months or more	-	-	-
Restructured loans	-	-	-
<b>Total</b>	<b>¥ 0</b>	<b>¥ 0</b>	<b>\$ 0</b>

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:

<u>March 31</u>	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Amount of unused commitments on loans	¥ 43,522	¥ 39,855	\$ 287
Of which: unused commitments with a term of less than one year or that may be cancelled unconditionally at any point of time	1,639	579	11

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 the 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:

<u>March 31</u>	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Amount of unused commitments on loans	¥ 4,890	¥ 15,659	\$ 32

## 7. TANGIBLE FIXED ASSETS

### (1) Accumulated Depreciation

Accumulated depreciation were as follows:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Accumulated depreciation	¥ 1,886,529	¥ 1,808,845	\$ 12,460

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:

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Deferred gains on tangible fixed assets not recognized for tax purposes	¥ 95,232	¥ 89,978	\$ 629
Of which: deferred during the fiscal year	5,254	19	35

### (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.

<u>Years ended March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Net rent income (losses) <sup>1</sup>	¥ 3,569	¥ 8,377	\$ 24
Net gains (losses) on sales <sup>2</sup>	3,630	15,419	24
Losses on impairment <sup>3</sup>	1,681	2,180	11
Other gains <sup>4</sup>	411	93	3
Other losses <sup>3</sup>	1,565	1,363	10

Notes:

- Majority of rent income is recorded under other income, and majority of rent expenses are recorded under depreciation and amortization.
- Gains on sales are recorded under other income, and losses on sales are recorded under other expenses.
- Losses on impairment and other losses are recorded under other expenses.
- 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:

<u>Years ended March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S.</u>
	<u>2024</u>	<u>2023</u>	<u>Dollars</u>
Consolidated balance sheet amount <sup>1</sup>			
Balance at the beginning of the fiscal year	¥ 589,429	¥ 529,122	\$ 3,893
Net change during the fiscal year <sup>2</sup>	287,637	60,306	1,900
Balance at the end of the fiscal year	¥ 877,066	¥ 589,429	\$ 5,793
Fair value at the end of the fiscal year <sup>3</sup>	¥ 1,454,563	¥ 865,001	\$ 9,607

Notes:

- The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.
- The increase during the fiscal year ended March 31, 2024 was mainly due to the completion of development properties of ¥321,015 million (\$2,120 million).
- 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 ¥42,623 million (\$282 million) and ¥290,087 million as of March 31, 2024 and 2023, 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 ¥426 million (\$3 million) and ¥690 million as of March 31, 2024 and 2023, respectively.

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance were ¥641,745 million (\$4,238 million) and ¥880 million as of March 31, 2024 and 2023, respectively.

## 9. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends were as follows:

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

## 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
	2024	2023	2024	2024	2024
Borrowed money	¥ 2,153,409	¥ 1,791,279	\$ 14,222	0.36%	-
Borrowings	2,153,409	1,791,279	14,222	0.36%	April 2024 - October 2028
Lease obligations	116,384	123,249	769	-	April 2024 - October 2054

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," ¥691,300 million (\$4,566 million) was without interest as of March 31, 2024.
- 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, 2024 was as follows:

March 31	Millions of U.S. Dollars	
	Millions of Yen	Dollars
Within 1 year	¥ 843,294	\$ 5,570
Due after 1 year through 2 years	5,800	38
Due after 2 years through 3 years	880	6
Due after 3 years through 4 years	1,282,335	8,469
Due after 4 years through 5 years	21,100	139

The repayment schedule within 5 years subsequent to the fiscal year-end on lease obligations as of March 31, 2024 was as follows:

March 31	Millions of U.S. Dollars	
	Millions of Yen	Dollars
Within 1 year	¥ 20,182	\$ 133
Due after 1 year through 2 years	17,770	117
Due after 2 years through 3 years	14,982	99
Due after 3 years through 4 years	12,307	81
Due after 4 years through 5 years	8,585	57

## 11. BONDS

Bonds were as follows:

Issuer	Description	Issue	Millions of Yen		Millions of U.S. Dollars	Interest rate	Collateral	Due
			2024	2023	2024			
The Company	Japan Post Holdings Series 1 (green bonds)	September 1, 2022	¥ 15,000	¥ 15,000	\$ 99	0.255%	General collateral	September 1, 2027
The Company	Japan Post Holdings Series 2 (green bonds)	September 1, 2022	15,000	15,000	99	0.469%	General collateral	September 1, 2032
The Company	Japan Post Holdings Series 3 (green bonds)	September 1, 2022	5,000	5,000	33	0.984%	General collateral	September 1, 2042
The Company	Japan Post Holdings Series 4	October 24, 2023	26,000	-	172	0.603%	General collateral	October 24, 2028
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	660	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	1,321	1.050% <sup>3</sup>	Not provided	January 28, 2051
Japan Post Insurance Co., Ltd.	Third series of subordinated unsecured bonds with interest deferral option and early redemption option <sup>1</sup>	September 7, 2023	100,000	-	660	1.910% <sup>4</sup>	Not provided	September 7, 2053
Total			¥ 461,000	¥ 335,000	\$ 3,045			

Notes:

1. 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.
2. Interest rate from the day immediately following January 29, 2029, shall be 6-month Euroyen LIBOR plus 1.78%.
3. Interest rate from the day immediately following January 28, 2031, shall be 5-year JGB interest rate plus 2.010% (reset every five years).
4. Interest rate from the day immediately following September 7, 2033, shall be 5-year JGB interest rate plus 2.277% (reset every five years).

The redemption schedule within 5 years subsequent to the fiscal year-end on bonds as of March 31, 2024 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	15,000	99
Due after 4 years through 5 years	26,000	172

## 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.
	2024	2023	Dollars 2024
Balance at the beginning of the fiscal year	¥ 27,115	¥ 37,036	\$ 179
Obligations incurred due to acquisition of tangible fixed assets	1,141	574	8
Time progress adjustments	33	292	0
Changes in estimates	(451)	(130)	(3)
Obligations settled	(1,458)	(7,266)	(10)
Other	(259)	(3,391)	(2)
Balance at the end of the fiscal year	¥ 26,121	¥ 27,115	\$ 173

### (4) Changes in Estimates

In accordance with the acquisition of new information, the Group has changed the estimates of the restoration costs, etc. according to lease contracts. As a result, "Changes in estimates" of ¥(451) million (\$3) million and ¥(130) million have been deducted from the amount of asset retirement obligations for the fiscal years ended March 31, 2024 and 2023, respectively.

### 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(18)) are included in the Company's retirement benefit obligations.

The Company has established retirement benefit trusts for the share of public service pension and share of another public service pension. In addition, a consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity from the fiscal year ended March 31, 2024.

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 ¥10,277 million (\$68 million) and ¥10,330 million for the fiscal years ended March 31, 2024 and 2023, respectively.

#### (2) Defined Benefit Plans

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

Years ended March 31	Millions of Yen		Millions of U.S.
	2024	2023	Dollars 2024
Balance at the beginning of the fiscal year	¥ 2,420,676	¥ 2,468,764	\$ 15,988
Service cost	107,631	110,023	711
Interest cost	16,052	16,231	106
Actuarial differences	6,935	(4,426)	46
Benefits paid	(185,654)	(169,911)	(1,226)
Other	658	(4)	4
Balance at the end of the fiscal year	¥ 2,366,299	¥ 2,420,676	\$ 15,628

##### 2) Changes in plan assets

Years ended March 31	Millions of Yen		Millions of U.S.
	2024	2023	Dollars 2024
Balance at the beginning of the fiscal year	¥ 284,004	¥ 315,352	\$ 1,876
Expected return on plan assets	681	746	4
Actuarial differences	(1,273)	(1,664)	(8)
Contributions paid by the employer	247	241	2
Amount of retirement benefit trusts established	130,000	-	859
Benefits paid	(26,907)	(30,672)	(178)
Balance at the end of the fiscal year	¥ 386,752	¥ 284,004	\$ 2,554

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

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>March 31</b>			
Funded retirement benefit obligations	¥ 314,244	¥ 208,110	\$ 2,075
Share of public service pension	176,967	202,939	1,169
Share of another public service pension	144	189	1
Lump-sum severance indemnity	132,053	-	872
Corporate pension plan	5,079	4,981	34
Plan assets	(386,752)	(284,004)	(2,554)
Share of public service pension	(249,732)	(277,608)	(1,649)
Share of another public service pension	(35)	(61)	(0)
Lump-sum severance indemnity	(130,000)	-	(859)
Corporate pension plan	(6,984)	(6,335)	(46)
	(72,508)	(75,894)	(479)
Unfunded retirement benefit obligations	2,052,054	2,212,566	13,553
Lump-sum severance indemnity	2,052,054	2,212,566	13,553
Net liability (asset) for retirement benefits	¥ 1,979,546	¥ 2,136,671	\$ 13,074
Liability for retirement benefits	¥ 2,054,217	¥ 2,212,694	\$ 13,567
Asset for retirement benefits	(74,670)	(76,022)	(493)
Net liability (asset) for retirement benefits	¥ 1,979,546	¥ 2,136,671	\$ 13,074

Note: A consolidated subsidiary has established a retirement benefit trust for the lump-sum severance indemnity from the fiscal year ended March 31, 2024.

