

Empowering your future



SUMITOMO LIFE

Financial Statements

Fiscal Year Ended March 31, 2023

Financial Statements

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Consolidated Balance Sheets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
ASSETS:				
Cash and deposits (Notes 3, 4 and 14)	¥ 1,386,540	¥ 1,107,622	¥ 1,565,736	\$ 11,725
Call loans	192,142	260,597	847,388	6,346
Monetary claims bought (Note 4)	565,143	310,140	407,646	3,052
Money held in trust (Note 4)	—	4,914	14,990	112
Securities (Notes 4, 6, 13 and 14)	34,343,796	35,833,252	33,598,005	251,613
Loans (Notes 4, 13, 15 and 16)	2,645,407	3,023,520	3,175,130	23,778
Tangible fixed assets (Notes 5, 7, 8 and 18)	570,045	567,165	598,313	4,480
Land	360,256	357,045	385,089	2,883
Buildings	174,980	178,632	198,570	1,487
Lease assets	4,548	3,782	2,128	15
Construction in progress	23,711	22,201	5,169	38
Other tangible fixed assets	6,548	5,503	7,355	55
Intangible fixed assets	193,877	201,871	234,084	1,753
Software	37,258	37,497	38,591	289
Goodwill	42,918	41,220	40,085	300
Other intangible fixed assets	113,699	123,153	155,407	1,163
Due from agents	145	239	151	1
Reinsurance receivables (Note 26)	1,241	1,728	12,480	93
Other assets (Note 25)	1,112,257	1,375,566	1,588,901	11,899
Net defined benefit assets (Note 11)	18,370	21,677	35,837	268
Deferred tax assets (Notes 12 and 19)	69,056	290,037	588,114	4,404
Allowance for possible loan losses	(3,938)	(4,047)	(4,373)	(32)
Total assets	¥41,094,086	¥42,994,287	¥42,662,408	\$319,496

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
LIABILITIES:				
Policy reserves and other reserves	¥32,295,045	¥33,714,825	¥35,233,129	\$263,859
Reserve for outstanding claims	138,027	156,079	169,352	1,268
Policy reserves	31,938,861	33,342,519	34,848,109	260,975
Policyholders' dividend reserves (Note 10)	218,156	216,226	215,667	1,615
Reinsurance payables	12,837	20,523	12,643	94
Corporate bonds (Notes 4 and 20)	474,969	508,257	428,417	3,208
Other liabilities (Notes 21 and 25)	5,272,243	6,124,590	5,361,612	40,152
Payables under repurchase agreements	2,870,573	3,513,925	3,110,297	23,292
Payables under securities borrowing transactions	501,353	355,998	67,438	505
Other	1,900,316	2,254,666	2,183,877	16,354
Net defined benefit liabilities (Note 11)	4,775	2,884	4,133	30
Reserve for price fluctuation	883,835	972,169	849,771	6,363
Deferred tax liabilities (Notes 12 and 19)	33,615	13,172	5	0
Deferred tax liabilities for land revaluation	12,894	12,583	12,466	93
Total liabilities	38,990,217	41,369,007	41,902,180	313,803
NET ASSETS:				
Reserve for redemption of foundation funds	639,000	639,000	639,000	4,785
Reserve for revaluation	2	2	2	0
Surplus	81,850	73,458	155,000	1,160
Total funds, reserve and surplus	720,853	712,461	794,002	5,946
Net unrealized gains (losses) on available-for-sale securities	1,526,505	1,015,426	5,564	41
Deferred gains (losses) on derivatives under hedge accounting	104	(3,001)	(13,063)	(97)
Land revaluation differences	(59,397)	(59,581)	(59,645)	(446)
Foreign currency translation adjustments	(84,516)	(39,098)	28,216	211
Remeasurements of defined benefit plans	185	(1,067)	5,005	37
Total accumulated other comprehensive income	1,382,881	912,676	(33,921)	(254)
Non-controlling interests	133	141	147	1
Total net assets	2,103,868	1,625,279	760,227	5,693
Total liabilities and net assets	¥41,094,086	¥42,994,287	¥42,662,408	\$319,496

Consolidated Statements of Income and Consolidated Statements of

Sumitomo Life Insurance Company and Consolidated Subsidiaries

[Consolidated Statements of Income]

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
Ordinary income	¥3,517,715	¥3,599,428	¥4,225,499	\$31,644
Insurance premiums and other	2,415,578	2,411,977	2,583,077	19,344
Investment income	981,812	1,084,989	1,542,012	11,548
Interest, dividends and other income	748,445	827,483	964,997	7,226
Gains on money held in trust	—	379	287	2
Gains on trading securities	12,785	5,797	—	—
Gains on sales of securities	91,348	75,831	361,890	2,710
Gains on redemption of securities	16,592	2,665	2,076	15
Gains on derivative financial instruments	—	37,153	—	—
Foreign exchange gains	—	98,556	77,386	579
Reversal of allowance for possible loan losses	—	220	—	—
Other investment income	5,597	10,471	135,375	1,013
Investment gains on separate accounts	107,044	26,429	—	—
Other ordinary income	120,324	102,461	100,409	751
Ordinary expenses	3,399,491	3,470,616	4,166,346	31,201
Benefits and other payments	1,873,355	1,898,437	2,161,551	16,187
Claims paid	592,713	566,570	597,894	4,477
Annuity payments	439,632	428,801	424,618	3,179
Benefits payments	379,375	392,436	519,679	3,891
Surrender benefits	405,680	448,685	553,709	4,146
Other refunds	55,954	61,944	65,648	491
Provision for policy reserves and other reserves	771,972	827,824	546,040	4,089
Provision for reserve for outstanding claims	296	13,558	5,945	44
Provision for policy reserves	771,646	814,237	540,067	4,044
Provision for interest on policyholders' dividend reserves (Note 10)	29	29	26	0
Investment expenses	173,751	134,380	816,509	6,114
Interest expenses	14,480	14,279	32,319	242
Losses on trading securities	—	—	68,513	513
Losses on sales of securities	19,970	71,520	377,965	2,830
Losses on valuation of securities	4,824	11,735	8,618	64
Losses on redemption of securities	1,657	2,694	1,221	9
Losses on derivative financial instruments	53,720	—	235,685	1,765
Foreign exchange losses	11,113	—	—	—
Provision for allowance for possible loan losses	1,257	—	84	0
Depreciation of real estate for investments	8,439	8,446	8,954	67
Other investment expenses	58,287	25,704	76,842	575
Investment losses on separate accounts	—	—	6,304	47
Operating expenses (Note 17)	422,875	454,743	478,930	3,586
Other ordinary expenses	157,536	155,229	163,315	1,223
Ordinary profit	¥ 118,223	¥ 128,811	¥ 59,153	\$ 442

Comprehensive Income

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
Extraordinary gains	¥ 241	¥ 2,344	¥124,317	\$ 931
Gains on disposals of fixed assets	241	2,344	1,920	14
Reversal of reserve for price fluctuation	—	—	122,397	916
Extraordinary losses	98,693	92,541	3,946	29
Losses on disposals of fixed assets	793	3,043	775	5
Impairment losses (Note 18)	1,111	480	2,471	18
Provision for reserve for price fluctuation	96,128	88,334	—	—
Payments to social responsibility reserve	659	683	699	5
Surplus (loss) before income taxes	19,771	38,614	179,524	1,344
Income taxes (Notes 12 and 19)				
Current	39,834	41,314	8,404	62
Deferred	(47,041)	(48,314)	31,326	234
Total income taxes	(7,206)	(7,000)	39,730	297
Net surplus	26,978	45,614	139,793	1,046
Net surplus attributable to non-controlling interests	12	9	6	0
Net surplus attributable to the Parent Company	¥ 26,965	¥ 45,605	¥139,787	\$1,046

[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
Net surplus	¥ 26,978	¥ 45,614	¥ 139,793	\$ 1,046
Other comprehensive income (loss) (Note 23)	558,098	(470,020)	(946,534)	(7,088)
Net unrealized gains (losses) on available-for-sale securities	575,067	(511,875)	(1,005,446)	(7,529)
Deferred gains (losses) on derivatives under hedge accounting	(300)	(3,106)	(10,061)	(75)
Foreign currency translation adjustments	(19,738)	36,294	57,026	427
Remeasurements of defined benefit plans	4,313	(1,252)	6,072	45
Share of other comprehensive income (loss) of associates under the equity method	(1,243)	9,919	5,873	43
Comprehensive income (loss)	585,076	(424,405)	(806,741)	(6,041)
Comprehensive income (loss) attributable to the Parent Company	585,064	(424,415)	(806,747)	(6,041)
Comprehensive income (loss) attributable to non-controlling interests	12	9	6	0

Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2021

Millions of Yen

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)							Non-controlling interests	Total net assets
	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)			
Beginning balance	639,000	2	102,654	741,656	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,249	
Cumulative effect due to U.S. GAAP (ASU2016-13, ASU2019-05) used for U.S. subsidiaries			(6)	(6)								(6)	
Beginning balance after reflecting U.S. GAAP (ASU2016-13, ASU2019-05) used for U.S. subsidiaries	639,000	2	102,648	741,650	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,243	
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 10)			(47,451)	(47,451)								(47,451)	
Net surplus attributable to the Parent Company			26,965	26,965								26,965	
Reversal of land revaluation differences			(311)	(311)								(311)	
Net changes, excluding funds, reserve and surplus					577,125	(300)	311	(23,039)	4,313	558,410	11	558,422	
Net changes in the fiscal year	—	—	(20,797)	(20,797)	577,125	(300)	311	(23,039)	4,313	558,410	11	537,624	
Ending balance	639,000	2	81,850	720,853	1,526,505	104	(59,397)	(84,516)	185	1,382,881	133	2,103,868	

Year ended March 31, 2022

Millions of Yen

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)							
	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	639,000	2	81,850	720,853	1,526,505	104	(59,397)	(84,516)	185	1,382,881	133	2,103,868
Changes in the fiscal year												
Additions to policyholders' dividend reserves (Note 10)			(54,181)	(54,181)								(54,181)
Net surplus attributable to the Parent Company			45,605	45,605								45,605
Reversal of land revaluation differences			184	184								184
Net changes, excluding funds, reserve and surplus					(511,079)	(3,106)	(184)	45,417	(1,252)	(470,204)	8	(470,196)
Net changes in the fiscal year	—	—	(8,391)	(8,391)	(511,079)	(3,106)	(184)	45,417	(1,252)	(470,204)	8	(478,588)
Ending balance	639,000	2	73,458	712,461	1,015,426	(3,001)	(59,581)	(39,098)	(1,067)	912,676	141	1,625,279

Year ended March 31, 2023

Millions of Yen

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)							Non-controlling interests	Total net assets
	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)			
Beginning balance	639,000	2	73,458	712,461	1,015,426	(3,001)	(59,581)	(39,098)	(1,067)	912,676	141	1,625,279	
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 10)			(58,310)	(58,310)								(58,310)	
Net surplus attributable to the Parent Company			139,787	139,787								139,787	
Reversal of land revaluation differences			63	63								63	
Net changes, excluding funds, reserve and surplus					(1,009,861)	(10,061)	(63)	67,315	6,072	(946,598)	5	(946,593)	
Net changes in the fiscal year	—	—	81,541	81,541	(1,009,861)	(10,061)	(63)	67,315	6,072	(946,598)	5	(865,052)	
Ending balance	639,000	2	155,000	794,002	5,564	(13,063)	(59,645)	28,216	5,005	(33,921)	147	760,227	

Year ended March 31, 2023

Millions of U.S. Dollars

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)								
	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets	
Beginning balance	4,785	0	550	5,335	7,604	(22)	(446)	(292)	(7)	6,834	1	12,171	
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 10)			(436)	(436)								(436)	
Net surplus attributable to the Parent Company			1,046	1,046								1,046	
Reversal of land revaluation differences			0	0								0	
Net changes, excluding funds, reserve and surplus					(7,562)	(75)	0	504	45	(7,089)	0	(7,088)	
Net changes in the fiscal year	—	—	610	610	(7,562)	(75)	0	504	45	(7,089)	0	(6,478)	
Ending balance	4,785	0	1,160	5,946	41	(97)	(446)	211	37	(254)	1	5,693	

Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
I Cash flows from operating activities				
Surplus (loss) before income taxes	¥ 19,771	¥ 38,614	¥ 179,524	\$ 1,344
Depreciation of real estate for investments	8,439	8,446	8,954	67
Depreciation	33,708	35,173	38,442	287
Impairment losses	1,111	480	2,471	18
Amortization of goodwill	5,826	6,475	7,470	55
Increase (Decrease) in reserve for outstanding claims	902	14,661	7,789	58
Increase (Decrease) in policy reserves	831,622	907,998	755,023	5,654
Provision for interest on policyholders' dividend reserves	29	29	26	0
Increase (Decrease) in allowance for possible loan losses	1,011	(230)	(153)	(1)
Increase (Decrease) in net defined benefit liabilities	(13,995)	(6,942)	(4,486)	(33)
Increase (Decrease) in reserve for price fluctuation	96,128	88,334	(122,397)	(916)
Interest, dividends, and other income	(748,445)	(827,483)	(964,997)	(7,226)
Losses (Gains) on securities	(192,148)	(18,090)	98,407	736
Interest expenses	14,480	14,279	32,319	242
Foreign exchange losses (gains)	11,365	(94,736)	(81,491)	(610)
Losses (Gains) on tangible fixed assets	427	679	(1,136)	(8)
Investment losses (gains) under the equity method	6,716	1,312	(3,208)	(24)
Decrease (Increase) in due from agents	26	(78)	125	0
Decrease (Increase) in reinsurance receivables	(111)	(375)	(10,527)	(78)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	16,236	6,349	(1,524)	(11)
Increase (Decrease) in reinsurance payables	1,870	5,058	(6,287)	(47)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	8,815	(23,030)	(133,121)	(996)
Others, net	48,742	(34,570)	291,642	2,184
Subtotal	152,532	122,355	92,866	695
Interest, dividends, and other income received	790,054	866,236	1,004,892	7,525
Interest paid	(15,482)	(12,937)	(30,118)	(225)
Policyholders' dividends paid	(50,810)	(56,141)	(58,895)	(441)
Others, net	(659)	(683)	(699)	(5)
Income taxes paid	(45,261)	(49,172)	(52,964)	(396)
Net cash provided by operating activities	¥ 830,371	¥ 869,657	¥ 955,081	\$ 7,152

		Millions of Yen		Millions of U.S. Dollars
	2021	2022	2023	2023
II Cash flows from investing activities				
Net decrease (increase) in deposits	¥ 204,089	¥ 5,353	¥ (209,419)	\$ (1,568)
Purchase of monetary claims bought	(961,921)	(476,962)	(1,552,482)	(11,626)
Proceeds from sales and redemption of monetary claims bought	720,425	730,125	1,451,157	10,867
Purchase of money held in trust	—	(4,534)	(9,768)	(73)
Purchase of securities	(5,073,449)	(4,988,814)	(6,988,808)	(52,338)
Proceeds from sales and redemption of securities	3,234,239	3,929,071	8,800,634	65,907
Loans made	(451,769)	(869,963)	(913,355)	(6,840)
Proceeds from collection of loans	576,602	562,077	873,810	6,543
Others, net	828,345	(83,609)	(2,167,721)	(16,233)
Total investment activities (IIa)	(923,438)	(1,197,256)	(715,954)	(5,361)
[I+IIa]	[(93,066)]	[(327,598)]	[239,126]	[1,790]
Purchase of tangible fixed assets	(16,105)	(16,434)	(54,824)	(410)
Proceeds from sales of tangible fixed assets	2,148	1,572	3,895	29
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	805	—	—	—
Others, net	(10,973)	(11,615)	(16,738)	(125)
Net cash used in investing activities	(947,562)	(1,223,734)	(783,621)	(5,868)
III Cash flows from financing activities				
Proceeds from issuance of debt	70,000	—	50,000	374
Repayments of debt	—	(20)	—	—
Proceeds from issuance of corporate bonds	—	100,586	—	—
Redemption of corporate bonds	(1,129)	(70,000)	(84,000)	(629)
Others, net (Note 27)	39,595	37,260	89,920	673
Net cash provided by (used in) financing activities	108,465	67,827	55,920	418
IV Effect of foreign exchange rate changes on cash and cash equivalents	(4,058)	12,670	21,305	159
V Net increase (decrease) in cash and cash equivalents	(12,783)	(273,579)	248,685	1,862
VI Cash and cash equivalents at the beginning of the year	584,224	571,440	297,861	2,230
VII Cash and cash equivalents at the end of the year (Note 3)	¥ 571,440	¥ 297,861	¥ 546,546	\$ 4,093

Notes to the Consolidated Financial Statements

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Note 1

Basis of Presentation

SUMITOMO LIFE INSURANCE COMPANY ("the Company") has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Insurance Business Act and its related accounting regulations in Japan, and in conformity with the accounting principles generally accepted in Japan ("Japanese GAAP"), which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include the information which is not required under Japanese GAAP but is presented herein as additional information.

Japanese yen amounts are rounded down to million yen amounts. As a result, the totals do not add up. The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate as of March 31, 2023 which was ¥133.53 to U.S. \$1. The convenience translation should not be construed as representations that Japanese yen amounts were, have been, or may in the future be, converted into U.S. dollars at this or any other exchange rate.

Note 2

Summary of Significant Accounting Policies

1) Principles of consolidation

a) Consolidated subsidiaries

The numbers of consolidated subsidiaries were 26, 27 and 27 as of March 31, 2021, 2022 and 2023, respectively.

The major subsidiaries as of March 31, 2023 are listed as follows:

- Medicare Life Insurance Co., Ltd. (Japan)
- Sumisei Building Management Co., Ltd. (Japan)
- Sumisei Bussan K.K. (Japan)
- Sumisei Business Service Co., Ltd. (Japan)
- Shinjuku Green Building Kanri K.K. (Japan)
- SUMISEI Harmony K.K. (Japan)
- Sumitomo Life Information Systems Co., Ltd. (Japan)
- CSS Co., Ltd. (Japan)
- SUMISEI Insurance Service Corporation (Japan)
- Izumi Life Designers Co., Ltd. (Japan)
- SUMISEI-Support & Consulting Co., Ltd. (Japan)
- INSURANCE DESIGN (Japan)
- AIARU Small Amount & Short Term Insurance Co., Ltd. (Japan)
- Sumisei Asset Management Company (Japan)
- Symetra Financial Corporation (U.S.A.)

Sumisei Asset Management Company was included in the scope of the consolidation as a result of its establishment from the period ended March 31, 2023.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment from the period ended March 31, 2023.

Two subsidiaries of Symetra Financial Corporation were excluded from the scope of the consolidation due to the dissolution of equity from the period ended March 31, 2023.

The major unconsolidated subsidiary is SUMISEI-SBI Limited Partnership.

The unconsolidated subsidiaries are excluded from the scope of consolidation, because its effect is immaterial, individually and in aggregate on the consolidated total assets, revenues, net income and surplus. These exclusions from the scope of consolidation would not prevent a reasonable understanding of the consolidated financial position and the results of the group operations.

b) Affiliates

The numbers of affiliates under the equity method were 10, 10 and 10 as of March 31, 2021, 2022, and 2023, respectively.

The major affiliates as of March 31, 2023 are listed as follows:

Nippon Building Fund Management Ltd. (Japan)
Japan Pension Navigator Co., Ltd. (Japan)
Mycommunication Co., Ltd. (Japan)
Agent Insurance Group, Inc. (Japan)
Baoviet Holdings (Vietnam)
PT BNI Life Insurance (Indonesia)
Singapore Life Holdings Pte. Ltd. (Singapore)

The unconsolidated subsidiaries (SUMISEI-SBI Limited Partnership and others) and affiliates (Japan Pension Service Co., Ltd.) are excluded from the scope of affiliates under the equity method because its effect is immaterial, individually and in aggregate, on the consolidated net income and consolidated surplus.

c) Fiscal year-end of consolidated subsidiaries

The fiscal year-end of foreign subsidiaries is December 31. The consolidated financial statements include the accounts of the subsidiaries as of their fiscal year-end, with appropriate adjustments made for material transactions between their fiscal year-end and the consolidated balance sheet date.

d) Goodwill on consolidation

Goodwill (including goodwill relating to affiliates) is amortized on a straight-line basis over the period up to 20 years.

However, for items that are immaterial, the total amount of goodwill is fully recognized as expenses as incurred.

e) All the significant intercompany balances and transactions are eliminated in consolidation. In addition, all the material unrealized gains/losses included in assets/liabilities resulting from transactions within the group are also eliminated.

2) Cash and cash equivalents

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents are comprised of cash on hand, deposits (except deposits bearing interest of the Company and domestic consolidated subsidiaries), and short-term investment securities of foreign consolidated subsidiaries.

3) Securities, derivative instruments, and hedge accounting

a) Securities

Securities held by the Company are classified and accounted for as follows:

Trading securities are stated at the market value on the balance sheet date. The cost of these securities sold is calculated using the moving average method.

Held-to-maturity debt securities are stated 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.

Policy-reserve-matching bonds (defined in Note 2, 4)) are stated at amortized cost in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants. The cost of the bonds sold is calculated using the moving average method and amortization is calculated using the straight-line method.

Investments in unconsolidated subsidiaries and affiliated companies (defined in Article 110, Paragraph 2 of the Insurance Business Act) are stated at cost.

Others classified as available-for-sale securities are stated at the market value on the balance sheet date.

Stocks with no market prices are stated mainly at cost. The cost of these securities sold is calculated using the moving average method.

Certain demand deposits, monetary claims bought and securities in money held in trust deemed equivalent to investment in securities are stated using the same methods described above.

Unrealized gains and losses on available-for-sale securities are reported net of income taxes, as a separate component of net assets in the consolidated balance sheet.

b) Derivative instruments

Derivatives are stated at the fair value.

c) Hedge accounting

Under Japanese GAAP, the deferred hedge method and the fair value hedge method are fundamental hedge accounting methods allowed.

Under the fair value hedge method, which is allowed only when available-for-sale securities are hedged items, hedging instruments' gains and losses on changes in the fair value are recognized in earnings together with hedged items' corresponding gains and losses attributable to risks being hedged.

In addition, for certain derivative instruments, exceptional hedge accounting methods are allowed under Japanese GAAP as follows:

Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts and currency swaps are allowed to be translated at the foreign exchange rates stipulated in the forward contract agreements and the currency swap agreements. Accordingly, the foreign exchange forward contracts and the currency swaps used as hedging instruments are not recognized as an asset or liability measured at the fair value either on initial recognition or subsequent reporting dates (the allocation method).

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at the fair value, but the net amounts paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

The Company mainly adopts the fair value hedge method and the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies. From the period ended March 31, 2023, the deferred hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain policy reserves in order to appropriately control interest rate fluctuations, in accordance with Industry Audit Committee Practical Guideline No. 26, "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants.

The Company also adopts the exceptional method to hedge interest rate risk primarily of floating rate loans.

Hedge effectiveness is assessed by comparing the cumulative changes in the fair values or cash flows of the hedged items and the hedging instruments.

The hedging relationships included in the scope of applying the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Solutions No.40, March 17, 2022) are subject to the exceptional treatment of this Practical Solutions. The detail of the hedging relationships which apply the treatment are as follows:

Hedging method: the exceptional method (including the allocation method)

The type of hedging instruments: interest-rate swaps, currency-swaps

The type of hedged instruments: loans

The type of hedge transactions: to fix the cash flows

4) Policy-reserve-matching bonds

The Company classifies debt securities held in order to match their duration to the duration of the liabilities within the corresponding subsections - segregated by type of insurance and investment policy - as policy-reserve-matching bonds in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants.

The subsections are as follows:

Individual life insurance and individual annuity (certain types of insurance and a certain percentage of cash flows are excluded)

Primary policy of 3-year variable accumulation rate insurance with guaranteed minimum interest rates

Defined benefit corporate pension plan and new corporate pension plan (only cash flows expected within the next certain period of years are identified)

Insured contributory pension plans (only cash flows expected within the next certain period of years are identified)

Defined contribution pension plans and interest rate-setting rider by new unit account

Single premium endowment insurance (certain types of insurance are excluded)

Interest rate variable whole life insurance (single premium)

Individual life insurance and individual annuity denominated in U.S. dollars

Individual life insurance and individual annuity denominated in Australian dollars (certain types of insurance are excluded)

5) Foreign currency translation

The Company's assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rate on the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.

6) Tangible fixed assets

Tangible fixed assets owned by the Company are depreciated as follows:

a) Buildings

Calculated using the straight-line method.

b) Lease assets related to financial leases where ownership is not transferred

Calculated using the straight-line method over the lease period.

c) Other tangible fixed assets

Calculated using the declining-balance method.

Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.

The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

Revaluation of land

The Company revalued certain parcels of land owned for operating use as of March 31, 2001, as permitted by the Act on Revaluation of Land.

The difference in value before and after the revaluation is directly included in net assets and presented as land revaluation differences, net of deferred tax liabilities for land revaluation in the consolidated balance sheets. The revaluation method is stipulated in Article 3, Paragraph 3 of the Act on Revaluation of Land. Pursuant to the Article, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Paragraph 1 of the Order for Enforcement of the Act on Revaluation of Land (the "Order")) and appraisal value (detailed in Article 2, Paragraph 5 of the Order) for the revaluation.

7) Software

Capitalized software for internal use owned by the Company (included in intangible fixed assets) is amortized using the straight-line method over the estimated useful lives.

8) Allowance for possible loan losses

The Company's allowance for possible loan losses is provided pursuant to its standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses. For loans to borrowers that are legally bankrupt ("bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt ("substantially bankrupt borrowers"), an allowance is provided based on the total amount of the loans after deduction of charge-offs and any amounts expected to be collected through disposal of collaterals and execution of guarantees. For loans to borrowers that are likely to become bankrupt ("borrowers likely to become bankrupt"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection through disposal of collaterals and

execution of guarantees. For the other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed based on the Company's standards for the self-assessment of asset quality and the assessment results are reviewed by a department independent of the department that performs and is responsible for the self-assessment. The allowance for possible loan losses is provided based on the assessment results.

For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals and execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the fiscal years ended March 31, 2021, 2022 and 2023 amounted to ¥260 million, ¥31 million and ¥29 million (U.S. \$0 million), respectively.

An allowance for possible loan losses of the consolidated subsidiaries is provided mainly pursuant to their standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses which each consolidated subsidiary sets and maintains consistently with those of the Company.

9) Net defined benefit liabilities

Net defined benefit liabilities are provided based on the projected benefit obligations and plan assets as of the balance sheet date in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits").

10) Reserve for price fluctuation

Reserve for price fluctuation is calculated pursuant to Article 115 of the Insurance Business Act.

11) Accounting for consumption taxes

National and local consumption taxes are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the fiscal year, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a five-year period on the straight-line basis pursuant to the Corporation Tax Act.

12) Policy reserves

Policy reserves of the Company are calculated and accumulated by the method in accordance with the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116 of the Insurance Business Act to prepare for future performance of obligations under its insurance contracts.

Premium reserves, one of the components of policy reserves, are calculated, based on the Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Insurance Business Act according to the following methods:

- a) For contracts which are subject to the standard policy reserve requirements, premium reserves are calculated using the method stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996).
- b) For contracts which are not subject to the standard policy reserve requirements, premium reserves are calculated using the net level premium method.

The Company adopted its accounting policy for premium reserves for existing individual annuity contracts whose annuity payments commenced on or after April 1, 2006, effective from the fiscal year ended March 31, 2007, as follows:

For individual annuity contracts which commenced on or after April 1, 2006, the Company has regarded their commencement dates of annuity payments as the contract dates, and applied the calculation basis stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996). (For the contracts which annuity payments commenced during fiscal year of 2006, assumed mortality rates on the 2007 life insurance standard life table have been used.)

Unearned premiums are accumulated as a component of 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.

Contingency reserves, one of the components of policy reserves, are accumulated 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 to ensure performing future obligations under its insurance contracts.

Additional policy reserves need to be recognized based on Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act if the policy reserves set aside pursuant to Article 69, Paragraphs 1, 2 and 4 of the Ordinance for Enforcement of the Insurance Business Act are found to be likely insufficient to cover the performance of the future obligations due to a large deviation in the estimated future cash flows based on the statement of calculation procedures with assumed incidents rates, interest rates and others, compared to recent actual results.

In determining the necessity of recognition and the amount of additional policy reserves, the Company refers to the result of the future cash flow analysis to confirm adequacy of policy reserves performed by the Appointed Actuary because future cash flows need to be estimated by using actuarial expertise in accordance with applicable laws and regulations.

Policy reserves of the consolidated foreign subsidiaries are provided pursuant to accounting principles generally accepted in the United States of America.

13) Recognition of insurance premiums and claims

The Company in principle recognizes insurance premiums when the premiums, which are measured at the amounts to be received, are received and the responsibility on the insurance contract is commenced.

The Company recognizes claims paid when incidents prescribed in policy clause are incurred and these claims are paid at the amounts to be paid.

The Company recognizes outstanding claims with the amount of unpaid claims over the contracts for which payment obligation exists at the year end or for which incidents prescribed in policy clause already incurred but not reported to the Company, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

14) IBNR claims

Regarding individual life insurance and individual annuity contracts, the Company recognized reserve for the IBNR (incurred but not reported) claims, i.e., claims with which incidents prescribed in policy clauses already incurred but were not reported to the Company.

In the fiscal year ended March 31, 2023, the Company changed the scope of insured persons to whom hospitalized benefits are to be paid, including those who were diagnosed with COVID-19 and recovering at designated hotels or home under medical observations (hereafter "deemed hospitalization"). As a result, the Company calculated the relevant reserve for IBNR claims at the end of the fiscal year as follows, pursuant to the proviso, instead of the main clause of Article 1, Paragraph 1 of Ministry of Finance Notification No. 234 in 1998 ("IBNR Notification"): because the reserve amount could not be calculated at an appropriate level based on the main clause of that article due to the scope change of insured persons.

The Company excluded from the amounts of reserve for IBNR claims and benefit payments for all the fiscal years stipulated by the main clause of Article 1, Paragraph 1 of the IBNR Notification, those amounts which were related to the deemed hospitalization except for those with high risks of severity (hereafter "4 categories"), and then calculated the reserve for IBNR claims using the same calculation method as the main clause of Article 1, Paragraph 1 of the IBNR Notification.

The Company estimated the amount of hospitalized benefits related to the deemed hospitalization within the 4 categories, which was used to estimate the amount of hospitalized benefits related to the deemed hospitalization incurred on or before September 25, 2022 for those other than the 4 categories, by multiplying the deemed hospitalization benefits through September 25, 2022, paid to insured persons who were 65 or more years old (which constitutes one of the 4 categories), by the ratio of the deemed hospitalization benefits

incurred on or after September 26, 2022, paid to all insured persons, over the deemed hospitalization benefits incurred on or after September 26, 2022, paid to insured persons who were 65 or more years old.

15) Policy acquisition costs

The Company recognizes policy acquisition costs when incurred.

16) New Accounting Standards

Since the beginning of the period ended March 31, 2022, the Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019), etc. In accordance with transitional treatment stipulated in Item 19 of "Accounting Standard for Fair Value Measurement" and Item 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied new accounting policies prospectively.

Due to this application, the measurement of the fair value of stocks with market price categorized as available-for-sale securities is changed from the fair value method based on the average market price during the last month of the period to the fair value method based on the market price on the balance sheet date. Also, the Company noted matters concerning fair value of financial instruments and breakdown by input level on the Note 4, "Financial Instruments" as of March 31, 2022. The matters as of March 31, 2021 were not described in accordance with the transitional treatment set out in Item 7-4 of "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020).

Since the beginning of the period ended March 31, 2023, the Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)). In accordance with transitional treatment stipulated in Item 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement," the Company has applied new accounting policies prospectively.

Due to this application, the measurement of fair value of investment trusts was based on "Implementation Guidance on Accounting Standard for Fair Value Measurement" and matters concerning fair value of investment trusts and breakdown by input level were noted.

Also, the Company noted matters concerning the reconciliation between the beginning and ending balance of investment trusts on the Note 4, "Financial Instruments" as of March 31, 2023. The matters as of March 31, 2021 and 2022 were not described in accordance with the transitional treatment set out in Item 27-3 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)).

17) Accounting Standards and guidance not yet applied

Following accounting standards and guidance are those issued but not yet applied.

- Financial Services - Insurance (Topic 944) (ASU No. 2018-12, ASU No. 2022-05)

a) Overview

The amendments are mainly designed to make improvements of the measurement of liabilities related to long-duration insurance contracts.

b) Effective date

The standards and guidance will be effective in U.S. subsidiaries from the end of the fiscal year ended December 31, 2025.

c) Impact of applying the standards and guidance

The impact of applying the standards and guidance is currently under assessment.

18) Accounting estimates

The accounting estimates recognized in accordance with "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No.31, March 31, 2020) are as follows:

a) Valuation of Goodwill

The Company records goodwill arising from the acquisition of U.S. subsidiaries in the consolidated balance sheet.

This goodwill is recognized in the consolidated balance sheets of U.S. subsidiaries. Amortization and impairment test of the goodwill is performed by U.S. subsidiaries in accordance with the accounting alternatives allowed for private companies specified in Financial Accounting Standards Board ("FASB") Accounting Standards Codification, Topic 350, "Intangibles-Goodwill and Other."

Specifically, U.S. subsidiaries assess as to whether there are any triggering events and changes in circumstances that may indicate impairment at the entity level. If it is deemed more likely than not that the fair value of a reporting unit including goodwill is less than the carrying amount based on qualitative factors, quantitative impairment test is performed. The Company assesses the necessity of impairment on goodwill based on the results of U.S. subsidiaries' assessment.

In performing the triggering event indication and qualitative assessment, the Company assesses macroeconomic conditions, trends in the U.S. life insurance industry, operating results and future profit plans of U.S. subsidiaries, and other relevant entity-specific events. When performing the quantitative impairment test, U.S. subsidiaries will determine key assumptions such as future cash flows reflecting the insurance premiums based on prediction of future economic circumstances and the rates of paying claims, discount rate, and long-term growth rate.

An impairment loss may be recognized in the next fiscal year when relevant events and circumstances which indicate the triggering events are identified due to changes in future economic conditions that are uncertain in nature.

The Company determined that no triggering events were identified and recorded no impairment losses for the fiscal year ended March 31, 2021, 2022 and 2023.

b) Amortization of Value of Business Acquired (VOBA) and Deferred Policy Acquisition Costs (DAC)

The Company recorded other intangible fixed assets which included Value of Business Acquired (VOBA) accompanied by the acquisition of U.S. subsidiaries of ¥3,796 million, ¥10,189 million and ¥33,767 million (U.S.\$252 million) and other assets which included Deferred Policy Acquisition Costs (DAC) of U.S. subsidiaries of ¥82,668 million, ¥118,356 million and ¥241,356 million (U.S.\$1,807 million) on the consolidated balance sheets for the fiscal year ended March 31, 2021, 2022 and 2023 respectively.

VOBA was recognized based on the actuarially estimated present value of future cash flows of insurance policies and annuity contracts in-force as of acquisition of U.S. subsidiaries and DAC was recognized for the deferred costs that were directly related to the successful acquisition or renewal of insurance contracts after acquisition date.

VOBA and DAC are amortized over the lives of the associated insurance contracts with the amortization rates based on estimated future gross profits. To estimate future gross profits, U.S. subsidiaries set assumptions as to persistency rates, mortality rates and so on.

Additional amortization of VOBA and DAC could be recognized in the next fiscal year due to change in uncertain economic condition.

Note 3

Reconciliations of Cash and Cash Equivalents

Reconciliations of cash and deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. dollars
	2021	2022	2023	2023
Cash and deposits	¥1,386,540	¥1,107,622	¥ 1,565,736	\$ 11,725
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(815,099)	(809,761)	(1,019,189)	(7,632)
Cash and cash equivalents	¥ 571,440	¥ 297,861	¥ 546,546	\$ 4,093

Note 4

Financial Instruments

1) Qualitative information on financial instruments

The Company applies Asset and Liability Management (ALM) considering characteristics of life insurance liabilities to enhance soundness and profitability of investment returns in mid-to-long term by diversified

investments mainly in assets denominated in yen such as bonds and loans, and in stocks within allowable risk limits. In addition, the Company utilizes derivative instruments primarily in order to hedge the risks of fluctuation of values of assets or liabilities.

Major components of the Company's financial instruments and associated risks are as follows:

Domestic bonds are exposed to market risk, which arises from the fluctuation of interest rates and other market indicators, and credit risk of issuers. Domestic and foreign stocks are exposed to market risk, which arises from the fluctuation of stock prices and foreign exchange rates, and credit risk of issuers. Foreign bonds are exposed to market risk, which arises from the fluctuation of interest rates, foreign exchange rates and other market indicators, and credit risk of issuers. Loans, mainly to domestic companies, are exposed to credit risk, which arises from deterioration of the financial condition of counterparties. They are also exposed to market risk since certain loans, similarly to bonds, change the fair values by fluctuation of interest rates although no active secondary markets exist.