### 4) Retirement benefit costs

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Years ended March 31</b>			
Service cost	¥ 107,631	¥ 110,023	\$ 711
Interest cost	16,052	16,231	106
Expected return on plan assets	(681)	(746)	(4)
Amortization of actuarial differences	(14,023)	(17,950)	(93)
Amortization of prior service cost	(17,383)	(17,383)	(115)
Other	(253)	1,929	(2)
Total	¥ 91,341	¥ 92,102	\$ 603

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

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Years ended March 31</b>			
Prior service cost	¥ (17,383)	¥ (17,383)	\$ (115)
Actuarial differences	(22,232)	(15,188)	(147)
Total	¥ (39,615)	¥ (32,571)	\$ (262)

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

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>March 31</b>			
Unrecognized prior service cost	¥ 77,894	¥ 94,464	\$ 514
Unrecognized actuarial differences	22,320	44,415	147
Total	¥ 100,214	¥ 138,880	\$ 662

## 7) Plan assets

<u>March 31</u>	<u>2024</u>	<u>2023</u>
Bonds	45%	73%
Stocks	1	1
Life insurance general account	0	0
Other	54	26
Total	<u>100%</u>	<u>100%</u>

Note: The percentage of retirement benefit trusts to total plan assets were 65% and 98% as of March 31, 2024 and 2023, respectively, which were set up for the Company's share of public service pension and share of another public service pension. In addition, the percentage to total plan assets of the retirement benefit trust established by a consolidated subsidiary for the lump-sum severance indemnity in the fiscal year ended March 31, 2024, was 34%.

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:

<u>Years ended March 31</u>	<u>2024</u>	<u>2023</u>
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 ¥12,328 million (\$81 million) and ¥11,174 million for the fiscal years ended March 31, 2024 and 2023, respectively.

## 14. RESERVES RELATED TO THE REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve but including ceded reinsurance policy 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 but including ceded reinsurance policy reserve, contingency reserve and reserve for price fluctuations provided for this category of reinsurance were as follows:

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

## 15. DEFERRED TAX ASSETS AND LIABILITIES

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

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>March 31</b>			
Deferred tax assets:			
Liability for retirement benefits	¥ 720,466	¥ 737,429	\$ 4,758
Policy reserves	998,451	1,021,572	6,594
Reserve for outstanding claims	42,693	48,375	282
Reserve for bonuses	37,748	38,246	249
Reserve for price fluctuations	228,547	231,440	1,509
Deferred losses on hedges	560,949	277,268	3,705
Tax losses carried forward *	1,109,883	1,069,400	7,330
Other	308,994	328,428	2,041
Subtotal deferred tax assets	4,007,734	3,752,163	26,469
Valuation allowance for tax losses carried forward *	(1,109,248)	(1,069,383)	(7,326)
Valuation allowance for deductible temporary differences	(757,229)	(799,146)	(5,001)
Total valuation allowance	(1,866,477)	(1,868,530)	(12,327)
Total deferred tax assets	2,141,256	1,883,632	14,142
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(1,425,022)	(847,448)	(9,412)
Unrealized gains on assets and liabilities of the consolidated subsidiaries	(3,658)	(4,118)	(24)
Other	(33,418)	(36,780)	(221)
Total deferred tax liabilities	(1,462,099)	(888,347)	(9,657)
Net deferred tax assets (liabilities)	¥ 679,156	¥ 995,285	\$ 4,486

Note:

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

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

	Millions of Yen						
	2024						
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
<b>March 31</b>							
Tax losses carried forward <sup>1</sup>	¥ 189,439	¥ 10,315	¥ 8,453	¥ 225	¥ 4,696	¥ 896,752	¥ 1,109,883
Valuation allowance	(189,439)	(10,315)	(8,453)	(225)	(4,696)	(896,118)	(1,109,248)
Deferred tax assets	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 634	¥ 634

	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
<b>March 31</b>							
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

	Millions of U.S. Dollars						
	2024						
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
<b>March 31</b>							
Tax losses carried forward <sup>1</sup>	\$ 1,251	\$ 68	\$ 56	\$ 1	\$ 31	\$ 5,923	\$ 7,330
Valuation allowance	(1,251)	(68)	(56)	(1)	(31)	(5,918)	(7,326)
Deferred tax assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 4

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, 2024 and 2023, respectively.

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

<u>Years ended March 31</u>	<u>2024</u>	<u>2023</u>
Statutory tax rate	30.6%	30.6%
Income not taxable for income tax purposes (e.g. non-taxable dividend income)	(2.5)	(4.6)
Changes in valuation allowance	(0.6)	56.4
Adjustment of book value of stocks of subsidiaries for consolidated tax payment system	2.0	(56.5)
Other	(0.7)	(0.8)
Effective income tax rate	<u>28.9%</u>	<u>25.1%</u>

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

The Company and some of its consolidated subsidiaries adopt 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 the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

## 16. NET ASSETS

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

#### Year ended March 31, 2024

	<u>Thousands of shares</u>			
	<u>April 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>March 31, 2024</u>
Shares authorized:				
Common stock	18,000,000	-	-	18,000,000

	<u>Thousands of shares</u>			
	<u>April 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>March 31, 2024</u>
Shares issued:				
Common stock	3,657,797	-	196,748	3,461,049

Note: The decrease of 196,748 thousand shares issued is due to the cancellation of treasury stock.

#### Year ended March 31, 2023

	<u>Thousands of shares</u>			
	<u>April 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>March 31, 2023</u>
Shares authorized:				
Common stock	18,000,000	-	-	18,000,000

	<u>Thousands of shares</u>			
	<u>April 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>March 31, 2023</u>
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.



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

Year ended March 31, 2024	Thousands of shares			
	April 1, 2023 <sup>1</sup>	Increase <sup>2</sup>	Decrease <sup>2</sup>	March 31, 2024 <sup>1</sup>
Treasury stock:				
Common stock	197,988	254,809	196,830	255,967

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 1,140 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 1,058 thousand shares.
- The increase of 254,809 thousand shares of treasury stock is due to 254,809 thousand shares repurchased from August 15, 2023 to March 22, 2024 based on the resolutions of the Board of Directors' meetings held on May 15, 2023 and August 14, 2023 and the purchase of shares less than one unit of 0 thousand shares. The decrease of 196,830 thousand shares of treasury stock is due to the cancellation of treasury stock of 196,748 thousand shares based on the resolution of the Board of Directors' meeting held on March 29, 2023 and the benefits paid of the shares of the Company by the management board benefit trust of 81 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 27, 2024, however, the cancellation procedures of the following treasury stock had not been completed at the end of the fiscal year ended March 31, 2024.  
Book value: ¥299,983 million (\$1,981 million)  
Class of shares to be cancelled: Common stock  
Number of shares to be cancelled: 254,809 thousand shares  
The cancellation procedures of the above treasury stock have been completed on April 12, 2024.

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  
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.

## (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, 2024

Resolution	Class of shares	Total amount <sup>1</sup> and <sup>2</sup> (Millions of Yen)	Total amount <sup>1</sup> and <sup>2</sup> (Millions of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2023	Common stock	¥ 173,047	\$ 1,143	¥ 50.00	\$ 0.33	March 31, 2023	June 22, 2023
Board of Directors' meeting held on November 13, 2023	Common stock	¥ 82,864	\$ 547	¥ 25.00	\$ 0.17	September 30, 2023	December 5, 2023

Notes:

- The total amount of dividends based on the resolution of Board of Directors' meeting held on May 15, 2023 includes dividends of ¥57 million (\$0 million) for the Company's shares held by the management board benefit trust.
- The total amount of dividends based on the resolution of Board of Directors' meeting held on November 13, 2023 includes dividends of ¥26 million (\$0 million) for the Company's shares held by the management board benefit trust.

## Dividends paid for the fiscal year ended March 31, 2023

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 13, 2022	Common stock	¥ 183,136	¥ 50.00	March 31, 2022	June 20, 2022

Note:

1. The total amount of dividends includes dividends of ¥18 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, 2024

Resolution	Class of shares	Total amount <sup>1</sup> (Millions of Yen)	Total amount <sup>1</sup> (Millions of U.S. Dollars)	Source of dividends	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2024	Common stock	¥ 80,153	\$ 529	Retained earnings	¥ 25.00	\$ 0.17	March 31, 2024	June 20, 2024

Note:

1. The total amount of dividends includes dividends of ¥26 million (\$0 million) for the Company's shares held by the management board benefit trust.

## 17. EFFECT OF CHANGES IN DISCOUNT RATE ASSUMPTIONS

In the consolidated balance sheets, "Effect of changes in discount rate assumptions" is recorded by a foreign affiliate accounted for by the equity method which applies generally accepted accounting principles in the United States of America (Accounting Standards Update 2018-12).

## 18. OTHER INCOME

Other income consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Gains on sale of fixed assets	¥ 3,319	¥ 20,593	\$ 22
Reversal of reserve for price fluctuations	16,161	82,645	107
Compensation for transfer	1,612	832	11
Insurance claim income	2,243	735	15
Reversal of losses on transfer of business	2,525	305	17
Gains on transfer of business	-	6,995	-
Other	202,287	142,435	1,336
Total	¥ 228,149	¥ 254,543	\$ 1,507

(Changes in presentation method)

"Reversal of losses on transfer of business" which was included in "Other" in the fiscal year ended March 31, 2023, has been presented separately from the fiscal year ended March 31, 2024 due to an increase in its materiality. In order to reflect this change in presentation method, information for the fiscal year ended March 31, 2023 has been reclassified.

As a result, ¥142,741 million, which had been recorded as "Other" in the fiscal year ended March 31, 2023, has been reclassified into "Reversal of losses on transfer of business" and "Other" of ¥305 million and ¥142,435 million, respectively.

## 19. OTHER EXPENSES

Other expenses consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S.
	2024	2023	Dollars 2024
Losses on sale and disposal of fixed assets	¥ 6,400	¥ 3,859	\$ 42
Losses on impairment of fixed assets	2,837	3,224	19
Losses on business restructuring	1,664	1,769	11
Extra payments for early retirements	-	1,992	-
Litigation expenses	-	969	-
Provision for reserve for policyholder dividends <sup>1</sup>	55,899	62,067	369
Other	379,368	34,040	2,506
<b>Total</b>	<b>¥ 446,170</b>	<b>¥ 107,924</b>	<b>\$ 2,947</b>

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 ¥46,866 million (\$310 million) and ¥43,678 million for the fiscal years ended March 31, 2024 and 2023, respectively.

(Changes in presentation method)

“Losses on business restructuring” which was included in “Other” in the fiscal year ended March 31, 2023, has been presented separately from the fiscal year ended March 31, 2024 due to an increase in its materiality. In order to reflect this change in presentation method, information for the fiscal year ended March 31, 2023 has been reclassified.

As a result, ¥35,810 million, which had been recorded in “Other” in the fiscal year ended March 31, 2023, has been reclassified into “Losses on business restructuring” and “Other” of ¥1,769 million and ¥34,040 million, respectively.

## 20. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) were as follows:

Years ended March 31	Millions of Yen		Millions of U.S.
	2024	2023	Dollars 2024
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ 3,202,376	¥ (684,584)	\$ 21,150
Reclassification adjustments	(1,121,096)	(312,257)	(7,404)
Before tax effect adjustments	2,081,279	(996,841)	13,746
Tax effect	(588,104)	288,977	(3,884)
Net unrealized gains (losses) on available-for-sale securities	1,493,174	(707,864)	9,862
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	(1,553,913)	(245,230)	(10,263)
Reclassification adjustments	620,631	129,938	4,099
Adjustments of assets' acquisition costs	(698)	(2,188)	(5)
Before tax effect adjustments	(933,979)	(117,481)	(6,169)
Tax effect	285,120	35,274	1,883
Net deferred gains (losses) on hedges	(648,859)	(82,206)	(4,285)
Foreign currency translation adjustments:			
Amount arising during the fiscal year	2,607	(4,039)	17
Reclassification adjustments	541	-	4
Before tax effect adjustments	3,149	(4,039)	21
Tax effect	-	-	-
Foreign currency translation adjustments	3,149	(4,039)	21
Adjustments for retirement benefits:			
Amount arising during the fiscal year	(8,208)	2,762	(54)
Reclassification adjustments	(31,406)	(35,333)	(207)
Before tax effect adjustments	(39,615)	(32,571)	(262)
Tax effect	702	764	5
Adjustments for retirement benefits	(38,912)	(31,807)	(257)
Share of other comprehensive income (loss) of affiliates:			
Amount arising during the fiscal year	(2)	6	(0)
Reclassification adjustments	-	-	-
Before tax effect adjustments	(2)	6	(0)
Tax effect	-	-	-
Share of other comprehensive income (loss) of affiliates	(2)	6	(0)
Total other comprehensive income (loss)	¥ 808,548	¥ (825,912)	\$ 5,340

## **21. FINANCIAL INSTRUMENTS**

### **(1) Policy for Handling Financial Instruments**

The Group is required to manage financial assets and financial liabilities owned by the banking subsidiary and insurance subsidiary in order to avoid the negative impact on the stability of their financial results resulting from the volatility due to future interest rate fluctuation and foreign exchange fluctuation since these assets and liabilities are generally subject to changes in value due to fluctuations in the 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 ¥4,553,233 million (\$30,072 million) and ¥4,722,630 million as of March 31, 2024 and 2023, 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 mainly invested in market products, 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 Note 1 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			
2024			
<u>March 31</u>	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Monetary claims bought	¥ 540,998	¥ 540,998	¥ -
2) Trading account securities			
Trading securities	54	54	-
3) Money held in trust <sup>1</sup>	8,874,120	8,874,120	-
4) Securities			
Held-to-maturity bonds	69,883,272	70,034,975	151,703
Policy-reserve-matching bonds	7,139,629	6,954,091	(185,537)
Stock of subsidiaries and affiliates	386,998	683,460	296,461
Available-for-sale securities <sup>1</sup>	117,066,929	117,066,929	-
5) Loans	10,129,707		
Reserve for possible loan losses <sup>2</sup>	(180)		
	10,129,526	10,151,658	22,131
Total	¥ 214,021,529	¥ 214,306,288	¥ 284,759
1) Deposits	190,873,061	190,887,059	13,997
2) Borrowed money	2,153,409	2,143,524	(9,885)
3) Bonds	461,000	451,675	(9,324)
Total	¥ 193,487,471	¥ 193,482,260	¥ (5,211)
Derivative transactions <sup>3</sup>			
Hedge accounting not applied	¥ (241,422)	¥ (241,422)	¥ -
Hedge accounting applied <sup>4</sup>	(2,009,429)	(2,009,429)	-
Total derivative transactions	¥ (2,250,852)	¥ (2,250,852)	¥ -

Millions of Yen			
2023			
<u>March 31</u>	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		
	2024		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
<b>March 31</b>			
1) Monetary claims bought	\$ 3,573	\$ 3,573	\$ -
2) Trading account securities			
Trading securities	0	0	-
3) Money held in trust <sup>1</sup>	58,610	58,610	-
4) Securities			
Held-to-maturity bonds	461,550	462,552	1,002
Policy-reserve-matching bonds	47,154	45,929	(1,225)
Stock of subsidiaries and affiliates	2,556	4,514	1,958
Available-for-sale securities <sup>1</sup>	773,178	773,178	-
5) Loans	66,902		
Reserve for possible loan losses <sup>2</sup>	(1)		
	<u>66,901</u>	<u>67,047</u>	<u>146</u>
Total	<u>\$ 1,413,523</u>	<u>\$ 1,415,404</u>	<u>\$ 1,881</u>
1) Deposits	1,260,637	1,260,730	92
2) Borrowed money	14,222	14,157	(65)
3) Bonds	3,045	2,983	(62)
Total	<u>\$ 1,277,904</u>	<u>\$ 1,277,870</u>	<u>\$ (34)</u>
Derivative transactions <sup>3</sup>			
Hedge accounting not applied	\$ (1,594)	\$ (1,594)	\$ -
Hedge accounting applied <sup>4</sup>	(13,271)	(13,271)	-
Total derivative transactions	<u>\$ (14,866)</u>	<u>\$ (14,866)</u>	<u>\$ -</u>

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
	2024	2023	2024
<b>March 31</b>			
Money held in trust <sup>1 and 2</sup>	¥ 3,560,880	¥ 3,032,876	\$ 23,518
Securities			
Unlisted stocks <sup>1</sup>	96,493	74,917	637
Investments in partnerships <sup>2</sup>	170,722	131,467	1,128
Total <sup>3</sup>	<u>¥ 3,828,097</u>	<u>¥ 3,239,262</u>	<u>\$ 25,283</u>

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, etc. 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 ¥5,011 million (\$33 million) and ¥4,822 were recognized for the fiscal years ended March 31, 2024 and 2023, respectively.