The Company utilizes foreign currency forward contracts, currency options and currency swaps to hedge foreign currency risks of assets and liabilities denominated in foreign currencies, futures trading, forwards trading and options to hedge market risks of stocks, bond futures, options and interest rate swaptions to hedge market risks of fixed rate assets relating to the fluctuation of interest rates, and interest rate swaps to hedge interest fluctuation risks of floating rate assets. Gains and losses on certain foreign currency forward contracts to hedge foreign currency risks mainly of foreign securities are accounted for under hedge accounting. The deferred hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain policy reserves in order to appropriately control interest rate fluctuations, in accordance with Industry Audit Committee Practical Guideline No. 26, "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants. The hedge effectiveness is regularly assessed by comparing fluctuations in the fair value of hedged items and hedging instruments.

Gains and losses on certain interest rate swaps used for hedging interest rate risks mainly of floating rate loans are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in cash flows of hedged items and hedging instruments.

When foreign currency forward contracts and currency swaps meet the criteria for applying the allocation method or when interest rate swap transactions meet the criteria for applying the exceptional method, hedge effectiveness is not assessed, according to accounting principles.

The risk management department maintains asset risk management in accordance with Risk Management Policy established by the board of directors. In addition, the Company strives to enhance risk assessment and management quantitatively and comprehensively by defining the framework of risk management about market risk and credit risk of financial instruments and concrete risk management processes pursuant to related rules. Moreover, the risk management department maintains effective risk management structures by independently monitoring whether trading departments operate in compliance with related policies and rules. The board of directors makes decisions in response to the reports of risk management situations.

In order to manage market risk, the Company assesses and analyzes sensitivities of existing financial instruments to changes in interest rates, foreign exchange rates, stock prices and other market indicators by comparing Value-at-Risk (VaR) as integrated risk exposure with the limit for market risk, which is calculated with consideration given to unrealized gains (losses) and realized gains (losses) on sales.

In order to manage credit risk, the Company assesses financial assets such as loans by using internal credit ratings corresponding to financial conditions of security issuers or counterparties of loans when the Company makes investments, and regularly reviews these ratings. Moreover, the Company manages credit risk by comparing Value-at-Risk (VaR) calculated with Monte Carlo simulations, which are based on the assumptions such as probability of transition for each internal credit rating and expected recovery rate at default, with the limit for credit risk.

2) Fair value of financial instruments

The following table shows the carrying amounts in the consolidated balance sheets, the fair values and their differences of financial instruments as of March 31, 2021.

Cash and deposits (except Negotiable certificates of deposit), Call loans, Payables under repurchase agreements and Payables under securities borrowing transactions are not included in the following tables since they are mostly short-term, and their fair values approximate their book values.

As of March 31	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 491,530	¥ 491,530	¥ —
[Available-for-sale securities]*1	[491,530]	[491,530]	—
Monetary claims bought	565,143	567,468	2,324
[Available-for-sale securities]*1	[439,749]	[439,749]	—
Money held in trust	—	—	—
Securities*2	34,148,858	36,023,018	1,874,159
Trading securities	1,143,093	1,143,093	—
Held-to-maturity debt securities	1,661,737	1,933,862	272,125
Policy-reserve-matching bonds	12,470,906	14,068,089	1,597,183
Investments in subsidiaries and affiliated companies	42,011	46,861	4,850
Available-for-sale securities	18,831,109	18,831,109	—
Loans	2,645,407		
Allowance for possible loan losses*3	(3,258)		
	2,642,149	2,677,466	35,316
Corporate bonds	474,969	485,900	10,930
Derivative transactions*4	(464,448)	(464,448)	—
Hedge accounting not applied	(89,026)	(89,026)	—
Hedge accounting applied	(375,421)	(375,421)	—

*1 Available-for-sale securities are shown in [].

*2 This table does not include financial instruments for which fair values are not practically determinable, such as unlisted securities.

The consolidated balance sheet amounts of these securities were ¥194,937 million as of March 31, 2021.

*3 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loans.

*4 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

The following table shows the carrying amounts in the consolidated balance sheet and the fair values and their differences of financial instruments as of March 31, 2022 and 2023.

The amounts shown in the following tables do not include stocks with no market prices and investments in partnership. Cash and deposits (except Negotiable certificates of deposit), Call loans, Payables under repurchase agreements and Payables under securities borrowing transactions are not included in the following tables since they are mostly short-term, and their fair values approximate their book values.

As of March 31	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 520,844	¥ 520,844	¥ —
[Available-for-sale securities]*1	[520,844]	[520,844]	—
Monetary claims bought	310,140	311,400	1,259
[Available-for-sale securities]*1	[192,123]	[192,123]	—
Money held in trust	4,914	4,914	—
Securities*2	35,450,247	36,790,028	1,339,781
Trading securities	1,107,657	1,107,657	—
Held-to-maturity debt securities	1,640,178	1,891,271	251,092
Policy-reserve-matching bonds	12,514,443	13,596,489	1,082,045
Investments in subsidiaries and affiliated companies	47,036	53,679	6,642
Available-for-sale securities	20,140,931	20,140,931	—
Loans	3,023,520		
Allowance for possible loan losses*3	(3,295)		
	3,020,225	3,046,138	25,912
Corporate bonds	508,257	515,593	7,336
Derivative transactions*4	(614,268)	(614,268)	—
Hedge accounting not applied	(23,373)	(23,373)	—
Hedge accounting applied	(590,895)	(590,895)	—

*1 Available-for-sale securities are shown in [].

*2 As of March 31, 2022, the investment trusts for which net asset value is regarded as fair value in accordance with Paragraph 26 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Application Guidance of Corporate Accounting standards, No. 31 (July 4, 2019) are included in the above table.)

*3 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loans.

*4 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 542,253	¥ 542,253	¥ —	\$ 4,060	\$ 4,060	\$ —
[Available-for-sale securities]*1	[542,253]	[542,253]	—	[4,060]	[4,060]	—
Monetary claims bought	407,646	407,470	(175)	3,052	3,051	(1)
[Available-for-sale securities]*1	[296,712]	[296,712]	—	[2,222]	[2,222]	—
Money held in trust	14,990	14,990	—	112	112	—
Securities *2	33,101,172	33,725,052	623,880	247,893	252,565	4,672
Trading securities	1,041,054	1,041,054	—	7,796	7,796	—
Held-to-maturity debt securities	1,659,605	1,864,850	205,244	12,428	13,965	1,537
Policy-reserve-matching bonds	13,192,905	13,610,612	417,707	98,801	101,929	3,128
Investments in subsidiaries and affiliated companies	44,698	45,626	927	334	341	6
Available-for-sale securities	17,162,908	17,162,908	—	128,532	128,532	—
Loans	3,175,130			23,778		
Allowance for possible loan losses*3	(3,699)			(27)		
	3,171,430	3,056,199	(115,231)	23,750	22,887	(862)
Corporate bonds	428,417	415,788	(12,629)	3,208	3,113	(94)
Derivative transactions*4	(394,911)	(394,911)	—	(2,957)	(2,957)	—
Hedge accounting not applied	(155,644)	(155,644)	—	(1,165)	(1,165)	—
Hedge accounting applied	(239,266)	(239,266)	—	(1,791)	(1,791)	—

*1 Available-for-sale securities are shown in [].

*2 As of March 31, 2023, the investment trusts for which net asset value is regarded as fair value in accordance with Item 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)) are included in the above table.

*3 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loans.

*4 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

Note 1: Matters related to securities, including certain deposits regarded as securities pursuant to “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

The following tables show the carrying amounts in the consolidated balance sheets, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2021, 2022 and 2023.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen			Millions of Yen		
	2021			2022		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 352,775	¥ 384,396	¥ 31,621	¥ 326,290	¥ 350,959	¥ 24,669
Foreign securities (bonds)	1,305,600	1,546,196	240,596	1,305,600	1,532,328	226,728
Fair value does not exceed the balance sheet amount						
Bonds	3,361	3,268	(92)	8,288	7,983	(304)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,661,737	1,933,862	272,125	1,640,178	1,891,271	251,092

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2023			2023		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 337,343	¥ 358,273	¥ 20,930	\$ 2,526	\$ 2,683	\$ 156
Foreign securities (bonds)	1,292,200	1,478,302	186,102	9,677	11,070	1,393
Fair value does not exceed the balance sheet amount						
Bonds	30,061	28,273	(1,787)	225	211	(13)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,659,605	1,864,850	205,244	12,428	13,965	1,537

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen			Millions of Yen		
	2021			2022		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥10,346,526	¥11,949,729	¥1,603,203	¥ 9,121,741	¥10,385,240	¥1,263,498
Foreign securities (bonds)	613,425	664,746	51,321	408,480	422,909	14,429
Fair value does not exceed the balance sheet amount						
Bonds	1,269,774	1,229,897	(39,877)	2,425,133	2,276,412	(148,720)
Foreign securities (bonds)	241,179	223,715	(17,464)	559,088	511,926	(47,161)
Total	12,470,906	14,068,089	1,597,183	12,514,443	13,596,489	1,082,045

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2023			2023		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 8,258,437	¥ 9,228,002	¥ 969,564	\$ 61,847	\$ 69,108	\$ 7,261
Foreign securities (bonds)	169,561	175,065	5,504	1,269	1,311	41
Fair value does not exceed the balance sheet amount						
Bonds	3,645,235	3,222,896	(422,338)	27,299	24,136	(3,162)
Foreign securities (bonds)	1,119,669	984,647	(135,021)	8,385	7,373	(1,011)
Total	13,192,905	13,610,612	417,707	98,801	101,929	3,128

The following table shows the acquisition costs or amortized costs, the carrying amounts in the consolidated balance sheets and their differences of available-for-sale securities as of March 31, 2021, 2022 and 2023.

3) Available-for-sale securities

As of March 31	Millions of Yen						Millions of Yen					
	2021						2022					
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference				Acquisition costs or amortized costs	Balance sheet amount	Difference			
Balance sheet amount exceeds acquisition costs or amortized costs												
Negotiable certificates of deposit	¥ —	¥ —	¥ —				¥ —	¥ —	¥ —			
Monetary claims bought	131,002	137,430	6,427				122,748	127,640	4,891			
Bonds	1,749,909	1,841,971	92,062				927,128	975,276	48,148			
Stocks	951,446	2,204,160	1,252,714				902,639	2,084,398	1,181,759			
Foreign securities	10,727,140	11,632,175	905,035				7,579,746	8,118,621	538,875			
Foreign bonds	9,880,183	10,692,680	812,496				6,858,017	7,242,811	384,794			
Other foreign securities	846,956	939,495	92,538				721,728	875,810	154,081			
Other securities	329,067	367,843	38,775				192,719	225,564	32,845			
Balance sheet amount does not exceed acquisition costs or amortized costs												
Negotiable certificates of deposit	491,600	491,530	(69)				520,900	520,844	(55)			
Monetary claims bought	302,887	302,319	(567)				65,354	64,483	(870)			
Bonds	866,604	831,411	(35,193)				1,992,142	1,901,023	(91,118)			
Stocks	164,279	134,282	(29,996)				252,606	213,078	(39,527)			
Foreign securities	1,886,365	1,800,000	(86,364)				6,681,426	6,413,183	(268,242)			
Foreign bonds	1,559,224	1,477,596	(81,627)				5,714,947	5,514,520	(200,427)			
Other foreign securities	327,140	322,403	(4,737)				966,478	898,663	(67,815)			
Other securities	20,000	19,265	(735)				218,287	209,782	(8,504)			
Total	17,620,302	19,762,389	2,142,087				19,455,698	20,853,900	1,398,201			

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2023						2023					
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference				Acquisition costs or amortized costs	Balance sheet amount	Difference			
Balance sheet amount exceeds acquisition costs or amortized costs												
Negotiable certificates of deposit	¥ —	¥ —	¥ —				\$ —	\$ —	\$ —			
Monetary claims bought	60,329	63,565	3,236				451	476	24			
Bonds	509,485	547,168	37,682				3,815	4,097	282			
Stocks	833,698	1,918,673	1,084,975				6,243	14,368	8,125			
Foreign securities	2,283,833	2,448,829	164,995				17,103	18,339	1,235			
Foreign bonds	1,982,979	2,083,506	100,527				14,850	15,603	752			
Other foreign securities	300,854	365,322	64,468				2,253	2,735	482			
Other securities	91,605	111,263	19,658				686	833	147			
Balance sheet amount does not exceed acquisition costs or amortized costs												
Negotiable certificates of deposit	542,300	542,253	(46)				4,061	4,060	(0)			
Monetary claims bought	236,181	233,146	(3,034)				1,768	1,746	(22)			
Bonds	2,626,754	2,395,660	(231,094)				19,671	17,940	(1,730)			
Stocks	231,482	199,909	(31,573)				1,733	1,497	(236)			
Foreign securities	10,507,045	9,401,247	(1,105,797)				78,686	70,405	(8,281)			
Foreign bonds	9,263,639	8,347,745	(915,893)				69,374	62,515	(6,859)			
Other foreign securities	1,243,405	1,053,502	(189,903)				9,311	7,889	(1,422)			
Other securities	156,552	140,156	(16,396)				1,172	1,049	(122)			
Total	18,079,268	18,001,874	(77,393)				135,394	134,815	(579)			

Note 2: Consolidated balance sheet amounts of stocks with no market prices and investments in partnerships are as follows. These amounts are not included the tables disclosed in “2) Fair value of financial instruments”:

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2022	2023	2022	2023
	Balance sheet amount	Balance sheet amount	Balance sheet amount	Balance sheet amount
Stocks with no market prices *1	¥136,387	¥155,561		\$1,164
Investments in partnership *2	246,617	341,270		2,555

*1 Unlisted stocks are included in stocks with no market prices.

*2 Investments in partnership includes those for Limited Partnerships. In accordance with Paragraph 27 of “Implementation Guidance on Accounting Standard for Fair Value Measurement (Application Guidance of Corporate Accounting standards, No. 31, July 4, 2019),” for the fiscal year ended March 31, 2022 and Item 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)),” for the fiscal year ended March 31, 2023, these amounts are not included in fair value disclosure.

Note 3: Maturity analysis of monetary claims, securities with maturities, corporate bonds and other liabilities

Scheduled redemptions of monetary claims, securities with maturities and corporate bonds

As of March 31	Millions of Yen				Millions of Yen			
	2021				2022			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Negotiable certificates of deposit	¥491,600	¥ —	¥ —	¥ —	¥520,900	¥ —	¥ —	¥ —
Monetary claims bought	280,549	208	288	278,221	34,550	213	295	271,025
Securities	487,926	3,938,537	9,055,851	14,394,458	729,290	4,928,930	9,413,674	14,116,412
Held-to-maturity debt securities	2,912	592,931	220,841	843,626	22,904	613,924	219,608	782,622
Policy-reserve-matching bonds	160,260	690,872	3,949,273	7,573,284	160,622	970,898	4,251,363	7,045,414
Available-for-sale securities	324,754	2,654,734	4,885,736	5,977,547	545,763	3,344,108	4,942,702	6,288,374
Loans	181,062	561,019	595,083	1,025,841	430,316	561,029	588,104	1,173,472
Corporate bonds	—	24,745	—	449,924	—	27,499	—	480,510

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Negotiable certificates of deposit	¥542,300	¥ —	¥ —	¥ —	\$4,061	\$ —	\$ —	\$ —
Monetary claims bought	143,051	218	302	263,839	1,071	1	2	1,975
Securities	937,064	6,211,267	8,301,504	14,436,971	7,017	46,515	62,169	108,117
Held-to-maturity debt securities	43,298	596,733	218,609	807,623	324	4,468	1,637	6,048
Policy-reserve-matching bonds	84,411	1,309,990	4,668,529	7,093,128	632	9,810	34,962	53,120
Available-for-sale securities	809,354	4,304,544	3,414,365	6,536,219	6,061	32,236	25,570	48,949
Loans	333,445	659,476	611,500	1,325,069	2,497	4,938	4,579	9,923
Corporate bonds	—	31,726	—	396,510	—	237	—	2,969

The table above excludes certain financial instruments for which estimation of the scheduled redemptions is impracticable, such as loans to borrowers that are legally or substantially bankrupt and borrowers likely to become bankrupt, and those without maturities.

3) Matters concerning fair value of financial instruments and breakdown by input level

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted price in an active market for the same asset or liability

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified to the lowest priority level of fair value measurement in which each input belongs.

1) Financial assets and liabilities at the fair value on the consolidated balance sheets

As of March 31	Millions of Yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 520,844	¥ —	¥ 520,844
Monetary claims bought	—	34,493	157,630	192,123
Money held in trust	—	—	4,914	4,914
Securities	6,520,745	11,806,909	527,991	18,855,647
Trading securities	510,889	397,991	12,332	921,214
Available-for-sale securities	6,009,855	11,408,918	515,658	17,934,432
National government bonds	1,291,807	—	—	1,291,807
Local government bonds	—	46,195	—	46,195
Corporate bonds	—	1,537,296	1,000	1,538,296
Domestic stocks	2,296,837	640	—	2,297,477
Foreign securities	2,417,887	9,824,785	514,658	12,757,331
Foreign bonds	2,417,887	9,824,785	514,658	12,757,331
Other securities	3,323	—	—	3,323
Loans	—	—	114,039	114,039
Derivative transactions	558	208,908	11,734	221,201
Currency-related	—	155,693	—	155,693
Interest-rate related	—	13,306	—	13,306
Stock-related	556	38,016	11,734	50,307
Other	2	1,892	—	1,895
Total Assets	6,521,303	12,571,157	816,310	19,908,771
Derivative transactions	7,481	825,334	2,654	835,470
Currency-related	—	815,207	2,169	817,377
Interest-rate related	—	7,153	—	7,153
Stock-related	6,347	2,786	484	9,618
Other	1,133	187	—	1,320
Total Liabilities	7,481	825,334	2,654	835,470

The amount of investment trusts for which transitional measures are applied in accordance with Paragraph 26 of "Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)," were not included in the table above. The consolidated balance sheet amount of these investment trusts was ¥2,392,941 million as of March 31, 2022.

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 542,253	¥ —	¥ 542,253	\$ —	\$ 4,060	\$ —	\$ 4,060
Monetary claims bought	—	142,995	153,716	296,712	—	1,070	1,151	2,222
Money held in trust	—	—	14,990	14,990	—	—	112	112
Securities	5,948,492	10,793,673	1,126,664	17,868,830	44,547	80,833	8,437	133,818
Trading securities	673,297	367,080	676	1,041,054	5,042	2,749	5	7,796
Available-for-sale securities	5,275,194	10,426,593	1,125,987	16,827,775	39,505	78,084	8,432	126,022
National government bonds	1,577,329	—	—	1,577,329	11,812	—	—	11,812
Local government bonds	—	42,638	—	42,638	—	319	—	319
Corporate bonds	—	1,322,510	350	1,322,860	—	9,904	2	9,906
Domestic stocks	2,118,488	94	—	2,118,583	15,865	0	—	15,865
Foreign securities	1,526,830	8,872,285	1,125,637	11,524,752	11,434	66,444	8,429	86,308
Foreign bonds	1,506,057	7,979,876	945,319	10,431,252	11,278	59,760	7,079	78,119
Other foreign securities	20,773	892,409	180,318	1,093,500	155	6,683	1,350	8,189
Other securities	52,546	189,064	—	241,610	393	1,415	—	1,809
Loans	—	—	123,140	123,140	—	—	922	922
Derivative transactions	2,060	207,972	7,114	217,147	15	1,557	53	1,626
Currency-related	—	150,380	1,632	152,012	—	1,126	12	1,138
Interest-rate related	—	22,602	—	22,602	—	169	—	169
Stock-related	1,280	32,083	5,482	38,846	9	240	41	290
Other	779	2,905	—	3,685	5	21	—	27
Total Assets	5,950,552	11,686,895	1,425,626	19,063,075	44,563	87,522	10,676	142,762
Derivative transactions	446	609,654	1,958	612,058	3	4,565	14	4,583
Currency-related	—	573,386	256	573,642	—	4,294	1	4,295
Interest-rate related	—	24,943	—	24,943	—	186	—	186
Stock-related	446	11,141	1,701	13,290	3	83	12	99
Other	—	182	—	182	—	1	—	1
Total Liabilities	446	609,654	1,958	612,058	3	4,565	14	4,583

The investment trusts for which net asset value is regarded as fair value in accordance with Item 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)) are not included in the above table.

The consolidated balance sheet amount of these investment trusts was ¥335,133 million (U.S. \$2,509 million) as of March 31, 2023.

The following table shows the reconciliation between the beginning and ending balance of these investment trusts:

For the fiscal year ended March 31	Millions of Yen	Millions of U.S. Dollars
	2023	2023
	Investment trusts for which net asset value is regarded as fair value	
Beginning balance	¥228,914	\$1,714
Gains (losses) for the period/ other comprehensive income	21,135	158
Recorded to gains (losses) for the period *1	1,495	11
Recorded to other comprehensive income *2	19,640	147
Net amount of purchase, sale, issuance and settlement, etc.	85,083	637
The amount of the investment trusts for which net asset value is regarded as fair value from this period	—	—
The amount of the investment trusts for which net asset value is not regarded as fair value from this period	—	—
Ending balance	335,133	2,509
Net unrealized gains (losses) on investment trusts held at consolidated balance sheet date among the amount recognized in the earnings of the period	—	—

*1 Included in “Investment income” and “Investment expenses” of the consolidated statements of income.

*2 Included in “Net unrealized gains (losses) on available-for-sale securities” under “Other comprehensive income (loss).” of the consolidated statements of comprehensive income.

These investment trusts with the restrictions of redemption mainly consisted of the investment trusts with the restriction that voluntary cancellation is not permitted, and the consolidated balance sheet amount of these investment trusts was ¥251,835 million (U.S. \$1,885 million) as of March 31, 2023.

2) Financial assets and liabilities which are not stated at the fair value on the consolidated balance sheet

As of March 31	Millions of Yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 119,276	¥ 119,276
Securities	10,623,422	4,916,008	2,008	15,541,440
Held-to-maturity debt securities	165,421	1,725,849	—	1,891,271
National government bonds	165,421	—	—	165,421
Local government bonds	—	2,031	—	2,031
Corporate bonds	—	191,489	—	191,489
Foreign securities	—	1,532,328	—	1,532,328
Foreign bonds	—	1,532,328	—	1,532,328
Policy-reserve-matching bonds	10,458,000	3,136,479	2,008	13,596,489
National government bonds	10,458,000	—	—	10,458,000
Local government bonds	—	135,972	—	135,972
Corporate bonds	—	2,067,679	—	2,067,679
Foreign securities	—	932,827	2,008	934,836
Foreign bonds	—	932,827	2,008	934,836
Investment in unconsolidated subsidiaries and affiliated companies	—	53,679	—	53,679
Loans	—	18,038	2,914,060	2,932,098
Total Assets	10,623,422	4,934,046	3,035,346	18,592,815
Corporate Bonds	—	515,593	—	515,593
Total Liabilities	—	515,593	—	515,593

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 110,758	¥ 110,758	\$ —	\$ —	\$ 829	\$ 829
Securities	10,636,013	4,883,060	2,015	15,521,089	79,652	36,569	15	116,236
Held-to-maturity debt securities	162,168	1,702,682	—	1,864,850	1,214	12,751	—	13,965
National government bonds	162,168	—	—	162,168	1,214	—	—	1,214
Local government bonds	—	17,693	—	17,693	—	132	—	132
Corporate bonds	—	206,685	—	206,685	—	1,547	—	1,547
Foreign securities	—	1,478,302	—	1,478,302	—	11,070	—	11,070
Foreign bonds	—	1,478,302	—	1,478,302	—	11,070	—	11,070
Policy-reserve-matching bonds	10,473,291	3,135,305	2,015	13,610,612	78,433	23,480	15	101,929
National government bonds	10,473,291	—	—	10,473,291	78,433	—	—	78,433
Local government bonds	—	131,436	—	131,436	—	984	—	984
Corporate bonds	—	1,846,171	—	1,846,171	—	13,825	—	13,825
Foreign securities	—	1,157,697	2,015	1,159,713	—	8,669	15	8,685
Foreign bonds	—	1,157,697	2,015	1,159,713	—	8,669	15	8,685
Investment in unconsolidated subsidiaries and affiliated companies	553	45,072	—	45,626	4	337	—	341
Loans	—	17,690	2,915,367	2,933,058	—	132	21,833	21,965
Total Assets	10,636,013	4,900,751	3,028,141	18,564,906	79,652	36,701	22,677	139,031
Corporate Bonds	—	415,788	—	415,788	—	3,113	—	3,113
Total Liabilities	—	415,788	—	415,788	—	3,113	—	3,113

Note 1: Description of the valuation techniques and inputs used to measure fair value

Assets

1) Monetary claims bought

As for securitized products of monetary claims bought, the fair values are based on the values deemed as market prices obtained by the reasonable estimate such as those obtained from financial information vendors and brokers and are categorized as Level 3 since significant valuation inputs are unobservable.

As for monetary claims bought other than those described above, when the present values of the expected future cash flows are considered to be fair values, those other monetary claims bought are categorized as Level 3 since the discount rate and other significant valuation inputs are unobservable and as Level 2 when those inputs are observable.

2) Money held in trust

As for money held in trust, the fair value is determined based on each component of trust properties quoted by the financial institutions from which these securities were purchased, and classified into Level 3 since significant valuation inputs are unobservable.

3) Securities

As for securities for which unadjusted quoted prices in active markets are available, those securities are categorized as Level 1 which includes mainly stocks and national government bonds.

In the case the markets are inactive even if the quoted prices are available, those securities are categorized as Level 2, which includes mainly local government bonds and corporate bonds.

When the quoted prices are not available, fair values are measured at the present value of the expected future cash flows and others. When making these assessments, we maximize the use of relevant observable inputs and the main inputs include government bond yields, prepayments rates, credit spreads, default rates, loss given default rates. When significant unobservable valuation inputs are used, those securities are categorized as level 3.

For investment trusts which do not have market price, the company applied net asset value of these investment trusts as fair value if there are no material restrictions on cancellation for which the market participants would require compensation.

The fair value is categorized as Level 2 or Level 3 based on the level of the major components of these investment trusts.

4) Loans

As for general loans, the fair values are measured, for each category of the loans determined according to the types, internal ratings and terms of the loans, by discounting the total amount of principal and interest and others at the discount rate that reflects market interest rates and other factors such as credit risks. When significant unobservable valuation inputs are used, those loans are categorized as level 3.

As for policy loans, the book value is deemed as the fair value since the fair value approximates the book value, considering that the loan amount is limited within surrender value with no contractual maturity and given their estimated repayment period and interest rate terms, and those loans are categorized as level 3.

Liabilities

1) Corporate bonds

As for Corporate bonds, quoted prices in inactive markets are considered to be fair values and those bonds are categorized as level 2.

Derivative transactions

Derivative transactions that can be measured at unadjusted quoted prices in active markets are categorized as Level 1, which includes such transactions as bonds futures and stocks futures. However, since most derivative transactions are over-the-counter transactions and there are no quoted market prices, fair values are measured using valuation techniques such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs which are used in those valuation techniques include interest rate, currency rate, volatility and others. When unobservable inputs are not used or impact of unobservable inputs are not material, transactions are categorized as Level 2, which mainly includes such transactions as plain vanilla interest rate swaps and foreign exchange forwards. When significant unobservable inputs are used, transactions are categorized as Level 3, which includes transactions such as stock option transactions.

Since foreign exchange forward contracts and currency swap contracts subject to the allocation method are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair value is

included in the fair value of hedged loans and bonds payable in the table above. In addition, since interest rate swaps subject to the exceptional method are treated as an integral part of the hedged loan, their fair value is included in the fair value of hedged loans in the table above.

Note 2: Information about financial assets and liabilities measured and stated on the consolidated balance sheet at fair value and classified in Level 3

1) Quantitative information about significant unobservable input*¹

Category	Valuation technique	Significant unobservable inputs	Range	
			2022	2023
Loans	Discounted cash flow	Discounted rate	2.4% - 4.8%	5.8% - 7.18%

*1 The above table does not include information about Level 3 inputs when the prices obtained from third parties are used without adjustment as the fair value.

2) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings for the period ended March 31, 2022 and 2023

As of March 31	Millions of Yen					
						2022
	Monetary claims bought	Money held in trust	Securities	Loans	Derivative transactions ⁵	Total
Beginning balance	¥159,383	¥ —	¥473,620	¥112,291	¥(20,035)	¥725,260
Gains (losses) for the period/ other comprehensive income	(1,941)	382	27,331	(1,735)	2,099	26,136
Recorded to gains (losses) for the period ^{*1}	8	382	30,527	(1,735)	2,099	31,282
Recorded to other comprehensive income ^{*2}	(1,950)	—	(3,195)	—	—	(5,145)
Net amount of purchase, sale, issuance and settlement, etc.	187	4,532	30,549	3,483	27,016	65,768
Transfer to Level 3 ^{*3}	—	—	6,374	—	—	6,374
Transfer from Level 3 ^{*4}	—	—	(9,884)	—	—	(9,884)
Ending balance	157,630	4,914	527,991	114,039	9,080	813,656
Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date among the amount recognized in the earnings of the period	—	—	3,114	6,402	(994)	8,522

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2023						2023					
	Monetary claims bought	Money held in trust	Securities	Loans	Derivative transactions ^{*5}	Total	Monetary claims bought	Money held in trust	Securities	Loans	Derivative transactions ^{*5}	Total
Beginning balance ^{*6}	¥157,630	¥4,914	¥695,614	¥114,039	¥9,080	¥981,278	\$1,180	\$36	\$5,209	\$854	\$68	\$7,348
Gains (losses) for the period/ other comprehensive income	(3,816)	316	21,795	(19,472)	(25,859)	(27,036)	(28)	2	163	(145)	(193)	(202)
Recorded to gains (losses) for the period ^{*1}	4	316	46,747	(19,472)	(25,859)	1,736	0	2	350	(145)	(193)	13
Recorded to other comprehensive income ^{*2}	(3,820)	—	(24,952)	—	—	(28,772)	(28)	—	(186)	—	—	(215)
Net amount of purchase, sale, issuance and settlement, etc.	(97)	9,760	439,928	28,573	21,934	500,100	(0)	73	3,294	213	164	3,745
Transfer to Level 3 ^{*3}	—	—	3,558	—	—	3,558	—	—	26	—	—	26
Transfer from Level 3 ^{*4}	—	—	(34,232)	—	—	(34,232)	—	—	(256)	—	—	(256)
Ending balance	153,716	14,990	1,126,664	123,140	5,156	1,423,668	1,151	112	8,437	922	38	10,661
Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date among the amount recognized in the earnings of the period	—	—	(1)	(12,085)	(14,665)	(26,752)	—	—	(0)	(90)	(109)	(200)

*1 Principally included in "Investment income" and "Investment expenses" of the consolidated statements of income.

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

*3 Those are the transfers from Level 1 or 2 to Level 3, due to changes in observability of valuation inputs which are used in fair value measurements.

The transfer was made on the beginning of the fiscal year.

*4 Those are the transfers from Level 3 to Level 1 or 2, due to changes in observability of valuation inputs which are used in fair value measurements.

The transfer was made on the beginning of the fiscal year.

*5 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

*6 The amount of investment trusts, ¥167,622 million (U.S. \$1,255 million), is included in Securities.

3) Explanation about the fair value valuation process

The company's risk management department has implemented policies and procedures regarding the fair value measurement and front divisions and others obtain and measure the fair values in accordance with such policies and procedures. The risk management department and others verify the reasonableness of the fair value valuation models, the inputs used, and the appropriateness of the classified fair value level of the calculated fair value. The results of verification are reported to the risk management department every quarter to ensure the appropriateness of the policies and procedures regarding the fair value measurement.

When measuring the fair values, the valuation models which most appropriately reflect the nature, characteristics and risks of each asset are used. When quoted prices obtained from third parties are used as fair value, their validity is verified taking appropriate methods such as confirming the valuation techniques and inputs used and comparing with the fair value of similar financial instruments.

4) Description of the sensitivity of the fair value to changes in significant unobservable inputs

Discount rate

Discount rate is a rate that is adjusted to reflect the uncertainty of cash flow and the liquidity of financial instruments.

A significant increase(decrease) in discount rate generally causes a significant decrease(increase) in fair value.

Note 3: Fair values of derivative transactions

1) Interest-rate related

a) Hedge accounting not applied

As of March 31

Type	Millions of Yen				Millions of Yen			
	2021				2022			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ —	¥ —	¥ —	¥ —	¥165,884	¥165,884	¥ (1,871)	¥ (1,871)
Receipts floating, payments fixed	83,032	—	6,081	6,081	91,792	91,792	10,820	10,820
Interest rate swaptions								
Bought	— [—]	—	—	—	— [—]	—	—	—
Others	61,409	61,409	3,828	3,828	136,766	136,766	1,581	1,581
Total				9,909				10,529

As of March 31

Type	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ 40,462	¥ 35,286	¥ 1,349	¥ 1,349	\$ 303	\$ 264	\$ 10	\$ 10
Receipts floating, payments fixed	100,147	100,147	17,173	17,173	750	750	128	128
Interest rate swaptions								
Bought	437,910 [488]	—	8	(480)	3,279 [3]	—	0	(3)
Others	157,789	157,789	(4,105)	(4,105)	1,181	1,181	(30)	(30)
Total				13,936				104

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for interest rate swaps and the differences between the option fees and the fair values for option transactions.

b) Hedge accounting applied

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of Yen		
			2021			2022		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	¥ 145	¥ 80	¥ 1	¥ 80	¥ 35	¥ 0
	Interest rate swaps							
	Receipts fixed, payments floating	Loans	107,501	100,499	3,649	114,730	84,136	1,297
Deferred hedge method	Receipts fixed, payments floating	Insurance Liabilities	—	—	—	77,500	77,500	(5,038)
Total					3,650			(3,740)

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars		
			2023			2023		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	¥ 735	¥ 710	¥ 0	\$ 6	\$ 6	\$ 0
	Interest rate swaps							
	Receipts fixed, payments floating	Loans	297,418	225,641	(23,103)	2,227	1,689	(173)
Deferred hedge method	Receipts fixed, payments floating	Insurance Liabilities	217,500	217,500	(13,146)	1,628	1,628	(98)
Total					(36,249)			(271)

*1 The fair values of certain interest rate swaps under the exceptional method are included in the fair values of related loans since they are accounted for as integrated transactions.

2) Currency-related

a) Hedge accounting not applied

As of March 31

Type	Millions of Yen				Millions of Yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥3,235,486	¥—	¥(214,996)	¥(214,996)	¥2,215,532	¥—	¥(221,515)	¥(221,515)
(U.S. dollar)	1,500,512	—	(58,407)	(58,407)	983,269	—	(118,453)	(118,453)
(Euro)	1,149,871	—	(72,428)	(72,428)	582,889	—	(29,456)	(29,456)
(Australian dollar)	278,675	—	(67,010)	(67,010)	513,509	—	(60,675)	(60,675)
Bought	3,542,436	—	100,313	100,313	2,640,665	—	147,989	147,989
(U.S. dollar)	1,418,949	—	47,159	47,159	989,700	—	47,798	47,798
(Euro)	1,540,936	—	44,898	44,898	1,034,799	—	60,119	60,119
(Australian dollar)	272,639	—	5,311	5,311	485,776	—	37,184	37,184
Currency options								
Sold								
Call	172,500	—			120,000	—		
	[726]		172	553	[313]		2,169	(1,856)
(U.S. dollar)	172,500	—			120,000	—		
	[726]		172	553	[313]		2,169	(1,856)
Put	135,000	—			—	—		
	[681]		—	681				
(U.S. dollar)	135,000	—			—	—		
	[681]		—	681				
Bought								
Put	150,000	—			100,000	—		
	[2,186]		2	(2,184)	[422]			(422)
(U.S. dollar)	150,000	—			100,000	—		
	[2,186]		2	(2,184)	[422]			(422)
Currency swaps								
(U.S. dollar)	—	—	—	—	—	—	—	—
Total				(115,631)				(75,805)

As of March 31

Type	Millions of Yen				Millions of U.S. Dollars			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥3,623,464	¥—	¥(252,498)	¥(252,498)	\$27,135	\$—	\$(1,890)	\$(1,890)
(U.S. dollar)	1,829,812	—	(123,913)	(123,913)	13,703	—	(927)	(927)
(Euro)	1,280,422	—	(124,993)	(124,993)	9,589	—	(936)	(936)
(Australian dollar)	401,852	—	(4,138)	(4,138)	3,009	—	(30)	(30)
Bought	3,524,394	—	54,022	54,022	26,394	—	404	404
(U.S. dollar)	1,697,932	—	10,414	10,414	12,715	—	77	77
(Euro)	1,337,349	—	47,940	47,940	10,015	—	359	359
(Australian dollar)	396,207	—	(5,848)	(5,848)	2,967	—	(43)	(43)
Currency options								
Sold								
Call	83,200	—			623	—		
	[678]		256	422	[5]		1	3
(U.S. dollar)	83,200	—			623	—		
	[678]		256	422	[5]		1	3
Put	—	—			—	—		
	[—]		—	—	[—]		—	—
(U.S. dollar)	—	—			—	—		
	[—]		—	—	[—]		—	—
Bought								
Put	914,650	—			6,849	—		
	[3,933]		1,632	(2,301)	[29]		12	(17)
(U.S. dollar)	914,650	—			6,849	—		
	[3,933]		1,632	(2,301)	[29]		12	(17)
Currency swaps								
(U.S. dollar)	40,965	40,965	1,497	1,497	306	306	11	11
	40,965	40,965	1,497	1,497	306	306	11	11
Total				(198,858)				(1,489)

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for foreign currency forward contracts and the differences between the option fees and the fair values for option transactions.

b) Hedge accounting applied

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of Yen		
			2021			2022		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets						
	Sold		¥7,954,817	¥2,386,505	¥(374,068)	¥7,894,713	¥3,363,811	¥(585,471)
	(U.S. dollar)		3,670,328	1,116,818	(161,117)	3,829,723	1,656,305	(318,481)
	(Euro)		2,412,569	906,783	(84,208)	2,546,059	1,265,539	(126,821)
	(Australian dollar)		1,234,976	248,123	(109,166)	1,159,427	441,967	(114,262)
Allocation method	Currency swaps	Foreign-currency-denominated assets	179,829	173,945	4,776	185,118	185,118	(15,141)
	(U.S. dollar)		179,829	173,945	4,776	185,118	185,118	(15,141)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	244,924	244,924	29,996	345,510	345,510	49,984
	(U.S. dollar)		244,924	244,924	29,996	345,510	345,510	49,984
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	124,047	112,113	(1,052)	124,488	109,629	(516)
	(Great Britain pound)		54,240	44,444	4,059	49,249	34,390	3,735
	(U.S. dollar)		35,351	35,351	(3,685)	35,351	35,351	(5,057)
	(Euro)		28,501	26,363	(1,118)	33,434	33,434	891
Total					(340,346)			(551,144)

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars		
			2023			2023		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets						
	Sold		¥4,762,898	¥702,883	¥(229,955)	\$35,669	\$5,263	\$(1,722)
	(U.S. dollar)		3,181,135	663,063	(168,052)	23,823	4,965	(1,258)
	(Euro)		872,598	—	(51,356)	6,534	—	(384)
	(Australian dollar)		524,937	27,290	(10,483)	3,931	204	(78)
Allocation method	Currency swaps	Foreign-currency-denominated assets	196,787	190,583	(30,723)	1,473	1,427	(230)
	(U.S. dollar)		196,787	190,583	(30,723)	1,473	1,427	(230)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	345,510	246,030	65,546	2,587	1,842	490
	(U.S. dollar)		345,510	246,030	65,546	2,587	1,842	490
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	129,204	122,676	3,928	967	918	29
	(Great Britain pound)		40,614	37,917	6,234	304	283	46
	(U.S. dollar)		35,351	35,351	(6,634)	264	264	(49)
	(Euro)		39,354	35,523	4,145	294	266	31
Total					(191,204)			(1,431)

*1 The fair values of currency swaps under the allocation method are included in the fair values of related foreign-currency-denominated assets and liabilities since they are accounted for as integrated transactions.