Note 2: Redemption schedule of monetary claims and securities with maturities were as follows:

		Millions of Yen					
		2024					
March 31		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	¥	10,103	¥ 65,818	¥ 31,871	¥ 66,026	¥ 110,755	¥ 261,190
Securities		18,720,429	21,022,354	20,604,550	12,576,704	18,305,396	52,148,017
Held-to-maturity bonds		5,800,506	7,657,268	9,366,982	5,654,646	10,981,600	30,303,560
Japanese government bonds		4,125,100	2,814,300	4,596,000	3,576,300	8,910,000	25,653,800
Japanese local government bonds		716,458	1,290,663	1,383,698	982,873	1,091,158	670,641
Japanese corporate bonds		677,386	1,596,367	1,944,159	660,807	568,216	1,588,584
Other		281,562	1,955,938	1,443,124	434,665	412,224	2,390,534
Policy-reserve-matching bonds		118,616	233,400	1,389,800	843,400	920,100	3,480,424
Japanese government bonds		8,200	196,100	1,359,400	772,200	624,900	2,360,700
Japanese local government bonds		77,299	1,100	-	-	85,900	242,524
Japanese corporate bonds		33,117	36,200	30,400	71,200	189,300	877,200
Other		-	-	-	-	20,000	-
Available-for-sale securities with maturities		12,801,306	13,131,686	9,847,768	6,078,657	6,403,696	18,364,033
Japanese government bonds		6,869,880	5,148,257	692,664	1,341,136	559,040	10,923,200
Japanese local government bonds		495,596	695,528	344,127	34,937	3,311	148,511
Japanese short-term corporate bonds		892,000	-	-	-	-	-
Japanese corporate bonds		868,941	1,254,370	909,974	704,529	422,912	1,193,038
Other		3,674,889	6,033,530	7,901,001	3,998,053	5,418,431	6,099,283
Loans <sup>1</sup>		5,525,438	1,420,565	1,099,273	712,164	664,669	704,034
Total	¥	24,255,972	¥ 22,508,739	¥ 21,735,696	¥ 13,354,894	¥ 19,080,821	¥ 53,113,242

		Millions of Yen					
		2023					
March 31		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 U.S. Dollars						
2024						
March 31	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	\$ 67	\$ 435	\$ 210	\$ 436	\$ 731	\$ 1,725
Securities	123,641	138,844	136,084	83,064	120,900	344,416
Held-to-maturity bonds	38,310	50,573	61,865	37,347	72,529	200,412
Japanese government bonds	27,245	18,587	30,355	23,620	58,847	169,433
Japanese local government bonds	4,732	8,524	9,139	6,491	7,207	4,429
Japanese corporate bonds	4,474	10,543	12,840	4,364	3,753	10,492
Other	1,860	12,918	9,531	2,871	2,723	15,788
Policy-reserve-matching bonds	783	1,542	9,179	5,570	6,077	22,987
Japanese government bonds	54	1,295	8,978	5,100	4,127	15,591
Japanese local government bonds	511	7	-	-	567	1,602
Japanese corporate bonds	219	239	201	470	1,250	5,794
Other	-	-	-	-	132	-
Available-for-sale securities with maturities	84,547	86,729	65,040	40,147	42,294	121,287
Japanese government bonds	45,373	34,002	4,575	8,858	3,692	72,143
Japanese local government bonds	3,273	4,594	2,273	231	22	981
Japanese short-term corporate bonds	5,891	-	-	-	-	-
Japanese corporate bonds	5,739	8,285	6,010	4,653	2,793	7,880
Other	24,271	39,849	52,183	26,405	35,786	40,283
Loans <sup>1</sup>	36,493	9,382	7,260	4,704	4,390	4,650
Total	\$ 160,201	\$ 148,661	\$ 143,555	\$ 88,204	\$ 126,021	\$ 350,791

Note:

- 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, 2024 and 2023, respectively.

Note 3: Redemption schedule of deposits, borrowed money and bonds were as follows:

Millions of Yen						
2024						
March 31	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>	¥ 132,346,379	¥ 12,100,083	¥ 21,602,676	¥ 11,953,081	¥ 12,870,840	¥ -
Borrowed money	843,294	6,680	1,303,435	-	-	-
Bonds	-	-	41,000	-	15,000	405,000
Total	¥ 133,189,674	¥ 12,106,763	¥ 22,947,111	¥ 11,953,081	¥ 12,885,840	¥ 405,000

Millions of Yen						
2023						
March 31	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 U.S. Dollars						
2024						
March 31	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>	\$ 874,093	\$ 79,916	\$ 142,677	\$ 78,945	\$ 85,007	\$ -
Borrowed money	5,570	44	8,609	-	-	-
Bonds	-	-	271	-	99	2,675
Total	\$ 879,662	\$ 79,960	\$ 151,556	\$ 78,945	\$ 85,106	\$ 2,675

Note:

- 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			
	2024			
	Fair value			
March 31	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ -	¥ 9,998	¥ 531,000	¥ 540,998
Money held in trust <sup>1</sup>	6,246,727	861,113	-	7,107,841
Trading account securities and securities				
Trading securities				
Japanese government bonds	54	-	-	54
Available-for-sale securities				
Stocks	699,120	-	-	699,120
Japanese government bonds	24,549,345	101,541	-	24,650,887
Japanese local government bonds	-	1,693,402	21,591	1,714,993
Japanese short-term corporate bonds	-	891,924	-	891,924
Japanese corporate bonds	-	5,281,750	-	5,281,750
Other	10,556,762	66,060,671	117,298	76,734,732
Of which: foreign bonds	10,556,762	13,699,340	106,945	24,363,047
Of which: investment trusts <sup>1</sup>	-	52,346,331	-	52,346,331
Total assets	¥ 42,052,010	¥ 74,900,402	¥ 669,889	¥ 117,622,302
Derivative transactions <sup>2</sup>				
Interest rate-related derivatives	¥ -	¥ 40,628	¥ -	¥ 40,628
Currency-related derivatives	-	(2,291,502)	-	(2,291,502)
Credit derivatives	-	21	-	21
Total derivative transactions	¥ -	¥ (2,250,852)	¥ -	¥ (2,250,852)

  

	Millions of Yen			
	2023			
	Fair value			
March 31	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>2</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 U.S. Dollars				
2024				
Fair value				
March 31	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$ -	\$ 66	\$ 3,507	\$ 3,573
Money held in trust <sup>1</sup>	41,257	5,687	-	46,944
Trading account securities and securities				
Trading securities				
Japanese government bonds	0	-	-	0
Available-for-sale securities				
Stocks	4,617	-	-	4,617
Japanese government bonds	162,138	671	-	162,809
Japanese local government bonds	-	11,184	143	11,327
Japanese short-term corporate bonds	-	5,891	-	5,891
Japanese corporate bonds	-	34,884	-	34,884
Other <sup>1</sup>	69,723	436,303	775	506,801
Of which: foreign bonds	69,723	90,478	706	160,908
Of which: investment trusts <sup>1</sup>	-	345,726	-	345,726
Total assets	<u>\$ 277,736</u>	<u>\$ 494,686</u>	<u>\$ 4,424</u>	<u>\$ 776,846</u>
Derivative transactions <sup>2</sup>				
Interest rate-related derivatives	\$ -	\$ 268	\$ -	\$ 268
Currency-related derivatives	-	(15,134)	-	(15,134)
Credit derivatives	-	0	-	0
Total derivative transactions	<u>\$ -</u>	<u>\$ (14,866)</u>	<u>\$ -</u>	<u>\$ (14,866)</u>

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 amounts of investment trusts that apply the treatment of Paragraph 24-3 were ¥8,183,667 million (\$54,050 million) and ¥6,690,682 million, and the consolidated balance sheet amounts of investment trusts that apply the treatment of Paragraph 24-9 was ¥341,618 million (\$2,256 million) and ¥300,283 million as of March 31, 2024 and 2023, respectively.
- 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				
2024				
Fair value				
March 31	Level 1	Level 2	Level 3	Total
Money held in trust	¥ -	¥ 334,513	¥ -	¥ 334,513
Securities				
Held-to-maturity bonds				
Japanese government bonds	50,147,047	-	-	50,147,047
Japanese local government bonds	-	6,119,211	3,453	6,122,664
Japanese corporate bonds	-	6,889,028	-	6,889,028
Other	1,833,833	5,042,401	-	6,876,235
Policy-reserve-matching bonds				
Japanese government bonds	5,450,242	-	-	5,450,242
Japanese local government bonds	-	369,871	22,325	392,196
Japanese corporate bonds	-	1,092,096	-	1,092,096
Other	-	19,555	-	19,555
Stock of subsidiaries and affiliates				
Stocks	683,460	-	-	683,460
Loans	-	-	10,151,658	10,151,658
Total assets	¥ 58,114,584	¥ 19,866,678	¥ 10,177,437	¥ 88,158,699
Deposits	¥ -	¥ 190,887,059	¥ -	¥ 190,887,059
Borrowed money	-	2,143,524	-	2,143,524
Bonds	-	451,675	-	451,675
Total liabilities	¥ -	¥ 193,482,260	¥ -	¥ 193,482,260

Millions of Yen				
2023				
Fair value				
March 31	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
Other	-	-	-	-
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 U.S. Dollars			
	2024			
	Fair value			
March 31	Level 1	Level 2	Level 3	Total
Money held in trust	\$ -	\$ 2,209	\$ -	\$ 2,209
Securities				
Held-to-maturity bonds				
Japanese government bonds	331,200	-	-	331,200
Japanese local government bonds	-	40,415	23	40,438
Japanese corporate bonds	-	45,499	-	45,499
Other	12,112	33,303	-	45,415
Policy-reserve-matching bonds				
Japanese government bonds	35,997	-	-	35,997
Japanese local government bonds	-	2,443	147	2,590
Japanese corporate bonds	-	7,213	-	7,213
Other	-	129	-	129
Stock of subsidiaries and affiliates				
Stocks	4,514	-	-	4,514
Loans	-	-	67,047	67,047
Total assets	<u>\$ 383,823</u>	<u>\$ 131,211</u>	<u>\$ 67,218</u>	<u>\$ 582,251</u>
Deposits	\$ -	\$ 1,260,730	\$ -	\$ 1,260,730
Borrowed money	-	14,157	-	14,157
Bonds	-	2,983	-	2,983
Total liabilities	<u>\$ -</u>	<u>\$ 1,277,870</u>	<u>\$ -</u>	<u>\$ 1,277,870</u>

Note 1: 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 amount 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 amount 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 considered 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, etc., 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.