3) Stock-related

a) Hedge accounting not applied

As of March 31

		Millions of Yen				Millions of Yen			
		2021				2022			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ 2,344	¥ —	¥ (58)	¥ (58)	¥ 83,890	¥ —	¥ (6,328)	¥ (6,328)
	Bought	33,041	—	487	487	13,907	—	537	537
Over-the-counter transactions	Stock index options								
	Sold								
	Call	148,470 [1,674]	—	28,555	(26,881)	— [—]	—	—	—
	Put	151,707 [4,007]	2,622	725	3,282	100,316 [5,038]	6,295	3,271	1,767
	Bought								
	Call	1,027,089 [27,873]	7,083	41,838	13,964	1,225,406 [35,076]	35,993	49,751	14,674
	Put	149,985 [5,481]	—	—	(5,481)	66,000 [1,392]	—	0	(1,391)
Total					(14,685)				9,258

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2023				2023			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ 7,896	¥ —	¥ (77)	¥ (77)	\$ 59	\$ —	\$ 0	\$ 0
	Bought	75,510	—	911	911	565	—	6	6
Over-the-counter transactions	Stock index options								
	Sold								
	Call	40,000 [1,046]	—	390	656	299 [7]	—	2	4
	Put	211,314 [12,719]	50,399	12,453	266	1,582 [95]	377	93	1
	Bought								
	Call	1,712,764 [63,555]	129,103	37,119	(26,436)	12,826 [475]	966	277	(197)
	Put	547,130 [4,936]	—	446	(4,489)	4,097 [36]	—	3	(33)
Total					(29,169)				(218)

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for futures trading and the difference between the option fees and the fair values for option transactions.

b) Hedge accounting applied

No ending balances as of March 31, 2021, 2022 and 2023.

4) Bond-related

a) Hedge accounting not applied

As of March 31

		Millions of Yen				Millions of Yen			
		2021				2022			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures								
	Sold	¥20,393	¥—	¥ 99	¥ 99	¥ —	¥—	¥ —	¥ —
	Bought	33,536	—	(47)	(47)	66,423	—	(1,133)	(1,133)
Total					51				(1,133)

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2023				2023			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures								
	Sold	¥ —	¥—	¥ —	¥ —	\$ —	\$—	\$ —	\$ —
	Bought	33,788	—	776	776	253	—	5	5
Total					776				5

*1 Net gains (losses) represent the fair values for futures trading.

b) Hedge accounting applied

No ending balances as of March 31, 2021, 2022 and 2023.

5) Other

a) Hedge accounting not applied

As of March 31

		Millions of Yen				Millions of Yen			
		2021				2022			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Commodity index futures								
	Sold	¥ —	¥—	¥ —	¥ —	¥ —	¥—	¥ —	¥ —
	Bought	100	—	5	5	78	—	2	2
Over-the-counter transactions	Multi-Asset index options								
	Sold	134,140 [445]	—	549	(103)	136,100 [414]	—	187	227
	Bought	127,843 [2,630]	—	3,421	790	143,926 [2,882]	—	1,892	(990)
Total					692				(760)

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2023				2023			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Commodity index futures								
	Sold	¥ —	¥—	¥ —	¥ —	\$ —	\$—	\$ —	\$ —
	Bought	57	—	3	3	0	—	0	0
Over-the-counter transactions	Multi-Asset index options								
	Sold	97,881 [291]	—	182	108	733 [2]	—	1	0
	Bought	186,144 [4,144]	—	2,905	(1,238)	1,394 [31]	—	21	(9)
Total					(1,125)				(8)

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for futures trading and the difference between the option fees and the fair values for option transactions.

b) Hedge accounting applied

No ending balances as of March 31, 2021, 2022 and 2023.

Note 5

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥397,361 million, ¥395,019 million and ¥404,931 million (U.S. \$3,032 million), and their fair values were ¥516,728 million, ¥532,472 million and ¥555,699 million (U.S. \$4,161 million) as of March 31, 2021, 2022 and 2023, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amounts of ¥1,384 million, ¥1,319 million and ¥1,319 million (U.S. \$9 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 6

Securities Lending

Securities loaned under security lending agreements amounted to ¥4,366,031 million, ¥4,776,801 million and ¥3,991,231 million (U.S. \$29,890 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 7

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥433,122 million, ¥434,717 million and ¥447,479 million (U.S. \$3,351 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 8

Deduction from the original acquisition cost of qualified properties

The Company's total amounts deducted from the original acquisition cost of the qualified properties were nil, ¥2,826 million and ¥16,601 million (U.S. \$124 million) for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

Note 9

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥828,123 million, ¥828,542 million and ¥790,519 million (U.S. \$5,920 million) as of March 31, 2021, 2022 and 2023, respectively. The total amounts of separate account liabilities were the same as these.

Note 10

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
At the beginning of the fiscal year	¥221,485	¥218,156	¥216,226	\$1,619
Transfer from surplus in the previous fiscal year	47,451	54,181	58,310	436
Dividend payments to policyholders during the fiscal year	(50,810)	(56,141)	(58,895)	(441)
Interest accrued during the fiscal year	29	29	26	0
At the end of the fiscal year	¥218,156	¥216,226	¥215,667	\$1,615

Note 11

Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	2021	2022	2023
	Benefit formula basis	Benefit formula basis	Benefit formula basis
Method of attributing benefits to period of service			
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years	8 years	8 years
Amortization period for past service costs	3 years	3 years	3 years

The following provide details of the retirement benefit plans.

1) Summary of the retirement benefit plans

The Company has defined benefit corporate pension plans and retirement allowance systems, which distribute a lump sum payment on retirement, as defined benefit plans, and a defined contribution pension plan as defined contribution plans.

The Company established retirement benefit trusts for certain retirement allowance systems.

As for accrued retirement benefits of certain consolidated subsidiaries, the simplified method is applied.

Certain foreign consolidated subsidiaries have defined contribution plans.

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
At the beginning of the fiscal year	¥279,090	¥304,975	¥306,541	\$2,295
Service costs	11,888	13,265	13,601	101
Interest costs on projected benefit obligations	4,009	1,726	1,740	13
Actuarial losses(gains)	33,137	2,090	2,702	20
Benefits paid	(23,255)	(15,081)	(16,045)	(120)
Past service costs	—	(780)	—	—
Others	106	344	119	0
At the end of the fiscal year	¥304,975	¥306,541	¥308,660	\$2,311

b) Changes in the plan assets for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
At the beginning of the fiscal year	¥272,693	¥318,570	¥325,333	\$2,436
Expected return on plan assets	2,146	3,048	3,286	24
Actuarial gains(losses)	47,593	4,973	13,084	97
Contribution by employer	6,985	5,418	5,528	41
Benefits paid	(10,877)	(6,686)	(6,870)	(51)
Others	29	10	1	0
At the end of the fiscal year	¥318,570	¥325,333	¥340,364	\$2,548

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheets as of March 31, 2021, 2022 and 2023 were determined as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Present value of funded obligations	¥ 303,128	¥ 304,018	¥ 306,097	\$ 2,292
Plan assets at fair value	(318,570)	(325,333)	(340,364)	(2,548)
Net present value of funded obligations	(15,442)	(21,315)	(34,266)	(256)
Present value of unfunded obligations	1,847	2,522	2,562	19
Net value on the balance sheet	(13,595)	(18,792)	(31,704)	(237)
Net defined benefit liabilities	4,775	2,884	4,133	30
Net defined benefit assets	(18,370)	(21,677)	(35,837)	(268)
Net value on the balance sheet	¥ (13,595)	¥ (18,792)	¥ (31,704)	\$ (237)

d) The amounts recognized in retirement benefit expenses in the consolidated statements of income for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Service costs	¥11,888	¥13,265	¥13,601	\$101
Interest costs on projected benefit obligations	4,009	1,726	1,740	13
Expected return on plan assets	(2,146)	(3,048)	(3,286)	(24)
Amortization of net actuarial losses(gains)	(4,734)	(4,381)	(1,710)	(12)
Amortization of net past service costs	(3,724)	(1,026)	(245)	(1)
Others	85	340	136	1
Retirement benefit expenses	¥ 5,376	¥ 6,876	¥10,235	\$ 76

e) Major components of other comprehensive income and accumulated other comprehensive income
Major components of other comprehensive income (before income tax effect adjustments) for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Actuarial gains(losses)	¥ 9,721	¥(1,498)	¥8,671	\$64
Past service costs	(3,724)	(245)	(245)	(1)
Total	¥ 5,997	¥(1,744)	¥8,425	\$63

Major components of accumulated other comprehensive income (before income tax effect adjustments) as of March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Unrecognized actuarial gains(losses)	¥(229)	¥(1,728)	¥6,942	\$51
Unrecognized past service costs	491	245	—	—
Total	¥ 261	¥(1,482)	¥6,942	\$51

f) The plan assets

The plan assets as of March 31, 2021, 2022 and 2023 were comprised as follows:

	% of total fair value of plan assets		
	2021	2022	2023
Equity securities	35	40	41
General accounts of life insurance companies	41	36	34
Investment trusts	6	6	6
Debt securities	7	4	5
Others	11	14	14
Total	100	100	100

47%, 47% and 49% of the plan assets were the retirement benefit trusts as of March 31, 2021, 2022 and 2023, respectively.

g) The expected long-term rate of return on the plan assets

The expected long-term rate of return on the plan assets is calculated by aggregating the weighted rates of return derived from each asset category. The expected long-term rates of return for each asset category are based primarily on various aspects of long-term prospects for the economy that include historical performance and the market environment.

h) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	2021	2022	2023
Discount rate	0.575%	0.575%	0.575%
Expected long-term rates of return on the plan assets			
Defined benefit pension plans	1.3%	1.8%	1.9%
Retirement benefit trusts	0.0%	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥2,317 million, ¥2,643 million and ¥3,064 million (U.S. \$22 million) for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

Note 12

Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

Note 13

Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥3,407,982 million, ¥4,023,777 million and ¥3,783,409 million (U.S. \$28,333 million), loans in the amounts of ¥325,829 million, ¥427,658 million and ¥617,078 million (U.S. \$4,621 million) and cash and deposits in the amounts of ¥1,035 million, ¥1,144 million and ¥1,313 million (U.S. \$9 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 14

Investments in Affiliates

Total amounts of investments in affiliates were ¥151,065 million, ¥189,174 million and ¥210,804 million (U.S. \$1,578 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 15**Loans**

Of claims pursuant to the Insurance Business Act, the aggregate amounts of claims against bankrupt or de facto bankrupt borrowers, doubtful claims, past due claims (3 months or more) and restructured claims were ¥2,053 million, ¥1,355 million and ¥783 million (U.S. \$5 million) as of March 31, 2021, 2022 and 2023, respectively. The details are as follows:

The amounts of claims against bankrupt or de facto bankrupt borrowers were nil, nil and nil, and doubtful claims were ¥853 million, ¥755 million and ¥783 million (U.S. \$5 million) as of March 31, 2021, 2022 and 2023, respectively.

The amounts of claims deemed uncollectible and directly deducted from the claims in the consolidated balance sheet were ¥20 million, ¥17 million and ¥16 million (U.S. \$0 million) as of March 31, 2021, 2022 and 2023, respectively, which were claims against bankrupt or de facto bankrupt borrowers. The amounts of claims deemed uncollectible and directly deducted from the claims in the consolidated balance sheet were ¥226 million, nil and nil as of March 31, 2021, 2022 and 2023, respectively, which is doubtful claims.

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation of other similar legal proceedings.

Doubtful claims are those against borrowers who have not yet failed but their financial condition and business performance have deteriorated, with a high possibility that the principal and interest on these claims will not be received as per agreement, excluding claims against bankrupt or de facto bankrupt borrowers.

The amounts of past due claims (3 months or more) were nil, nil and nil as of March 31, 2021, 2022 and 2023, respectively.

Past due claims (3 months or more) represent claims on which payments of principal or interest are past due over three months from the day following the contractual due date. Past due claims (3 months or more) do not include claims classified as claims against bankrupt or de facto bankrupt borrowers or doubtful claims.

The amounts of restructured claims were ¥1,200 million, ¥600 million and nil as of March 31, 2021, 2022 and 2023, respectively.

Restructured claims represent claims which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured claims do not include claims classified as claims against bankrupt or de facto bankrupt borrowers, doubtful claims or past due claims (3 months or more).

Note 16**Loan Commitments**

The amounts of loan commitments outstanding were ¥9,896 million, ¥27,098 million and ¥27,615 million (U.S. \$206 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 17**Contributions to the Life Insurance Policyholders Protection Corporation**

The Company and a domestic life insurance business subsidiary estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥36,294 million, ¥36,665 million and nil as of March 31, 2021, 2022 and 2023, respectively, pursuant to Article 259 of the Insurance Business Act. These contributions are recognized as operating expenses when they are made.

Impairment of Fixed Assets

The details of impairment losses on fixed assets were as follows:

Accumulated impairment losses on fixed assets are directly reduced from amounts of their respective assets.

1) Method for grouping the assets

The Company groups all the fixed assets held and utilized for its insurance business as one asset group for the impairment test.

The Company treats real estates for investment and idle assets as an independent asset group for the impairment test.

2) Description of impairment losses

For the fiscal years ended March 31, 2021, 2022 and 2023, the Company recognized impairment losses on real estates for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in the fair value. For these assets, the Company reduced the carrying amounts to the recoverable amounts, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

3) Breakdown of impairment losses for the fiscal years ended March 31, 2021, 2022 and 2023

Asset Group	Asset Category	Millions of Yen			Millions of U.S. Dollars
		2021	2022	2023	2023
Real estates for investment, etc.	Land and buildings, etc.	¥ —	¥ —	¥ 751	\$ 5
Idle assets, etc.	Land and buildings, etc.	1,082	432	1,569	11
Total		¥1,082	¥432	¥2,320	\$17

4) The recoverable amounts

The recoverable amounts of real estates for investment are determined at net realizable value or value in use. The recoverable amounts for idle assets are determined at net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on the Real Estate Appraisal Standards, or publicly announced value. Value in use is determined as the estimated net future cash flows discounted at 5.0%.

Note 19

Deferred Taxes

The consolidation tax filings were adopted from the fiscal year ended March 31, 2018.

Following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No.8 of 2020), the transition from the consolidation tax filings to the group tax sharing system will be applied for the fiscal year beginning on April 1, 2022. With the adoption of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No.39, March 31, 2020), the Company and certain domestic subsidiaries recognized deferred tax assets/liabilities as of March 31, 2021 and 2022 based on the provisions of pre-amended Tax Act.

The Company and certain domestic consolidated subsidiaries, which adopted the Group Tax Sharing System, have accounted for and made disclosure of their corporate tax and local corporate tax, and tax effect accounting, based on "the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force No.42, August 12, 2021) from the fiscal year ended March 31, 2023.

1) Deferred tax assets/liabilities as of March 31, 2021, 2022 and 2023 were recognized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Deferred tax assets	¥ 701,323	¥ 781,308	¥ 849,394	\$ 6,361
Valuation allowance for deferred tax assets	(18,331)	(16,500)	(23,264)	(174)
Subtotal	682,991	764,807	826,130	6,186
Deferred tax liabilities	(647,550)	(487,943)	(238,021)	(1,782)
Net deferred tax assets(liabilities)	35,440	276,864	588,109	4,404

Major components of deferred tax assets/liabilities as of March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Deferred tax assets:				
Policy reserves and other reserves	¥ 340,808	¥ 396,857	¥ 412,727	\$3,090
Reserve for price fluctuation	247,115	271,813	237,590	1,779
Net defined benefit liabilities	28,691	27,341	23,756	177-
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	(567,898)	(378,029)	(116,594)	(873)
Other intangible fixed assets	(22,349)	(24,408)	(28,070)	(210)

2) The statutory effective income tax rates were 27.96%, 27.96% and 27.96% for the fiscal year ended March 31, 2021, 2022 and 2023, respectively. The actual effective income tax rates were (36.4)% and (18.1)% and 22.1% for the fiscal years ended March 31, 2021, 2022 and 2023 respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2021	2022	2023
Policyholders' dividend reserves	(76.5)%	(42.2)%	(8.8)%
Change in valuation allowance	10.6 %	(4.7)%	3.2 %
Investment tax credits of foreign consolidated subsidiaries	(13.6)%	(5.5)%	(0.5)%
Investment losses and gains under the equity method	9.5 %	0.9 %	(0.4)%

Note 20

Subordinated Bonds

The amounts of corporate bonds in liabilities included ¥499,924 million, ¥480,510 million and ¥396,510 million (U.S. \$2,969 million) of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of March 31, 2021, 2022 and 2023, respectively.