Note 2: 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, 2024 and 2023.

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

Millions of Yen								
2024								
	Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year	Recorded in other comprehensive income <sup>2</sup>	Net amount of purchases, sales, issuances and settlements	Reclassified as Level 3 fair value	Reclassified from Level 3 fair value <sup>3</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>
Monetary claims bought	¥ 495,635	¥ (6)	¥ (2,879)	¥ 38,250	¥ -	¥ -	¥ 531,000	¥ -
Securities								
Available-for-sale securities								
Japanese local government bonds	32,681	-	(552)	(1,006)	-	(9,531)	21,591	-
Japanese corporate bonds	539	-	(0)	(538)	-	-	-	-
Other	140,294	5,874	4,930	(33,801)	-	-	117,298	1,544
Of which: foreign bonds	129,133	5,874	5,078	(33,140)	-	-	106,945	1,544
Millions of Yen								
2023								
	Balance at the beginning of fiscal year	Gain (loss) or other comprehensive income in the fiscal year	Recorded in other comprehensive income <sup>2</sup>	Net amount of purchases, sales, issuances and settlements	Reclassified as Level 3 fair value <sup>4</sup>	Reclassified from Level 3 fair value <sup>3</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>
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 U.S. Dollars**

	<b>2024</b>							
		<u>Gain (loss) or other comprehensive income in the fiscal year</u>						<u>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></u>
	<u>Balance at the beginning of fiscal year</u>	<u>Recorded as gain (loss)<sup>1</sup></u>	<u>Recorded in other comprehensive income<sup>2</sup></u>	<u>Net amount of purchases, sales, issuances and settlements</u>	<u>Reclassified as Level 3 fair value</u>	<u>Reclassified from Level 3 fair value<sup>3</sup></u>	<u>Balance at the end of the fiscal year</u>	
Monetary claims bought	\$ 3,273	\$ (0)	\$ (19)	\$ 253	\$ -	\$ -	\$ 3,507	\$ -
Securities								
Available-for-sale securities								
Japanese local government bonds	216	-	(4)	(7)	-	(63)	143	-
Japanese corporate bonds	4	-	(0)	(4)	-	-	-	-
Other	927	39	33	(223)	-	-	775	10
Of which: foreign bonds	<u>853</u>	<u>39</u>	<u>34</u>	<u>(219)</u>	<u>-</u>	<u>-</u>	<u>706</u>	<u>10</u>

Notes:

1. Included mainly in "Banking business income," "Life insurance business income" and "Operating expenses" in the consolidated statements of income.
2. Included in "Net unrealized gains (losses) on available-for-sale securities" under "Other comprehensive income" in the consolidated statements of comprehensive income.
3. Reclassified from Level 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.
4. 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.

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 banking subsidiary 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 insurance subsidiary 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.

Note 3: 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							
2024							
Gain (loss) or other comprehensive income in 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
Balance at the beginning of the fiscal year	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>	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	
¥ 6,690,682	¥ 45,401	¥ 258,986	¥ 1,188,596	¥ -	¥ -	¥ 8,183,667	¥ -

Millions of Yen							
2023							
Gain (loss) or other comprehensive income in 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
Balance at the beginning of the fiscal year	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>	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	
¥ 3,884,768	¥ 76,133	¥ 1,255,198	¥ 1,474,582	¥ -	¥ -	¥ 6,690,682	¥ -

Millions of U.S. Dollars							
2024							
Gain (loss) or other comprehensive income in 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
Balance at the beginning of the fiscal year	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>	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	
\$ 44,189	\$ 300	\$ 1,710	\$ 7,850	\$ -	\$ -	\$ 54,050	\$ -

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							
2024							
Gain (loss) or other comprehensive income in 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
Balance at the beginning of the fiscal year	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>	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	
¥ 300,283	¥ 506	¥ 5,945	¥ 34,882	¥ -	¥ -	¥ 341,618	¥ -

Millions of Yen							
2023							
Gain (loss) or other comprehensive income in 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
Balance at the beginning of the fiscal year	Recorded as gain (loss) <sup>1</sup>	Recorded in other comprehensive income <sup>2</sup>	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	
¥ 225,542	¥ 127	¥ 35,443	¥ 39,168	¥ -	¥ -	¥ 300,283	¥ -

**Millions of U.S. Dollars**

2024							
Balance at the beginning of the 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>					
\$ 1,983	\$ 3	\$ 39	\$ 230	\$ -	\$ -	\$ 2,256	\$ -

Notes:

- Included mainly in "Banking business income" 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.

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
	2024	2023	2024
Investment trusts that require a certain period of time for cancellation, etc.	¥ 8,183,667	¥ 6,690,682	\$ 54,050

## 22. DERIVATIVE TRANSACTIONS

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

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

#### 1) Currency-related derivatives

March 31	Millions of Yen			
	2024			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter transactions				
Currency swaps	¥ 2,194,553	¥ 1,352,468	¥ (238,306)	¥ (238,306)
Forward foreign exchange:				
Sold	107,566	-	(3,167)	(3,167)
Bought	163,443	-	30	30
Total			¥ (241,443)	¥ (241,443)

March 31	Millions of Yen			
	2023			
	Contract amount		Fair value	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 U.S. Dollars				
2024				
Contract amount				
	Total	Over 1 year	Fair value	Valuation gains (losses)
<b>March 31</b>				
Over-the-counter transactions				
Currency swaps	\$ 14,494	\$ 8,932	\$ (1,574)	\$ (1,574)
Forward foreign exchange:				
Sold	710	-	(21)	(21)
Bought	1,079	-	0	0
<b>Total</b>			<u>\$ (1,595)</u>	<u>\$ (1,595)</u>

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				
2024				
Contract amount				
	Total	Over 1 year	Fair value	Valuation gains (losses)
<b>March 31</b>				
Over-the-counter transactions				
Credit default swaps:				
Sold	¥ 5,000	¥ -	¥ 21	¥ 21
<b>Total</b>			<u>¥ 21</u>	<u>¥ 21</u>

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

Millions of U.S. Dollars				
2024				
Contract amount				
	Total	Over 1 year	Fair value	Valuation gains (losses)
<b>March 31</b>				
Over-the-counter transactions				
Credit default swaps:				
Sold	\$ 33	\$ -	\$ 0	\$ 0
<b>Total</b>			<u>\$ 0</u>	<u>\$ 0</u>

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		
			2024		
March 31 Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferred hedge method	Interest rate swaps:				
	Receivable fixed rate / Payable floating rate	Securities Deposits	¥ 5,125,000	¥ 4,195,000	¥ (18,744)
	Receivable floating rate / Payable fixed rate	Insurance liabilities Borrowed money	3,677,953	3,283,811	59,373
	Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable floating rate / Payable fixed rate	1,355	-	
		Total			¥ 40,628

			Millions of Yen		
			2023		
March 31 Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferred hedge method	Interest rate swaps:				
	Receivable fixed rate / Payable floating rate	Securities Deposits	¥ 5,275,000	¥ 4,725,000	¥ 7,071
	Receivable floating rate / Payable fixed rate	Insurance liabilities	3,716,712	3,484,525	(29,271)
	Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable floating rate / Payable fixed rate	1,657	1,355	
		Total			¥ (22,200)

			Millions of U.S. Dollars		
			2024		
March 31 Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
Deferred hedge method	Interest rate swaps:				
	Receivable fixed rate / Payable floating rate	Securities Deposits	\$ 33,848	\$ 27,706	\$ (124)
	Receivable floating rate / Payable fixed rate	Insurance liabilities Borrowed money	24,291	21,688	392
	Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable floating rate / Payable fixed rate	9	-	
		Total			\$ 268

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 borrowed money in Note 21 "FINANCIAL INSTRUMENTS."

## 2) Currency-related derivatives

			Millions of Yen			
			2024			
March 31	Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
	Deferred hedge method	Currency swaps	Securities	¥ 8,803,258	¥ 7,545,441	¥ (1,964,608)
	Allocation method	Currency swaps	Securities	3,660,007	3,467,045	
	Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	2,578,225	-	(67,802)
		Currency swaps		106,286	106,286	(17,647)
			Total			¥ (2,050,058)

			Millions of Yen			
			2023			
March 31	Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
	Deferred 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	Securities	2,979,420	-	15,496
		Currency swaps		408,934	92,876	(79,886)
			Total			¥ (977,773)

			Millions of U.S. Dollars			
			2024			
March 31	Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value <sup>2</sup>
	Deferred hedge method	Currency swaps	Securities	\$ 58,142	\$ 49,834	\$ (12,975)
	Allocation method	Currency swaps	Securities	24,173	22,898	
	Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	17,028	-	(448)
		Currency swaps		702	702	(117)
			Total			\$ (13,540)

Notes:

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

## 23. LEASE TRANSACTIONS

### Operating Leases

#### (1) As Lessee

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

March 31	Millions of Yen		Millions of U.S.
	2024	2023	Dollars
Due within 1 year	¥ 19,914	¥ 19,134	\$ 132
Due after 1 year	91,452	105,277	604
Total	¥ 111,366	¥ 124,412	\$ 736

#### (2) As Lessor

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

March 31	Millions of Yen		Millions of U.S.
	2024	2023	Dollars
Due within 1 year	¥ 33,205	¥ 17,230	\$ 219
Due after 1 year	223,618	112,478	1,477
Total	¥ 256,824	¥ 129,709	\$ 1,696

## 24. CONTINGENT LIABILITIES

In the event that the Company's consolidated subsidiary cancels all or part of its lease contracts for post offices, the lessors shall be entitled to seek compensation for the cancellation. The amounts of compensation are calculated based on the amounts of uncollectible investment. The possible amounts of compensation were ¥56,804 million (\$375 million) and ¥59,588 million as of March 31, 2024 and 2023, respectively.

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

## 25. 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)

As noted in (24) "Changes in Accounting Policies" in Note 2 "SIGNIFICANT ACCOUNTING POLICIES," the businesses operated by JP LOGISTICS GROUP Co., Ltd. and JP LOGISTICS Co., Ltd., which were previously included in the segment of "international logistics business" for the purposes of classifying the Group's reportable segments, have been reclassified to the segment of "postal and domestic logistics business" from the fiscal year ended March 31, 2024 pursuant to a partial change in performance management classifications within the Group.

The segment information for the fiscal year ended March 31, 2023 was presented based on the new classification.

(Changes in accounting policies from IFRS to Japanese GAAP)

As noted in (24) “Changes in Accounting Policies” in Note 2 “SIGNIFICANT ACCOUNTING POLICIES,” JP LOGISTICS GROUP Co., Ltd. and JP LOGISTICS Co., Ltd., which were previously included in the segment of “international logistics business” and therefore applied IFRS, have applied Japanese GAAP from the fiscal year ended March 31, 2024.

The segment information for the fiscal year ended March 31, 2023 was presented using figures after retrospectively applying the new accounting policy.

## (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

Year ended March 31	Millions of Yen							
	2024							
	Reportable segment							Total
Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total	Other <sup>2</sup>	Total	
Income <sup>1</sup> :								
Income from third parties	¥ 1,945,993	¥ 140,479	¥ 449,424	¥ 2,648,693	¥ 6,744,165	¥ 11,928,755	¥ 52,279	¥ 11,981,034
Intersegment income	34,516	973,433	598	2,993	62	1,011,604	233,183	1,244,787
Total	¥ 1,980,509	¥ 1,113,912	¥ 450,023	¥ 2,651,686	¥ 6,744,227	¥ 12,940,359	¥ 285,462	¥ 13,225,822
Segment profit (loss)	¥ (64,969)	¥ 73,490	¥ 1,713	¥ 496,038	¥ 160,915	¥ 667,187	¥ 154,991	¥ 822,179
Segment assets	1,958,795	2,563,772	374,938	233,906,263	60,855,899	299,659,668	5,471,603	305,131,271
Other items:								
Depreciation and amortization	69,291	38,825	31,803	42,684	41,217	223,822	19,354	243,177
Amortization of goodwill	-	-	262	-	-	262	1,979	2,241
Interest and dividend income	13	1	1,208	1,397,149	865,269	2,263,642	14,429	2,278,071
Interest expenses	920	0	9,077	698,339	4,993	713,331	92	713,423
Equity in earnings of affiliates	-	477	166	291	-	934	-	934
Gains on sale of fixed assets	240	2,650	2,057	-	-	4,948	804	5,752
Reversal of reserve for price fluctuations	-	-	-	-	16,161	16,161	-	16,161
Losses on sale and disposal of fixed assets	981	1,692	371	1,787	190	5,023	1,380	6,403
Losses on impairment of fixed assets	12	559	-	210	-	783	2,054	2,838
Provision for reserve for policyholder dividends	-	-	-	-	55,899	55,899	-	55,899
Income taxes	3,204	2,979	2,119	138,932	34,188	181,424	144	181,568
Investments in affiliates accounted for by the equity method	-	3,423	12,337	798	-	16,560	384,798	401,359
Increase in tangible fixed assets and intangible assets	74,386	42,711	33,278	65,195	90,722	306,295	50,843	357,138



Millions of Yen

2023

<b>Year ended March 31</b>	<b>Reportable segment</b>							<b>Total</b>
	<b>Postal and domestic logistics</b>	<b>Post office</b>	<b>International logistics</b>	<b>Banking</b>	<b>Life insurance</b>	<b>Total</b>	<b>Other<sup>2</sup></b>	
<b>Income<sup>1</sup>:</b>								
Income from third parties	¥ 2,024,007	¥ 84,509	¥ 539,614	¥ 2,062,509	¥ 6,374,579	¥ 11,085,221	¥ 49,160	¥ 11,134,382
Intersegment income	36,391	991,253	300	1,605	4,981	1,034,532	263,988	1,298,520
Total	<u>¥ 2,060,398</u>	<u>¥ 1,075,762</u>	<u>¥ 539,915</u>	<u>¥ 2,064,115</u>	<u>¥ 6,379,561</u>	<u>¥ 12,119,753</u>	<u>¥ 313,149</u>	<u>¥ 12,432,903</u>
Segment profit (loss)	<u>¥ 35,454</u>	<u>¥ 50,466</u>	<u>¥ (797)</u>	<u>¥ 455,537</u>	<u>¥ 117,892</u>	<u>¥ 658,553</u>	<u>¥ 189,802</u>	<u>¥ 848,355</u>
Segment assets	<u>2,103,144</u>	<u>2,585,101</u>	<u>352,543</u>	<u>229,580,406</u>	<u>62,687,388</u>	<u>297,308,583</u>	<u>5,843,422</u>	<u>303,152,006</u>
<b>Other items:</b>								
Depreciation and amortization	67,900	36,395	31,146	34,234	39,490	209,167	17,507	226,674
Amortization of goodwill	-	-	103	-	-	103	1,979	2,082
Interest and dividend income	14	109	726	1,243,685	950,717	2,195,253	12,874	2,208,127
Interest expenses	992	0	11,991	458,165	4,639	475,789	97	475,886
Equity in earnings of affiliates	-	488	714	183	-	1,387	-	1,387
Gains on sale of fixed assets	1,150	12,078	1,217	257	-	14,704	5,889	20,593
Reversal of reserve for price fluctuations	-	-	-	-	82,645	82,645	-	82,645
Losses on sale and disposal of fixed assets	1,224	1,335	177	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 policyholder dividends	-	-	-	-	62,067	62,067	-	62,067
Income taxes	13,947	9,243	3,175	122,698	40,215	189,280	(14,572)	174,707
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	<u>79,461</u>	<u>105,043</u>	<u>30,051</u>	<u>54,223</u>	<u>36,794</u>	<u>305,575</u>	<u>60,779</u>	<u>366,354</u>

**Millions of U.S. Dollars**

**2024**

<b>Year ended March 31</b>	<b>Reportable segment</b>							
	<b>Postal and domestic logistics</b>	<b>Post office</b>	<b>International logistics</b>	<b>Banking</b>	<b>Life insurance</b>	<b>Total</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
<b>Income<sup>1</sup>:</b>								
Income from third parties	\$ 12,852	\$ 928	\$ 2,968	\$ 17,494	\$ 44,542	\$ 78,784	\$ 345	\$ 79,130
Intersegment income	228	6,429	4	20	0	6,681	1,540	8,221
Total	\$ 13,080	\$ 7,357	\$ 2,972	\$ 17,513	\$ 44,543	\$ 85,466	\$ 1,885	\$ 87,351
Segment profit (loss)	\$ (429)	\$ 485	\$ 11	\$ 3,276	\$ 1,063	\$ 4,406	\$ 1,024	\$ 5,430
Segment assets	12,937	16,933	2,476	1,544,853	401,928	1,979,127	36,138	2,015,265
<b>Other items:</b>								
Depreciation and amortization	458	256	210	282	272	1,478	128	1,606
Amortization of goodwill	-	-	2	-	-	2	13	15
Interest and dividend income	0	0	8	9,228	5,715	14,950	95	15,046
Interest expenses	6	0	60	4,612	33	4,711	1	4,712
Equity in earnings of affiliates	-	3	1	2	-	6	-	6
Gains on sale of fixed assets	2	18	14	-	-	33	5	38
Reversal of reserve for price fluctuations	-	-	-	-	107	107	-	107
Losses on sale and disposal of fixed assets	6	11	2	12	1	33	9	42
Losses on impairment of fixed assets	0	4	-	1	-	5	14	19
Provision for reserve for policyholder dividends	-	-	-	-	369	369	-	369
Income taxes	21	20	14	918	226	1,198	1	1,199
Investments in affiliates accounted for by the equity method	-	23	81	5	-	109	2,541	2,651
Increase in tangible fixed assets and intangible assets	491	282	220	431	599	2,023	336	2,359

**Notes:**

- Income is presented instead of net sales which is typical for companies in other industries.
- “Other business” includes the hospital business and other businesses not included in reportable segments. Segment profit in “Other business” includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥149,270 million (\$986 million) and ¥184,610 million for the fiscal years ended March 31, 2024 and 2023, respectively.