Note 21

Subordinated Debt

Other liabilities included subordinated debt of ¥120,000 million, ¥120,000 million and ¥170,000 million (U.S. \$1,273 million), the repayments of which are subordinated to other obligations, as of March 31, 2021, 2022 and 2023, respectively.

Note 22

Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

Reclassification adjustments and income tax effects relating to other comprehensive income were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
Net unrealized gains (losses) on available-for-sale securities:				
Amount arising during the fiscal year	¥ 818,328	¥ (740,795)	¥ (1,411,681)	\$ (10,572)
Reclassification adjustments	(30,336)	38,959	67,340	504
Before income tax effect adjustments	787,992	(701,835)	(1,344,340)	(10,067)
Income tax effects	(212,924)	189,960	338,894	2,537
Net unrealized gains (losses) on available-for-sale securities	575,067	(511,875)	(1,005,446)	(7,529)
Deferred gains (losses) on derivatives under hedge accounting:				
Amount arising during the fiscal year	¥ 2,071	¥ (2,475)	¥ (8,454)	\$ (63)
Reclassification adjustments	(2,475)	(1,985)	(4,935)	(36)
Before income tax effect adjustments	(403)	(4,460)	(13,390)	(100)
Income tax effects	103	1,353	3,328	24
Deferred gains (losses) on derivatives under hedge accounting	(300)	(3,106)	(10,061)	(75)
Foreign currency translation adjustments:				
Amount arising during the fiscal year	¥ (19,738)	¥ 36,294	¥ 57,026	\$ 427
Reclassification adjustments	—	—	—	—
Before income tax effect adjustments	(19,738)	36,294	57,026	427
Income tax effects	—	—	—	—
Foreign currency translation adjustments	(19,738)	36,294	57,026	427
Remeasurements of defined benefit plans:				
Amount arising during the fiscal year	¥ 14,456	¥ 3,663	¥ 10,381	\$ 77
Reclassification adjustments	(8,459)	(5,408)	(1,956)	(14)
Before income tax effect adjustments	5,997	(1,744)	8,425	63
Income tax effects	(1,683)	492	(2,352)	(17)
Remeasurements of defined benefit plans	4,313	(1,252)	6,072	45
Share of other comprehensive income of associates under the equity method:				
Amount arising during the fiscal year	¥ (807)	¥ 10,494	¥ 6,756	\$ 50
Reclassification adjustments	(436)	(575)	(883)	(6)
Share of other comprehensive income of associates under the equity method	(1,243)	9,919	5,873	43
Total other comprehensive income (loss)	¥ 558,098	¥ (470,020)	¥ (946,534)	\$ (7,088)

Note 23**Securities Borrowed under Borrowing Agreements**

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair values of the securities which were not sold or pledged as collateral were ¥824 million, ¥6,492 million and ¥8,792 million (U.S. \$65 million), and none of the securities was pledged as collateral as of March 31, 2021, 2022 and 2023, respectively.

Note 24**Other assets and other liabilities**

Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥553,964 million and ¥616,675 million as of March 31, 2021, respectively. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥589,198 million and ¥641,532 million as of March 31, 2022, respectively.

Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥651,076 million (U.S. \$4,875 million) and ¥580,731 million (U.S. \$4,349 million) as of March 31, 2023, respectively.

Note 25**Modified coinsurance by consolidated domestic subsidiary**

For certain transactions of modified coinsurance entered into by a domestic consolidated subsidiary that do not involve cash settlements, amounts received under the reinsurance contracts as part of amounts equivalent to policy acquisition costs related to direct insurance contracts are recorded as reinsurance revenue while the same amounts are recorded as unamortized ceded premium commissions in reinsurance receivable account and are amortized over the period of the reinsurance contracts.

Note 26**Others, net in Cash flows from financing activities**

Others, net in Cash flows from financing activities are mainly comprised of issuances and repayments of funding agreements from financing activities by the subsidiary in U.S.



Independent auditor's report

To the Board of Directors of Sumitomo Life Insurance Company:

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Life Insurance Company ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2021, 2022 and 2023, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, 2022 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits 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 audits 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.

Appropriateness of the amount of policy reserves	
The key audit matter	How the matter was addressed in our audit
In the consolidated financial statements of SUMITOMO LIFE INSURANCE COMPANY ("the Company"), policy reserves of ¥34,848,109 million were recognized. Of this amount, the policy reserves of the Company (the parent company) amounted to ¥28,305,473 million, which accounted for a significant portion (approximately 68%) of	In order to assess whether the amount of policy reserves of the Company was appropriate, we primarily performed the following audit procedures with the assistance of actuarial specialists and IT system specialists within our firm: (1) Internal control testing

<p>total liabilities in the consolidated financial statements.</p> <p>As described in Note 2. "Summary of Significant Accounting Policies, 12) Policy reserves" to the consolidated financial statements, policy reserves of the Company are calculated in accordance with the actuarial calculation methodology specified in the statement of calculation procedures for insurance premiums and policy reserves approved by the Financial Services Agency to prepare for the fulfilment of future obligations under the insurance contracts pursuant to the provisions of the Insurance Business Act and other applicable regulations. If the policy reserve set aside pursuant to Article 69, Paragraphs 1, 2 and 4 of the Ordinance for Enforcement of the Insurance Business Act ("the Ordinance") is deemed insufficient to cover the fulfilment of the future obligations, an additional policy reserve needs to be recognized based on Article 69, Paragraph 5 of the Ordinance.</p> <p>Policy reserves are calculated based on assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) by gender, age and other attributes. Since the calculation methodology of policy reserves is complex and requires actuarial expertise, an experienced internal actuary is involved in the examination of whether the calculation of policy reserves is appropriately reflected in the policy reserve calculation system (i.e., whether the amount of policy reserves is calculated in accordance with the statement of calculation procedures) when a new product is developed or the assumed incidence rate of an existing product is revised, as well as in the examination of the results of the policy reserve calculation at the end of each fiscal year.</p> <p>In addition, in order to validate whether the amount of policy reserves is sufficient, a future cash flow analysis is performed by the appointed actuary. In this analysis, the appointed actuary determines whether the Company will be able to maintain the ability to make future benefit payments by estimating future cash flows based on several scenarios. Future cash flows need to be estimated using actuarial expertise in accordance with applicable laws and regulations. Management determines the amount of policy reserves to be recognized by referencing the results of the future</p>	<p>We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the process of validating the appropriateness of the amount of policy reserves by involving IT system specialists within our firm in our assessment. In this assessment, we focused our testing on the following controls:</p> <p>(i) Accuracy of the amount of policy reserves</p> <ul style="list-style-type: none"> controls in which the Actuarial Department examines whether the calculation methodology was appropriately reflected in the policy reserve calculation system; IT system controls to accurately calculate the amount of policy reserves through the policy reserve calculation system developed by the Information System Department; controls in which the Actuarial Department confirms that the policy reserves were completely recognized for all the insurance contracts; and controls in which the Actuarial Department recalculates the amount of policy reserves on a sample basis to evaluate the accuracy of the results of the policy reserve calculation. <p>(ii) Sufficiency of the amount of policy reserves</p> <ul style="list-style-type: none"> controls in which management determines the amount of policy reserves based on the opinion report on the future cash flow analysis provided by the appointed actuary. <p>(2) Assessment of the appropriateness of the amount of policy reserves</p> <p>In order to assess whether the amount of policy reserves recognized by the Company was appropriate, we primarily performed the following procedures by involving actuarial specialists and IT system specialists within our firm who assisted in our assessment:</p> <p>(i) Accuracy of the amount of policy reserves</p> <ul style="list-style-type: none"> recalculated the policy reserves for insurance products newly launched in the current fiscal year and foreign currency-denominated insurance which became subject to the standard policy reserve requirements from the current fiscal year in accordance with the statement of calculation procedures and examined whether
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<p>cash flow analysis performed by the appointed actuary.</p> <p>We, therefore, determined that our assessment of the appropriateness of the amount of policy reserves of the Company 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>the results were consistent;</p> <ul style="list-style-type: none"> assessed whether the changes in policy reserves from the previous fiscal year were consistent with insurance premiums, benefit payments and operating expenses for the current fiscal year; and assessed whether the year-end in-force contract data used in the policy reserve calculation system were consistent with the year-end insurance contract data prepared based on the data of contracts and condition changes in the insurance contract system. <p>(ii) Sufficiency of the amount of policy reserves</p> <ul style="list-style-type: none"> assessed whether the future cash flow analysis was performed in accordance with applicable laws and regulations and “Standard of Practice for Appointed Actuaries of Life Insurance Companies” (issued by the Institute of Actuaries of Japan), by inspecting the opinion report provided by the appointed actuary and inquiring of the appointed actuary regarding the matter; examined whether the appointed actuary was given the appropriate authority by the board of directors to execute his/her duties as well as whether the appointed actuary was independent of revenue generating departments, revenue management departments and product development departments, by inspecting the organization rules and the rules on the appointed actuary and inquiring of the appointed actuary regarding these matters; and examined whether management determined the amount of policy reserves by referencing the results of the future cash flow analysis performed by the appointed actuary to validate whether the amount of policy reserves was sufficient, by inquiring of management regarding the matter and inspecting the document for managerial approval related to policy reserves.
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Other Information

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 the provisions of the Insurance Business Act and its related regulations thereunder and in conformity 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 the 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.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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

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

/S/Noriaki Habuto
Designated Engagement Partner
Certified Public Accountant

/S/Yukihisa Tatsumi
Designated Engagement Partner
Certified Public Accountant

/S/Takuya Nakayama
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 30, 2023

Notes to the Reader of Independent Auditor's Report:

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

Non-Consolidated Balance Sheets

Sumitomo Life Insurance Company

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
ASSETS:				
Cash and deposits (Note 3)	¥ 1,198,652	¥ 883,913	¥ 1,329,461	\$ 9,956
Cash	10	12	10	0
Deposits	1,198,642	883,901	1,329,451	9,956
Call loans	192,142	260,597	847,388	6,346
Monetary claims bought (Note 3)	565,143	310,140	407,646	3,052
Money held in trust (Note 3)	—	4,914	14,990	112
Securities (Notes 3, 5, 14 and 15)	30,463,881	31,362,641	28,829,411	215,902
National government bonds	10,774,290	10,969,097	11,686,665	87,520
Local government bonds	238,126	197,554	192,009	1,437
Corporate bonds	3,715,977	3,600,985	3,309,271	24,782
Domestic stocks	2,623,466	2,595,648	2,456,106	18,393
Foreign securities	12,643,660	13,470,574	10,831,959	81,120
Other securities	468,359	528,781	353,398	2,646
Loans (Notes 3, 16 and 17)	1,945,518	2,192,253	2,198,274	16,462
Policy loans	258,549	244,196	234,873	1,758
Industrial and consumer loans	1,686,968	1,948,057	1,963,401	14,703
Tangible fixed assets (Notes 4, 6, 7 and 22)	566,262	563,567	594,472	4,451
Land	359,957	356,840	385,086	2,883
Buildings	173,740	177,432	197,769	1,481
Lease assets	4,387	3,061	1,727	12
Construction in progress	23,711	22,200	5,169	38
Other tangible fixed assets	4,465	4,032	4,720	35
Intangible fixed assets	38,193	36,293	37,366	279
Software	32,682	31,845	30,677	229
Other intangible fixed assets	5,511	4,448	6,689	50
Due from agents	—	—	0	0
Reinsurance receivables	181	135	120	0
Other assets	347,619	519,054	520,127	3,895
Accounts receivable	33,143	31,617	51,984	389
Prepaid expenses	5,353	5,559	7,368	55
Accrued income	142,574	155,921	144,341	1,080
Money on deposit	4,315	4,759	4,988	37
Deposits for futures transactions	13,407	47,680	48,331	361
Derivative financial instruments (Note 3)	108,906	152,345	148,928	1,115
Cash collateral paid for financial instruments	25,786	82,758	91,238	683
Suspense	6,779	8,843	9,037	67
Other assets	7,353	29,568	13,908	104
Prepaid pension cost (Note 12)	15,726	22,150	26,764	200
Deferred tax assets (Notes 12 and 23)	68,356	288,586	493,008	3,692
Allowance for possible loan losses	(890)	(925)	(867)	(6)
Total assets	¥35,400,786	¥36,443,323	¥35,298,166	\$264,346

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
LIABILITIES:				
Policy reserves and other reserves	¥27,586,099	¥28,218,160	¥28,641,672	\$214,496
Reserve for outstanding claims (Note 18)	105,903	117,678	120,531	902
Policy reserves (Note 18)	27,262,040	27,884,255	28,305,473	211,978
Policyholders' dividend reserves (Note 10)	218,156	216,226	215,667	1,615
Reinsurance payables	196	195	120	0
Corporate bonds (Notes 3 and 25)	449,924	480,510	396,510	2,969
Other liabilities	4,330,415	5,060,044	4,209,470	31,524
Payables under repurchase agreements	2,870,573	3,513,925	3,110,297	23,292
Payables under securities borrowing transactions	501,353	355,998	67,438	505
Loans payable (Notes 3 and 26)	120,000	120,000	170,000	1,273
Income taxes payable	16,204	10,093	—	—
Accounts payable	34,738	65,056	73,741	552
Accrued expenses	39,907	40,792	43,804	328
Deferred income	851	828	845	6
Deposits received	70,349	71,355	71,007	531
Guarantee deposits received	28,596	27,556	29,668	222
Derivative financial instruments (Note 3)	626,965	829,832	590,475	4,422
Cash collateral received for financial instruments	4,389	9,943	34,091	255
Lease obligations	4,563	3,185	1,808	13
Asset retirement obligations	1,768	1,760	1,769	13
Suspense receipts	7,079	8,199	10,911	81
Rest of other liabilities	3,074	1,517	3,612	27
Reserve for price fluctuation	883,647	971,947	849,526	6,362
Deferred tax liabilities for land revaluation	12,894	12,583	12,466	93
Total liabilities	33,263,179	34,743,442	34,109,767	255,446
NET ASSETS:				
Reserve for redemption of foundation funds	639,000	639,000	639,000	4,785
Reserve for revaluation	2	2	2	0
Surplus	227,648	231,993	320,951	2,403
Reserve for future losses	6,004	6,204	6,404	47
Other surplus	221,643	225,788	314,546	2,355
Fund for price fluctuation allowance	165,000	165,000	165,000	1,235
Reserve for assisting social responsibility	1,338	1,355	1,355	10
Other reserves	223	223	223	1
Unappropriated surplus	55,081	59,210	147,967	1,108
Total funds, reserve and surplus	866,650	870,995	959,953	7,189
Net unrealized gains on available-for-sale securities	1,332,915	895,346	300,314	2,249
Deferred gains (losses) on derivatives under hedge accounting	(2,561)	(6,879)	(12,224)	(91)
Land revaluation differences	(59,397)	(59,581)	(59,645)	(446)
Total unrealized gains, revaluation reserve and adjustments	1,270,957	828,885	228,444	1,710
Total net assets	2,137,607	1,699,880	1,188,398	8,899
Total liabilities and net assets	¥35,400,786	¥36,443,323	¥35,298,166	\$264,346

Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
Ordinary income	¥3,108,974	¥3,094,278	¥3,495,347	\$26,176
Insurance premiums and other	2,187,755	2,143,199	2,216,429	16,598
Insurance premiums	2,185,080	2,140,392	2,213,957	16,580
Reinsurance revenue	338	411	491	3
Other income to policy reserves	2,336	2,396	1,980	14
Investment income (Note 20)	816,010	867,086	1,203,013	9,009
Interest, dividends and other income	611,775	667,365	761,129	5,700
Interest on deposits	2,595	787	9,883	74
Interest and dividends on securities	535,731	593,228	673,754	5,045
Interest on loans	23,518	24,105	27,127	203
Rent revenue from real estate	34,717	32,111	32,485	243
Other interest and dividend	15,211	17,132	17,878	133
Gains on money held in trust	—	379	287	2
Gains on sales of securities	79,393	67,019	358,718	2,686
Gains on redemption of securities	16,323	1,761	1,120	8
Gains on derivative financial instruments	—	2,546	—	—
Foreign exchange gains	—	98,853	80,608	603
Reversal of allowance for possible loan losses	—	—	48	0
Other investment income	1,474	2,732	1,100	8
Investment gains on separate accounts	107,044	26,429	—	—
Other ordinary income	105,208	83,991	75,904	568
Annuity supplementary contract premiums	5,288	5,239	5,198	38
Proceeds from deferred insurance	57,546	43,053	33,529	251
Reversal of reserves for outstanding claims (Note 21)	2,295	—	—	—
Reversal of accrued retirement benefits	13,974	6,424	4,614	34
Other ordinary income	26,102	29,274	32,562	243
Ordinary expenses	2,953,340	2,948,315	3,433,494	25,713
Benefits and other payments	1,746,005	1,757,264	1,963,119	14,701
Claims paid	558,220	521,345	547,393	4,099
Annuity payments	439,604	428,761	424,557	3,179
Benefits payments	296,512	308,317	388,804	2,911
Surrender benefits	403,822	446,828	551,624	4,131
Other refunds	46,791	50,934	49,718	372
Reinsurance premiums	1,053	1,077	1,021	7

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
Provision for policy reserves and other reserves	¥626,004	¥634,019	¥424,098	\$3,176
Provision for reserve for outstanding claims (Note 21)	—	11,775	2,853	21
Provision for policy reserves (Note 21)	625,975	622,214	421,218	3,154
Provision for interest on policyholders' dividend reserves (Note 10)	29	29	26	0
Investment expenses (Note 20)	137,046	112,344	594,954	4,455
Interest expenses	10,484	10,363	21,778	163
Losses on sales of securities	17,087	68,051	344,998	2,583
Losses on valuation of securities	2,025	9,633	2,690	20
Losses on redemption of securities	5	—	75	0
Losses on derivative financial instruments	74,286	—	161,882	1,212
Foreign exchange losses	10,974	—	—	—
Provision for allowance for possible loan losses	318	43	—	—
Depreciation of real estate for investments	8,422	8,425	8,950	67
Other investment expenses	13,441	15,827	48,275	361
Investment losses on separate accounts	—	—	6,304	47
Operating expenses (Note 19)	330,027	331,030	336,414	2,519
Other ordinary expenses	114,257	113,655	114,906	860
Payments of benefits left to accumulate at interest	53,441	47,753	45,528	340
Taxes	26,671	27,224	28,253	211
Depreciation	17,951	18,922	18,932	141
Other ordinary expenses	16,192	19,755	22,192	166
Ordinary profit	155,634	145,962	61,852	463
Extraordinary gains	241	2,344	123,866	927
Gains on disposals of fixed assets	241	2,344	1,445	10
Reversal of reserve for price fluctuation	—	—	122,420	916
Extraordinary losses	98,463	92,147	3,723	27
Losses on disposals of fixed assets	621	2,731	703	5
Impairment losses (Note 22)	1,082	432	2,320	17
Provision for reserve for price fluctuation	96,100	88,300	—	—
Payments to social responsibility reserve	659	683	699	5
Surplus before income taxes	57,412	56,159	181,995	1,362
Income taxes (Notes 13 and 23)				
Current	47,680	46,854	6,312	47
Deferred	(45,001)	(49,036)	28,477	213
Total income taxes	2,678	(2,182)	34,790	260
Net surplus	¥ 54,733	¥ 58,342	¥147,204	\$1,102

Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Year ended March 31, 2021

Millions of Yen

	Funds, reserve and surplus								
	Reserve for redemption of foundation funds	Surplus							Total funds, reserve and surplus
		Reserve for revaluation	Reserve for future losses	Other surplus					
				Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	
Beginning balance	639,000	2	5,804	165,000	1,298	223	48,351	220,677	859,680
Changes in the fiscal year									
Additions to policyholders' dividend reserves (Note 10)							(47,451)	(47,451)	(47,451)
Additions to reserve for future losses			200				(200)	—	—
Net surplus							54,733	54,733	54,733
Additions to reserve for assisting social responsibility					700		(700)	—	—
Reversal of reserve for assisting social responsibility					(659)		659	—	—
Reversal of land revaluation differences							(311)	(311)	(311)
Net changes, excluding funds, reserve and surplus									
Net changes in the fiscal year	—	—	200	—	40	—	6,729	6,970	6,970
Ending balance	639,000	2	6,004	165,000	1,338	223	55,081	227,648	866,650

	Unrealized gains (losses), revaluation reserve					Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve		
Beginning balance	841,237	(2,371)	(59,708)	779,157		1,638,837
Changes in the fiscal year						
Additions to policyholders' dividend reserves (Note 10)					(47,451)	
Additions to reserve for future losses					—	
Net surplus					54,733	
Additions to reserve for assisting social responsibility					—	
Reversal of reserve for assisting social responsibility					—	
Reversal of land revaluation differences					(311)	
Net changes, excluding funds, reserve and surplus						
Net changes in the fiscal year	491,678	(190)	311	491,799		491,799
Ending balance	1,332,915	(2,561)	(59,397)	1,270,957		2,137,607

Year ended March 31, 2022

Millions of Yen

	Funds, reserve and surplus								
	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Surplus					Total funds, reserve and surplus
				Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	
Beginning balance	639,000	2	6,004	165,000	1,338	223	55,081	227,648	866,650
Changes in the fiscal year									
Additions to policyholders' dividend reserves (Note 10)							(54,181)	(54,181)	(54,181)
Additions to reserve for future losses			200				(200)	—	—
Net surplus							58,342	58,342	58,342
Additions to reserve for assisting social responsibility					700		(700)	—	—
Reversal of reserve for assisting social responsibility					(683)		683	—	—
Reversal of land revaluation differences							184	184	184
Net changes, excluding funds, reserve and surplus									
Net changes in the fiscal year	—	—	200	—	16	—	4,128	4,345	4,345
Ending balance	639,000	2	6,204	165,000	1,355	223	59,210	231,993	870,995

	Unrealized gains (losses), revaluation reserve				
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve	Total net assets
Beginning balance	1,332,915	(2,561)	(59,397)	1,270,957	2,137,607
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 10)				(54,181)	
Additions to reserve for future losses				—	
Net surplus				58,342	
Additions to reserve for assisting social responsibility				—	
Reversal of reserve for assisting social responsibility				—	
Reversal of land revaluation differences				184	
Net changes, excluding funds, reserve and surplus	(437,569)	(4,318)	(184)	(442,071)	(442,071)
Net changes in the fiscal year	(437,569)	(4,318)	(184)	(442,071)	(437,726)
Ending balance	895,346	(6,879)	(59,581)	828,885	1,699,880

Year ended March 31, 2023

Millions of Yen

	Funds, reserve and surplus								
	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Surplus					Total funds, reserve and surplus
				Fund for price fluctuation allowance	Other surplus			Total surplus	
					Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	639,000	2	6,204	165,000	1,355	223	59,210	231,993	870,995
Changes in the fiscal year									
Additions to policyholders' dividend reserves (Note 10)							(58,310)	(58,310)	(58,310)
Additions to reserve for future losses			200				(200)	—	—
Net surplus							147,204	147,204	147,204
Additions to reserve for assisting social responsibility					700		(700)	—	—
Reversal of reserve for assisting social responsibility					(699)		699	—	—
Reversal of land revaluation differences							63	63	63
Net changes, excluding funds, reserve and surplus									
Net changes in the fiscal year	—	—	200	—	0	—	88,757	88,958	88,958
Ending balance	639,000	2	6,404	165,000	1,355	223	147,967	320,951	959,953

	Unrealized gains (losses), revaluation reserve				
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve	Total net assets
Beginning balance	895,346	(6,879)	(59,581)	828,885	1,699,880
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 10)				(58,310)	
Additions to reserve for future losses				—	
Net surplus				147,204	
Additions to reserve for assisting social responsibility				—	
Reversal of reserve for assisting social responsibility				—	
Reversal of land revaluation differences				63	
Net changes, excluding funds, reserve and surplus	(595,032)	(5,344)	(63)	(600,440)	(600,440)
Net changes in the fiscal year	(595,032)	(5,344)	(63)	(600,440)	(511,482)
Ending balance	300,314	(12,224)	(59,645)	228,444	1,188,398

Year ended March 31, 2023

Millions of U.S. Dollars

	Funds, reserve and surplus								
	Surplus								Total funds, reserve and surplus
	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Other surplus			Unappropriated surplus	Total surplus	
				Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves			
Beginning balance	4,785	0	46	1,235	10	1	443	1,737	6,522
Changes in the fiscal year									
Additions to policyholders' dividend reserves (Note 10)							(436)	(436)	(436)
Additions to reserve for future losses			1				(1)	—	—
Net surplus							1,102	1,102	1,102
Additions to reserve for assisting social responsibility					5		(5)	—	—
Reversal of reserve for assisting social responsibility					(5)		5	—	—
Reversal of land revaluation differences							0	0	0
Net changes, excluding funds, reserve and surplus									
Net changes in the fiscal year	—	—	1	—	0	—	664	666	666
Ending balance	4,785	0	47	1,235	10	1	1,108	2,403	7,189

	Unrealized gains (losses), revaluation reserve				
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve	Total net assets
Beginning balance	6,705	(51)	(446)	6,207	12,730
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 10)					(436)
Additions to reserve for future losses					—
Net surplus					1,102
Additions to reserve for assisting social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of land revaluation differences					0
Net changes, excluding funds, reserve and surplus	(4,456)	(40)	(0)	(4,496)	(4,496)
Net changes in the fiscal year	(4,456)	(40)	(0)	(4,496)	(3,830)
Ending balance	2,249	(91)	(446)	1,710	8,899

Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
Unappropriated surplus	¥55,081	¥59,210	¥147,967	\$1,108
Appropriation of surplus	55,081	59,210	147,967	1,108
Policyholders' dividend reserves	54,181	58,310	57,067	427
Net surplus	900	900	90,900	680
Reserve for future losses	200	200	200	1
Voluntary surplus reserves	700	700	90,700	679
Fund for price fluctuation allowance	—	—	90,000	674
Reserve for assisting social responsibility	700	700	700	5

Notes to the Non-Consolidated Financial Statements

Sumitomo Life Insurance Company

Note 1

Basis of Presentation

SUMITOMO LIFE INSURANCE COMPANY ("the Company") has prepared the accompanying non-consolidated financial statements in accordance with the provisions set forth in the Insurance Business Act and its related accounting regulations in Japan, and in conformity with the accounting principles generally accepted in Japan ("Japanese GAAP"), which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the non-consolidated financial statements include the information which is not required under Japanese GAAP but is presented herein as additional information.

Japanese yen amounts are rounded down to million yen amounts. As a result, the totals do not add up. The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate as of March 31, 2023 which was ¥133.53 to U.S. \$1. The convenience translation should not be construed as representations that Japanese yen amounts were, have been, or may in the future be, converted into U.S. dollars at this or any other exchange rate.

Note 2

Summary of Significant Accounting Policies

1) Securities, derivative instruments, and hedge accounting

a) Securities

Securities held by the Company are classified and accounted for as follows:

Trading securities are stated at the market value on the balance sheet date. The cost of these securities sold is calculated using the moving average method.

Held-to-maturity debt securities are stated 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.

Policy-reserve-matching bonds (defined in Note 2, 2)) are stated at amortized cost in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants. The cost of the bonds sold is calculated using the moving average method and amortization is calculated using the straight-line method.

Investments in unconsolidated subsidiaries and affiliated companies (defined in Article 110, Paragraph 2 of the Insurance Business Act) are stated at cost.

Others classified as available-for-sale securities are stated at the market value on the balance sheet date.

Stocks with no market prices are stated mainly at cost. The cost of these securities sold is calculated using the moving average method.

Certain demand deposits, monetary claims bought and securities in money held in trust deemed equivalent to investment in securities are stated using the same methods described above.

Unrealized gains and losses on available-for-sale securities are reported net of income taxes, as a separate component of net assets in the non-consolidated balance sheet.

b) Derivative instruments

Derivatives are stated at the fair value.

c) Hedge accounting

Under Japanese GAAP, the deferred hedge method and the fair value hedge method are fundamental hedge accounting methods allowed.

Under the fair value hedge method, which is allowed only when available-for-sale securities are hedged items, hedging instruments' gains and losses on changes in the fair value are recognized in earnings together with hedged items' corresponding gains and losses attributable to risks being hedged.

In addition, for certain derivative instruments, exceptional hedge accounting methods are allowed under Japanese GAAP as follows:

Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts and currency swaps are allowed to be translated at the foreign exchange rates stipulated in the forward contract agreements and the currency swap agreements. Accordingly, the foreign exchange forward contracts and the currency swaps used as hedging instruments are not recognized as an asset or liability measured at the fair value either on initial recognition or subsequent reporting dates (the allocation method).

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at the fair value, but the net amounts paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

The Company mainly adopts the fair value hedge method and the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies. From the period ended March 31, 2023, the deferred hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain policy reserves in order to appropriately control interest rate fluctuations, in accordance with Industry Audit Committee Practical Guideline No. 26, "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants.

The Company also adopts the exceptional method to hedge interest rate risk primarily of floating rate loans.

Hedge effectiveness is assessed by comparing the cumulative changes in the fair values or cash flows of the hedged items and the hedging instruments.

The hedging relationships included in the scope of applying the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Solutions No.40, March 17, 2022) are subject to the exceptional treatment of this Practical Solutions. The detail of the hedging relationships which apply the treatment are as follows:

Hedging method: the exceptional method (including the allocation method)

The type of hedging instruments: interest-rate swaps, currency-swaps

The type of hedged instruments: loans

The type of hedge transactions: to fix the cash flows

2) Policy-reserve-matching bonds

The Company classifies debt securities held in order to match their duration to the duration of the liabilities within the corresponding subsections - segregated by type of insurance and investment policy - as policy-reserve-matching bonds in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants.

The subsections are as follows:

Individual life insurance and individual annuity (certain types of insurance and a certain percentage of cash flows are excluded)

Primary policy of 3-year variable accumulation rate insurance with guaranteed minimum interest rates

Defined benefit corporate pension plan and new corporate pension plan (only cash flows expected within the next certain period of years are identified)

Insured contributory pension plans (only cash flows expected within the next certain period of years are identified)

Defined contribution pension plans and interest rate-setting rider by new unit account

Single premium endowment insurance (certain types of insurance are excluded)

Interest rate variable whole life insurance (single premium)

Individual life insurance and individual annuity denominated in U.S. dollars

Individual life insurance and individual annuity denominated in Australian dollars (certain types of insurance are excluded)

3) Foreign currency translation

The Company's assets and liabilities denominated in foreign currencies, except for investments in subsidiaries and affiliates, are translated into Japanese yen at the exchange rate on the balance sheet date. Investments in subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.

4) Tangible fixed assets

Tangible fixed assets owned by the Company are depreciated as follows:

a) Buildings

Calculated using the straight-line method.

b) Lease assets related to financial leases where ownership is not transferred

Calculated using the straight-line method over the lease period.

c) Other tangible fixed assets

Calculated using the declining-balance method.

Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.

The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

Revaluation of land

The Company revalued certain parcels of land owned for operating use as of March 31, 2001, as permitted by the Act on Revaluation of Land.

The difference in value before and after the revaluation is directly included in net assets and presented as land revaluation differences, net of deferred tax liabilities for land revaluation in the non-consolidated balance sheets.

The revaluation method is stipulated in Article 3, Paragraph 3 of the Act on Revaluation of Land. Pursuant to the Article, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Paragraph 1 of the Order for Enforcement of the Act on Revaluation of Land (the "Order")) and appraisal value (detailed in Article 2, Paragraph 5 of the Order) for the revaluation.

5) Software

Capitalized software for internal use included in intangible fixed assets is amortized using the straight-line method over the estimated useful lives.

6) Allowance for possible loan losses

The Company's allowance for possible loan losses is provided pursuant to its standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses. For loans to borrowers that are legally bankrupt ("bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt ("substantially bankrupt borrowers"), an allowance is provided based on the total amount of the loans after deduction of charge-offs and any amounts expected to be collected through disposal of collaterals and execution of guarantees. For loans to borrowers that are likely to become bankrupt ("borrowers likely to become bankrupt"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection through disposal of collaterals and execution of guarantees. For the other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed based on the Company's standards for the self-assessment of asset quality and the assessment results are reviewed by a department independent of the department that performs and is responsible for the self-assessment. The allowance for possible loan losses is provided based on the assessment results.

For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals and execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the fiscal years ended March 31, 2021, 2022 and 2023 amounted to ¥260 million, ¥31 million and ¥29 million (U.S. \$0 million), respectively.

7) Accrued retirement benefits

Accrued retirement benefits are provided based on the projected benefit obligations and plan assets as of the balance sheet date in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits").

8) Reserve for price fluctuation

Reserve for price fluctuation is calculated pursuant to Article 115 of the Insurance Business Act.

9) Accounting for consumption taxes

National and local consumption taxes are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the fiscal year, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a five-year period on the straight-line basis pursuant to the Corporation Tax Act.

10) Policy reserves

Policy reserves are calculated and accumulated by the method in accordance with the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116 of the Insurance Business Act to prepare for future performance of obligations under its insurance contracts.

Premium reserves, one of the components of policy reserves, are calculated, based on the Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Insurance Business Act, according to the following methods:

- a) For contracts which are subject to the standard policy reserve requirements, premium reserves are calculated using the method stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996).
- b) For contracts which are not subject to the standard policy reserve requirements, premium reserves are calculated using the net level premium method.

The Company adopted its accounting policy for premium reserves for existing individual annuity contracts whose annuity payments commenced on or after April 1, 2006, effective from the fiscal year ended March 31, 2007, as follows:

For individual annuity contracts which commenced on or after April 1, 2006, the Company has regarded their commencement dates of annuity payments as the contract dates, and applied the calculation basis stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996). (For the contracts which annuity payments commenced during fiscal year of 2006, assumed mortality rates on the 2007 life insurance standard life table have been used.)

Unearned premiums are accumulated as a component of 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.

Contingency reserves, one of the components of policy reserves, are accumulated 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 to ensure performing future obligations under its insurance contracts.

Additional policy reserves need to be recognized based on Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act if the policy reserves set aside pursuant to Article 69, Paragraphs 1, 2 and 4 of the Ordinance for Enforcement of the Insurance Business Act are found to be likely insufficient to cover the performance of the future obligations due to a large deviation in the estimated future cash flows based on the statement of calculation procedures with assumed incidents rates, interest rates and others, compared to recent actual results.

In determining the necessity of recognition and the amount of additional policy reserves, the Company refers to the result of the future cash flow analysis to confirm adequacy of policy reserves performed by the Appointed Actuary because future cash flows need to be estimated by using actuarial expertise in accordance with applicable laws and regulations.

11) Recognition of insurance premiums and claims

The Company in principle recognizes insurance premiums when the premiums, which are measured at the amounts to be received, are received and the responsibility on the insurance contract is commenced.

The Company recognizes claims paid when incidents prescribed in policy clause are incurred and these claims are paid at the amounts to be paid.

The Company recognizes outstanding claims with the amount of unpaid claims over the contracts for which payment obligation exists at the year end or for which incidents prescribed in policy clause already incurred but not reported to the Company, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

12) IBNR claims

Regarding individual life insurance and individual annuity contracts, the Company recognized reserve for the IBNR (incurred but not reported) claims, i.e., claims with which incidents prescribed in policy clauses already incurred but were not reported to the Company.

In the fiscal year ended March 31, 2023, the Company changed the scope of insured persons to whom hospitalized benefits are to be paid, including those who were diagnosed with COVID-19 and recovering at designated hotels or home under medical observations (hereafter "deemed hospitalization"). As a result, the Company calculated the relevant reserve for IBNR claims at the end of the fiscal year as follows, pursuant to the proviso, instead of the main clause of Article 1, Paragraph 1 of Ministry of Finance Notification No. 234 in 1998 ("IBNR Notification"): because the reserve amount could not be calculated at an appropriate level based on the main clause of that article due to the scope change of insured persons.

The Company excluded from the amounts of reserve for IBNR claims and benefit payments for all the fiscal years stipulated by the main clause of Article 1, Paragraph 1 of the IBNR Notification, those amounts which were related to the deemed hospitalization except for those with high risks of severity (hereafter "4 categories"), and then calculated the reserve for IBNR claims using the same calculation method as the main clause of Article 1, Paragraph 1 of the IBNR Notification.

The Company estimated the amount of hospitalized benefits related to the deemed hospitalization within the 4 categories, which was used to estimate the amount of hospitalized benefits related to the deemed hospitalization incurred on or before September 25, 2022 for those other than the 4 categories, by multiplying the deemed hospitalization benefits through September 25, 2022, paid to insured persons who were 65 or more years old (which constitutes one of the 4 categories), by the ratio of the deemed hospitalization benefits incurred on or after September 26, 2022, paid to all insured persons, over the deemed hospitalization benefits incurred on or after September 26, 2022, paid to insured persons who were 65 or more years old.

13) Policy acquisition costs

The Company recognizes policy acquisition costs when incurred.

14) New Accounting Standards

Since the beginning of the period ended March 31, 2022, the Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019), etc. In accordance with transitional treatment stipulated in Item 19 of "Accounting Standard for Fair Value Measurement" and Item 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied new accounting policies prospectively.