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

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

Years ended March 31	Millions of Yen		Millions of U.S.
	2024	2023	Dollars 2024
Total income of reportable segments <sup>1</sup>	¥ 12,940,359	¥ 12,119,753	\$ 85,466
Income of “Other business” <sup>1</sup>	285,462	313,149	1,885
Eliminations of intersegment transactions	(1,244,787)	(1,298,520)	(8,221)
Adjustments <sup>2</sup>	1,117	4,188	7
Subtotal	¥ 11,982,152	¥ 11,138,570	\$ 79,137
Gains on sale of fixed assets	3,319	20,593	22
Reversal of reserve for price fluctuations	16,161	82,645	107
Compensation for transfer	1,612	832	11
Insurance claim income	2,243	735	15
Reversal of losses on transfer of business	2,525	305	17
Gains on transfer of business	-	6,995	-
Other	2,520	126	17
Total income on the consolidated statements of income	¥ 12,010,534	¥ 11,250,805	\$ 79,325

Notes:

- Income is presented instead of net sales which is typical for companies in other industries.
- “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.
	2024	2023	Dollars 2024
Total segment profit (loss) of reportable segments	¥ 667,187	¥ 658,553	\$ 4,406
Segment profit in “Other business”	154,991	189,802	1,024
Eliminations of intersegment transactions	(148,538)	(187,443)	(981)
Adjustments <sup>1</sup>	(5,324)	(3,248)	(35)
Subtotal	¥ 668,316	¥ 657,663	\$ 4,414
Gains on sale of fixed assets	3,319	20,593	22
Reversal of reserve for price fluctuations	16,161	82,645	107
Compensation for transfer	1,612	832	11
Insurance claim income	2,243	735	15
Reversal of losses on transfer of business	2,525	305	17
Gains on transfer of business	-	6,995	-
Losses on sale and disposal of fixed assets	(6,400)	(3,859)	(42)
Losses on impairment of fixed assets	(2,837)	(3,224)	(19)
Losses on business restructuring	(1,664)	(1,769)	(11)
Extra payments for early retirements	-	(1,992)	-
Litigation expenses	-	(969)	-
Provision for reserve for policyholder dividends	(55,899)	(62,067)	(369)
Other, net	1,651	(513)	11
Income before income taxes on the consolidated statements of income	¥ 629,029	¥ 695,374	\$ 4,154

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

	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>March 31</b>			
Total segment assets of reportable segments	¥ 299,659,668	¥ 297,308,583	\$ 1,979,127
Segment assets in “Other business”	5,471,603	5,843,422	36,138
Eliminations of intersegment transactions	(6,442,121)	(7,058,353)	(42,548)
Total assets on the consolidated balance sheets	¥ 298,689,150	¥ 296,093,652	\$ 1,972,717

### 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			Amount on consolidated financial statements
	2024			
<b>Year ended March 31</b>	Total of reportable segments	Other	Reconciliations	
Depreciation and amortization	¥ 223,822	¥ 19,354	¥ (487)	¥ 242,690
Amortization of goodwill	262	1,979	-	2,241
Interest and dividend income	2,263,642	14,429	(0)	2,278,071
Interest expenses	713,331	92	(0)	713,423
Equity in earnings of affiliates	934	-	-	934
Gains on sale of fixed assets	4,948	804	(2,432)	3,319
Reversal of reserve for price fluctuations	16,161	-	-	16,161
Losses on sale and disposal of fixed assets	5,023	1,380	(3)	6,400
Losses on impairment of fixed assets	783	2,054	(0)	2,837
Provision for reserve for policyholder dividends	55,899	-	-	55,899
Income taxes	181,424	144	-	181,568
Investments in affiliates accounted for by the equity method	16,560	384,798	-	401,359
Increase in tangible fixed assets and intangible assets	306,295	50,843	(4,737)	352,400

	Millions of Yen			Amount on consolidated financial statements
	2023			
<b>Year ended March 31</b>	Total of reportable segments	Other	Reconciliations	
Depreciation and amortization	¥ 209,167	¥ 17,507	¥ (292)	¥ 226,382
Amortization of goodwill	103	1,979	-	2,082
Interest and dividend income	2,195,253	12,874	(5,073)	2,203,053
Interest expenses	475,789	97	(279)	475,607
Equity in earnings of affiliates	1,387	-	-	1,387
Gains on sale of fixed assets	14,704	5,889	-	20,593
Reversal of reserve for price fluctuations	82,645	-	-	82,645
Losses on sale 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 policyholder dividends	62,067	-	-	62,067
Income taxes	189,280	(14,572)	-	174,707
Investments in affiliates accounted for by the equity method	16,266	-	-	16,266
Increase in tangible fixed assets and intangible assets	305,575	60,779	(1,126)	365,228

	Millions of U.S. Dollars			
	2024			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
<b>Year ended March 31</b>				
Depreciation and amortization	\$ 1,478	\$ 128	\$ (3)	\$ 1,603
Amortization of goodwill	2	13	-	15
Interest and dividend income	14,950	95	(0)	15,046
Interest expenses	4,711	1	(0)	4,712
Equity in earnings of affiliates	6		-	6
Gains on sale of fixed assets	33	5	(16)	22
Reversal of reserve for price fluctuations	107		-	107
Losses on sale and disposal of fixed assets	33	9	(0)	42
Losses on impairment of fixed assets	5	14	(0)	19
Provision for reserve for policyholder dividends	369		-	369
Income taxes	1,198	1	-	1,199
Investments in affiliates accounted for by the equity method	109	2,541	-	2,651
Increase in tangible fixed assets and intangible assets	2,023	336	(31)	2,327

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

	Millions of Yen							
	2024							
	Reportable segment							
Year ended March 31	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total	Other	Total
Amortization of goodwill	¥ -	¥ -	¥ 262	¥ -	¥ -	¥ 262	¥ 1,979	¥ 2,241
Unamortized balance of goodwill	-	-	-	-	-	-	4,947	4,947

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

	Millions of U.S. Dollars							
	2024							
	Reportable segment							
Year ended March 31	Postal and domestic logistics	Post office	International logistics	Banking	Life insurance	Total	Other	Total
Amortization of goodwill	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 2	\$ 13	\$ 15
Unamortized balance of goodwill	-	-	-	-	-	-	33	33

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

There were no gains on negative goodwill for the fiscal years ended March 31, 2024 and 2023.

## **(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, 2024 and 2023.

### **2) Information by geographic region**

#### **A) Income**

This information is omitted because income from third parties in Japan exceeded 90% of income in the consolidated statements of income for the fiscal years ended March 31, 2024 and 2023.

#### **B) Tangible fixed assets**

This information is omitted because the balance of tangible fixed assets in Japan exceeded 90% of tangible fixed assets in the consolidated balance sheets as of March 31, 2024 and 2023.

### **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, 2024 and 2023.

## 26. PER SHARE DATA

<b>March 31</b>	<b>Yen</b>		<b>U.S. Dollars</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
Net assets per share <sup>2 and 3</sup>	¥ 3,202.94	¥ 2,912.16	\$ 21.15

<b>Years ended March 31</b>	<b>Yen</b>		<b>U.S. Dollars</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
Net income per share <sup>2 and 5</sup>	¥ 80.26	¥ 120.82	\$ 0.53

- Notes: 1. Diluted net income per share is not presented for the fiscal years ended March 31, 2024 and 2023 as potential common stock did not exist.  
2. As noted in (24) "Changes in Accounting Policies" in Note 2 "SIGNIFICANT ACCOUNTING POLICIES," the consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified. As a result, net assets per share as of March 31, 2023 and net income per share for the fiscal year then ended decreased by ¥0.60 and ¥0.01, respectively.  
3. Net assets per share is calculated based on the following:

<b>March 31</b>	<b>Millions of yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
Net assets	¥ 15,738,530	¥ 15,096,168	\$ 103,946
Amount deducted from net assets:			
Non-controlling interests	5,472,847	5,020,661	36,146
Net assets attributable to common stock at the fiscal year-end	¥ 10,265,683	¥ 10,075,506	\$ 67,801

<b>March 31</b>	<b>Thousands of shares</b>	
	<b>2024</b>	<b>2023</b>
Number of common stock outstanding at the fiscal year-end used for the calculation of net assets per share <sup>4</sup>	3,205,081	3,459,808

4. 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 1,058,700 shares and 1,140,500 shares as of March 31, 2024 and 2023, respectively.  
5. Net income per share is calculated based on the following:

<b>Years ended March 31</b>	<b>Millions of yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
Net income attributable to Japan Post Holdings	¥ 268,685	¥ 431,045	\$ 1,775
Amount not attributable to common stockholders	-	-	-
Net income attributable to common stock	¥ 268,685	¥ 431,045	\$ 1,775

<b>Years ended March 31</b>	<b>Thousands of shares</b>	
	<b>2024</b>	<b>2023</b>
Average number of common stock outstanding during the fiscal year <sup>6</sup>	3,347,485	3,567,713

6. 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 1,078,381 shares and 1,022,544 shares for the fiscal years ended March 31, 2024 and 2023, 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 Group. The relationship between this revenue disaggregation and segment income is as follows.

	Millions of Yen		
	Year ended March 31, 2024		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	¥ 1,939,123	¥ 6,869	¥ 1,945,993
Postal operations, etc.	1,752,622		
Other	186,501		
Post office business segment	108,226	32,252	140,479
Merchandising	37,427		
Third-party financial	7,837		
Real estate	55,630		
Other	7,331		
International logistics business segment	448,216	1,208	449,424
Banking business segment	179,784	2,468,908	2,648,693
Life insurance business segment	-	6,744,165	6,744,165
Other business	23,356	28,923	52,279
Total	¥ 2,698,707	¥ 9,282,327	¥ 11,981,034

  

	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	¥ 2,018,517	¥ 5,489	¥ 2,024,007
Postal operations, etc.	1,832,195		
Other	186,322		
Post office business segment	52,935	31,574	84,509
Merchandising	36,628		
Third-party financial	7,512		
Real estate	277		
Other	8,517		
International logistics business segment	538,897	717	539,614
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	¥ 8,327,496	¥ 11,134,382



	Millions of U.S. Dollars		
	Year ended March 31, 2024		
	Revenue from contracts with customers	Other sources	Income from third parties
Postal and domestic logistics business segment	\$ 12,807	\$ 45	\$ 12,852
Postal operations, etc.	11,575		
Other	1,232		
Post office business segment	715	213	928
Merchandising	247		
Third-party financial	52		
Real estate	367		
Other	48		
International logistics business segment	2,960	8	2,968
Banking business segment	1,187	16,306	17,494
Life insurance business segment	-	44,542	44,542
Other business	154	191	345
Total	<u>\$ 17,824</u>	<u>\$ 61,306</u>	<u>\$ 79,130</u>

Notes:

1. "Other business" includes the hospital business and other businesses not included in reportable segments for the fiscal year ended March 31, 2024 and 2023.
2. The above information for the fiscal year ended March 31, 2023 was presented using figures after retrospectively applying the new accounting policy and based on the new classification as described in (1) "Outline of Reportable Segments" in Note 25 "SEGMENT INFORMATION."

(Changes in presentation method)

"Real estate" which was included in "Other" under the "Post office business segment" in the fiscal year ended March 31, 2023 has been separately presented from the fiscal year ended March 31, 2024 due to an increase in materiality in terms of amount.

## (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 the 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 components are not included.

### 2) Post office business

The post office business involves not only customer counter operations related to the postal and domestic logistics business, banking customer counter operations, and insurance customer counter operations 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 components are not included.

Revenue from real estate sales related to the real estate business is recognized when real estate properties are delivered to customers because that is when performance obligations are deemed to be satisfied.

Consideration amount for real estate sales is generally collected within one year of delivering properties to customers, and for receivables based on contracts with these customers, significant financing components 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 components 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

#### 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.

<u>March 31</u>	<u>Millions of Yen</u>		<u>Millions of U.S. Dollars</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	
Receivables arising from contracts with customers				
Balance at the beginning of the fiscal year	¥ 238,250	¥ 270,339	\$	1,574
Balance at the end of the fiscal year	300,068	238,250		1,982
Contract assets				
Balance at the beginning of the fiscal year	8,548	8,523		56
Balance at the end of the fiscal year	11,311	8,548		75
Contract liabilities				
Balance at the beginning of the fiscal year	51,465	46,266		340
Balance at the end of the fiscal year	<u>45,523</u>	<u>51,465</u>		<u>301</u>

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, 2024 and 2023 and included in contract liabilities at the beginning of the fiscal years were ¥46,717 million (\$309 million) and ¥41,901 million, respectively.

There were no significant amounts in revenue recognized in the fiscal years ended March 31, 2024 and 2023 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, 2024 and 2023.

## 28. SUBSEQUENT EVENTS

### (1) Issuance of Subordinated Unsecured Bonds for Domestic Public Offering

As indicated below, Japan Post Insurance Co., Ltd., a consolidated subsidiary of the Company, issued subordinated unsecured bonds for domestic public offering on April 17, 2024, and payment for the bonds was completed on the same day.

1. Name of bond	Fourth series of subordinated unsecured bonds with interest deferral option and early redemption option
2. Principal amount	¥100 billion (\$660 million)
3. Denomination	¥100 million
4. Maturity date	April 17, 2054 The Company may, at its discretion, redeem the bond (i) on April 17, 2034 and every date which falls five, or a multiple of five, years thereafter or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after the payment date, subject to the prior approval of the regulatory authority.
5. Interest rate	(i) From the day immediately following April 17, 2024 until April 17, 2034: 2.133% (ii) From the day immediately following April 17, 2034: 5-year JGB plus 2.300% (reset every 5 years)
6. Interest payment dates	April 17 and October 17 of each year
7. Issue price	¥100 per amount of ¥100 of each bond
8. Redemption price	¥100 per amount of ¥100 of each bond
9. Payment date	April 17, 2024
10. Collateral and guarantees	No collateral or guarantee will be provided.
11. Prioritization	As to the payment of debt in liquidation or other proceedings of the issuer, the bonds shall be subordinated to general debt, ranking substantially pari passu with its pari passu subordinated debt as well as its most preferred stock of the issuer (if issued by the issuer in future) and shall be senior to its common stock.
12. Purpose of funds	General working capital

### (2) Repurchase of Treasury Stock

The Company resolved on matters concerning the repurchase of its treasury stock in accordance with Article 39, Paragraph 1 of the Company's Articles of Incorporation based on Article 459, Paragraph 1, Item 1 of the Companies Act at the meeting of the Board of Directors held on May 15, 2024.

#### 1) Reason for the repurchase of treasury stock

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

#### 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: 320,000,000 shares (maximum) (10.0% of the total number of shares issued (excluding treasury stock))
- C) Total repurchase cost of shares: ¥350,000 million (\$2,312 million) (maximum)
- D) Repurchase period: From May 16, 2024 to March 31, 2025
- E) Method of repurchase: Purchases through trading on the auction market of the Tokyo Stock Exchange, Inc.



# Independent auditor's report

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

## Report on the Audit of the Consolidated Financial Statements

### 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, 2024, 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, 2024, 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
In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (the “Company”) and its consolidated subsidiaries, Securities of ¥194,744,045	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

million were recognized as of March 31, 2024, accounting for approximately 65% of total assets.

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 ¥15,416,001 million categorized within Level 2 and Bonds of ¥106,945 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”, (25) “Significant Accounting Estimates,” directly or indirectly observable market inputs such as spreads estimated based on prices of similar securities and unobservable market inputs including significant estimates, are used as key assumptions in the prices obtained from third parties.

These key assumptions may be affected by a sudden change in market environment or a distortion in the financial markets that results in, for example, a significant widening of bid-ask spreads or a significant increase in liquidity risk premiums, and in particular, for the fair-value valuation of certain illiquid Bonds categorized within Level 2 and Level 3 (such as private placement bonds and securitized products), their estimates may have high estimation uncertainty.

Accordingly, using the prices obtained from third parties as fair value involved significant management judgment, and the use of a price 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

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:

#### **(1) Internal control testing**

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:

- 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
- controls to validate the reasonableness of the price to be used as fair value through the examination of spreads estimated based on prices.

#### **(2) Assessment of the reasonableness of fair value**

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:

- 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
- 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.

<p>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.</p>	
<p><b>2. Accuracy of the calculation and sufficiency of policy reserves</b></p>	
<p><b>The key audit matter</b></p>	<p><b>How the matter was addressed in our audit</b></p>
<p>In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (the “Company”) and its consolidated subsidiaries, Policy reserves of ¥50,512,792 million were recognized as of March 31, 2024, accounting for approximately 18% of total liabilities.</p> <p>As described in Note 2, “SIGNIFICANT ACCOUNTING POLICIES, (10) 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, 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</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 reporting purpose; and</li> <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>

<p>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>	<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>
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### 3. Reasonableness of management’s judgment on the recoverability of deferred tax assets related to policy reserves and reserve for price fluctuations

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of JAPAN POST HOLDINGS Co., Ltd. (the “Company”) and its consolidated subsidiaries, Deferred tax assets of ¥704,972 million were recognized as of March 31, 2024. As described in Note 15, “DEFERRED TAX ASSETS AND LIABILITIES” to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to ¥2,141,256 million. Of this amount, the deferred tax assets related to policy reserves and reserve for price fluctuations were ¥998,451 million and ¥228,547 million, respectively, accounting for a significant portion.</p> <p>Deferred tax assets are recognized to the</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 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 insurance subsidiary’s internal controls relevant to the estimate of future taxable income, including those over the development of the business plan.</p>

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. Although the actual results of new contracts increased in the current fiscal year, it did not reach the level expected, and the estimate of the level of new contracts based on the business plan prepared in the current fiscal year involved a high degree of uncertainty.

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

## **(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.



The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

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

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

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

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

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

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

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

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

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 1,324 million yen and 90 million yen, respectively.

### Convenience Translation

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

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

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

/S/ MAENO Atsuji

Designated Engagement Partner

Certified Public Accountant

/S/ MURAMATSU Keisuke  
Designated Engagement Partner  
Certified Public Accountant

/S/ KONO Yu  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
August 9, 2024

**Notes to the Reader of Independent Auditor's Report:**

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