Due to this application, the measurement of the fair value of stocks with market price categorized as available-for-sale securities is changed from the fair value method based on the average market price during the last month of the period to the fair value method based on the market price on the balance sheet date. Also, the Company noted matters concerning fair value of financial instruments and breakdown by input level on the Note 3, "Financial Instruments" as of March 31, 2022. The matters as of March 31, 2021 were not described in accordance with the transitional treatment set out in Item 7-4 of "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020).

Since the beginning of the period ended March 31, 2023, the Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Application Guidance, No. 31 (17 June 2021, revised on)). In accordance with transitional treatment stipulated in Item 27-2 of "Implementation Guidance on

Accounting Standard for Fair Value Measurement," the Company has applied new accounting policies prospectively.

Due to this application, the measurement of fair value of investment trusts was based on "Implementation Guidance on Accounting Standard for Fair Value Measurement" and matters concerning fair value of investment trusts and breakdown by input level were noted.

Also, the Company noted matters concerning the reconciliation between the beginning and ending balance of investment trusts on the Note 3, "Financial Instruments" as of March 31, 2023. The matters as of March 31, 2021 and 2022 were not described in accordance with the transitional treatment set out in Item 27-3 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Application Guidance, No. 31 (17 June 2021, revised on)).

Note 3

Financial Instruments

1) Qualitative information on financial instruments

The Company applies Asset and Liability Management (ALM) considering characteristics of life insurance liabilities to enhance soundness and profitability of investment returns in mid-to-long term by diversified investments mainly in assets denominated in yen such as bonds and loans, and in stocks within allowable risk limits. In addition, the Company utilizes derivative instruments primarily in order to hedge the risks of fluctuation of values of assets or liabilities.

Major components of the Company's financial instruments and associated risks are as follows:

Domestic bonds are exposed to market risk, which arises from the fluctuation of interest rates and other market indicators, and credit risk of issuers. Domestic and foreign stocks are exposed to market risk, which arises from the fluctuation of stock prices and foreign exchange rates, and credit risk of issuers. Foreign bonds are exposed to market risk, which arises from the fluctuation of interest rates, foreign exchange rates and other market indicators, and credit risk of issuers. Loans, mainly to domestic companies, are exposed to credit risk, which arises from deterioration of the financial condition of counterparties. They are also exposed to market risk since certain loans, similarly to bonds, change the fair values by fluctuation of interest rates although no active secondary markets exist.

The Company utilizes foreign currency forward contracts, currency options and currency swaps to hedge foreign currency risks of assets and liabilities denominated in foreign currencies, futures trading, forwards trading and options to hedge market risks of stocks, bond futures, options and interest rate swaptions to hedge market risks of fixed rate assets relating to the fluctuation of interest rates, and interest rate swaps to hedge interest fluctuation risks of floating rate assets. Gains and losses on certain foreign currency forward contracts to hedge foreign currency risks mainly of foreign securities are accounted for under hedge accounting. The deferred hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain policy reserves in order to appropriately control interest rate fluctuations, in accordance with Industry Audit Committee Practical Guideline No. 26, "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants. The hedge effectiveness is regularly assessed by comparing fluctuations in the fair value of hedged items and hedging instruments.

Gains and losses on certain interest rate swaps used for hedging interest rate risks mainly of floating rate loans are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in cash flows of hedged items and hedging instruments.

When foreign currency forward contracts and currency swaps meet the criteria for applying the allocation method or when interest rate swap transactions meet the criteria for applying the exceptional method, hedge effectiveness is not assessed, according to accounting principles.

The risk management department maintains asset risk management in accordance with Risk Management Policy established by the board of directors. In addition, the Company strives to enhance risk assessment and management quantitatively and comprehensively by defining the framework of risk management about market risk and credit risk of financial instruments and concrete risk management processes pursuant to related rules. Moreover, the risk management department maintains effective risk management structures by independently

monitoring whether trading departments operate in compliance with related policies and rules. The board of directors makes decisions in response to the reports of risk management situations.

In order to manage market risk, the Company assesses and analyzes sensitivities of existing financial instruments to changes in interest rates, foreign exchange rates, stock prices and other market indicators by comparing Value-at-Risk (VaR) as integrated risk exposure with the limit for market risk, which is calculated with consideration given to unrealized gains (losses) and realized gains (losses) on sales.

In order to manage credit risk, the Company assesses financial assets such as loans by using internal credit ratings corresponding to financial conditions of security issuers or counterparties of loans when the Company makes investments, and regularly reviews these ratings. Moreover, the Company manages credit risk by comparing Value-at-Risk (VaR) calculated with Monte Carlo simulations, which are based on the assumptions such as probability of transition for each internal credit rating and expected recovery rate at default, with the limit for credit risk.

2) Fair value of financial instruments

The following table shows the carrying amounts in the non-consolidated balance sheets and the fair values and their differences of financial instruments as of March 31, 2021.

Cash and deposits (except Negotiable certificates of deposit), Call loans, Payables under repurchase agreements and Payables under securities borrowing transactions are not included in the following tables since they are mostly short-term, and their fair values approximate their book values.

As of March 31	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 491,530	¥ 491,530	¥ —
[Available-for-sale securities]*1	[491,530]	[491,530]	—
Monetary claims bought	565,143	567,468	2,324
[Available-for-sale securities]*1	[439,749]	[439,749]	—
Money held in trust	—	—	—
Securities *2	29,694,760	31,547,963	1,853,202
Trading securities	707,708	707,708	—
Held-to-maturity debt securities	1,590,707	1,852,103	261,395
Policy-reserve-matching bonds	12,470,906	14,068,089	1,597,183
Investments in subsidiaries and affiliated companies	52,238	46,861	(5,376)
Available-for-sale securities	14,873,199	14,873,199	—
Loans	1,945,518		
Allowance for possible loan losses *3	(649)		
	1,944,868	1,958,383	13,514
Corporate bonds	449,924	458,557	8,632
Loans payable	120,000	120,167	167
Derivative transactions *4	(518,059)	(518,059)	—
Hedge accounting not applied	(140,102)	(140,102)	—
Hedge accounting applied	(377,956)	(377,956)	—

*1 Available-for-sale securities are shown in [].

*2 This table does not include financial instruments for which fair values are not practically determinable, such as unlisted securities.

The non-consolidated balance sheet amounts of these securities were ¥769,120 million as of March 31, 2021.

*3 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loans.

*4 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

The following table shows the carrying amounts in the non-consolidated balance sheet and the fair values and their differences of financial instruments as of March 31, 2022 and 2023.

The amounts shown in the following tables do not include stocks with no market prices and investments in partnership. Cash and deposits (except Negotiable certificates of deposit), Call loans, Payables under repurchase agreements and Payables under securities borrowing transactions are not included in the following tables since they are mostly short-term, and their fair values approximate their book values.

As of March 31	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 520,844	¥ 520,844	¥ —
[Available-for-sale securities]*1	[520,844]	[520,844]	—
Monetary claims bought	310,140	311,400	1,259
[Available-for-sale securities]*1	[192,123]	[192,123]	—
Money held in trust	4,914	4,914	—
Securities *2	30,451,921	31,778,325	1,326,403
Trading securities	641,645	641,645	—
Held-to-maturity debt securities	1,569,177	1,812,094	242,917
Policy-reserve-matching bonds	12,514,443	13,596,489	1,082,045
Investments in subsidiaries and affiliated companies	52,238	53,679	1,441
Available-for-sale securities	15,674,417	15,674,417	—
Loans	2,192,253		
Allowance for possible loan losses *3	(684)		
	2,191,569	2,186,908	(4,661)
Corporate bonds	480,510	486,370	5,859
Loans payable	120,000	119,804	(196)
Derivative transactions *4	(677,486)	(677,486)	—
Hedge accounting not applied	(82,187)	(82,187)	—
Hedge accounting applied	(595,298)	(595,298)	—

*1 Available-for-sale securities are shown in [].

*2 As of March 31, 2022, the investment trusts for which net asset value is regarded as fair value in accordance with Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (July 4, 2019)) are included in the above table.

*3 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loans.

*4 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 542,253	¥ 542,253	¥ —	\$ 4,060	\$ 4,060	\$ —
[Available-for-sale securities]*1	[542,253]	[542,253]	—	[4,060]	[4,060]	—
Monetary claims bought	407,646	407,470	(175)	3,052	3,051	(1)
[Available-for-sale securities]*1	[296,712]	[296,712]	—	2,222	2,222	—
Money held in trust	14,990	14,990	—	112	112	—
Securities *2	27,792,495	28,401,165	608,669	208,136	212,695	4,558
Trading securities	604,171	604,171	—	4,524	4,524	—
Held-to-maturity debt securities	1,531,156	1,729,570	198,413	11,466	12,952	1,485
Policy-reserve-matching bonds	13,192,905	13,610,612	417,707	98,801	101,929	3,128
Investments in subsidiaries and affiliated companies	53,077	45,626	(7,451)	397	341	(55)
Available-for-sale securities	12,411,184	12,411,184	—	92,946	92,946	—
Loans	2,198,274			16,462		
Allowance for possible loan losses *3	(621)			(4)		
	2,197,653	2,151,462	(46,190)	16,458	16,112	(345)
Corporate bonds	396,510	384,730	(11,780)	2,969	2,881	(88)
Loans payable	170,000	165,240	(4,760)	1,273	1,237	(35)
Derivative transactions *4	(441,546)	(441,546)	—	(3,306)	(3,306)	—
Hedge accounting not applied	(194,778)	(194,778)	—	(1,458)	(1,458)	—
Hedge accounting applied	(246,768)	(246,768)	—	(1,848)	(1,848)	—

*1 Available-for-sale securities are shown in [].

*2 As of March 31, 2023, the investment trusts for which net asset value is regarded as fair value in accordance with Item 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)) are included in the above table.

*3 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loans.

*4 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

Note 1: Matters related to securities, including certain deposits regarded as securities pursuant to “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

The following tables show the carrying amounts in the non-consolidated balance sheets, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2021, 2022 and 2023.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen			Millions of Yen		
	2021			2022		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 284,558	¥ 305,365	¥ 20,807	¥ 261,940	¥ 278,138	¥ 16,197
Foreign securities (bonds)	1,305,600	1,546,196	240,596	1,305,600	1,532,328	226,728
Fair value does not exceed the balance sheet amount						
Bonds	549	541	(8)	1,636	1,627	(8)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,590,707	1,852,103	261,395	1,569,177	1,812,094	242,917

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2023			2023		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 223,225	¥ 235,660	¥ 12,434	\$ 1,671	\$ 1,764	\$ 93
Foreign securities (bonds)	1,292,200	1,478,302	186,102	9,677	11,070	1,393
Fair value does not exceed the balance sheet amount						
Bonds	15,731	15,607	(124)	117	116	(0)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,531,156	1,729,570	198,413	11,466	12,952	1,485

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen			Millions of Yen		
	2021			2022		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥10,346,526	¥11,949,729	¥1,603,203	¥ 9,121,741	¥10,385,240	¥1,263,498
Foreign securities (bonds)	613,425	664,746	51,321	408,480	422,909	14,429
Fair value does not exceed the balance sheet amount						
Bonds	1,269,774	1,229,897	(39,877)	2,425,133	2,276,412	(148,720)
Foreign securities (bonds)	241,179	223,715	(17,464)	559,088	511,926	(47,161)
Total	12,470,906	14,068,089	1,597,183	12,514,443	13,596,489	1,082,045

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2023			2023		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 8,258,437	¥ 9,228,002	¥ 969,564	\$61,847	\$ 69,108	\$ 7,261
Foreign securities (bonds)	169,561	175,065	5,504	1,269	1,311	41
Fair value does not exceed the balance sheet amount						
Bonds	3,645,235	3,222,896	(422,338)	27,299	24,136	(3,162)
Foreign securities (bonds)	1,119,669	984,647	(135,021)	8,385	7,373	(1,011)
Total	13,192,905	13,610,612	417,707	98,801	101,929	3,128

The following table shows the acquisition costs or amortized costs, the carrying amounts in the non-consolidated balance sheets and their differences of available-for-sale securities as of March 31, 2021, 2022 and 2023.

3) Available-for-sale securities

As of March 31	Millions of Yen						Millions of Yen					
	2021			2022			2021			2022		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs												
Negotiable certificates of deposit	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	131,002	137,430	6,427	122,748	127,640	4,891	122,748	127,640	4,891	122,748	127,640	4,891
Bonds	1,648,506	1,735,325	86,818	843,584	887,744	44,159	843,584	887,744	44,159	843,584	887,744	44,159
Stocks	951,390	2,203,981	1,252,591	902,583	2,084,152	1,181,568	902,583	2,084,152	1,181,568	902,583	2,084,152	1,181,568
Foreign securities	7,580,013	8,181,944	601,930	4,487,576	4,823,301	335,724	4,487,576	4,823,301	335,724	4,487,576	4,823,301	335,724
Foreign bonds	6,733,057	7,242,449	509,392	3,765,847	3,947,491	181,643	3,765,847	3,947,491	181,643	3,765,847	3,947,491	181,643
Other foreign securities	846,956	939,495	92,538	721,728	875,810	154,081	721,728	875,810	154,081	721,728	875,810	154,081
Other securities	329,067	367,843	38,775	192,719	225,564	32,845	192,719	225,564	32,845	192,719	225,564	32,845
Balance sheet amount does not exceed acquisition costs or amortized costs												
Negotiable certificates of deposit	491,600	491,530	(69)	520,900	520,844	(55)	520,900	520,844	(55)	520,900	520,844	(55)
Monetary claims bought	302,887	302,319	(567)	65,354	64,483	(870)	65,354	64,483	(870)	65,354	64,483	(870)
Bonds	828,731	794,415	(34,315)	1,909,150	1,822,223	(86,927)	1,909,150	1,822,223	(86,927)	1,909,150	1,822,223	(86,927)
Stocks	164,279	134,282	(29,996)	252,606	213,078	(39,527)	252,606	213,078	(39,527)	252,606	213,078	(39,527)
Foreign securities	1,516,097	1,436,141	(79,956)	5,661,806	5,408,569	(253,236)	5,661,806	5,408,569	(253,236)	5,661,806	5,408,569	(253,236)
Foreign bonds	1,188,957	1,113,738	(75,219)	4,695,327	4,509,905	(185,421)	4,695,327	4,509,905	(185,421)	4,695,327	4,509,905	(185,421)
Other foreign securities	327,140	322,403	(4,737)	966,478	898,663	(67,815)	966,478	898,663	(67,815)	966,478	898,663	(67,815)
Other securities	20,000	19,265	(735)	218,287	209,782	(8,504)	218,287	209,782	(8,504)	218,287	209,782	(8,504)
Total	13,963,576	15,804,479	1,840,903	15,177,316	16,387,386	1,210,069	15,177,316	16,387,386	1,210,069	15,177,316	16,387,386	1,210,069

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2023			2023			2023			2023		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs												
Negotiable certificates of deposit	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	60,329	63,565	3,236	451	476	24	451	476	24	451	476	24
Bonds	461,287	496,190	34,902	3,454	3,715	261	3,454	3,715	261	3,454	3,715	261
Stocks	833,642	1,918,495	1,084,853	6,243	14,367	8,124	6,243	14,367	8,124	6,243	14,367	8,124
Foreign securities	2,058,172	2,218,554	160,382	15,413	16,614	1,201	15,413	16,614	1,201	15,413	16,614	1,201
Foreign bonds	1,757,317	1,853,231	95,914	13,160	13,878	718	13,160	13,878	718	13,160	13,878	718
Other foreign securities	300,854	365,322	64,468	2,253	2,735	482	2,253	2,735	482	2,253	2,735	482
Other securities	91,605	111,263	19,658	686	833	147	686	833	147	686	833	147
Balance sheet amount does not exceed acquisition costs or amortized costs												
Negotiable certificates of deposit	542,300	542,253	(46)	4,061	4,060	(0)	4,061	4,060	(0)	4,061	4,060	(0)
Monetary claims bought	236,181	233,146	(3,034)	1,768	1,746	(22)	1,768	1,746	(22)	1,768	1,746	(22)
Bonds	2,564,593	2,337,680	(226,913)	19,206	17,506	(1,699)	19,206	17,506	(1,699)	19,206	17,506	(1,699)
Stocks	231,482	199,909	(31,573)	1,733	1,497	(236)	1,733	1,497	(236)	1,733	1,497	(236)
Foreign securities	5,645,575	4,988,934	(656,640)	42,279	37,361	(4,917)	42,279	37,361	(4,917)	42,279	37,361	(4,917)
Foreign bonds	4,402,169	3,935,432	(466,736)	32,967	29,472	(3,495)	32,967	29,472	(3,495)	32,967	29,472	(3,495)
Other foreign securities	1,243,405	1,053,502	(189,903)	9,311	7,889	(1,422)	9,311	7,889	(1,422)	9,311	7,889	(1,422)
Other securities	156,552	140,156	(16,396)	1,172	1,049	(122)	1,172	1,049	(122)	1,172	1,049	(122)
Total	12,881,722	13,250,150	368,428	96,470	99,229	2,759	96,470	99,229	2,759	96,470	99,229	2,759

Note 2: Non-consolidated balance sheet amounts of stocks with no market prices and investments in partnerships are as follows. These amounts are not included in the tables disclosed in “2) Fair value of financial instruments”:

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2023	2023
	Balance sheet amount	Balance sheet amount	Balance sheet amount
Stocks with no market prices ^{*1}	¥731,432	¥777,195	\$5,820
Investments in partnership ^{*2}	179,286	259,720	1,945

*1 Unlisted stocks are included in stocks with no market prices.

*2 Investments in partnership includes those for Limited Partnerships. In accordance with Paragraph 27 of “Implementation Guidance on Accounting Standard for Fair Value Measurement (Application Guidance of Corporate Accounting standards, No. 31, July 4, 2019),” for the fiscal year ended March 31, 2022 and Item 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)),” for the fiscal year ended March 31, 2023, these amounts are not included in fair value disclosure.

Note 3: Maturity analysis of monetary claims, securities with maturities, corporate bonds and other liabilities

Scheduled redemptions of monetary claims, securities with maturities, corporate bonds and other liabilities

As of March 31	Millions of Yen				Millions of Yen			
	2021				2022			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Negotiable certificates of deposit	¥491,600	¥ —	¥ —	¥ —	¥520,900	¥ —	¥ —	¥ —
Monetary claims bought	280,549	208	288	278,221	34,550	213	295	271,025
Securities	336,202	2,810,959	7,952,005	12,742,022	523,415	3,691,288	8,319,230	12,416,511
Held-to-maturity debt securities	2,717	592,331	214,400	780,229	22,704	613,295	189,800	742,621
Policy-reserve-matching bonds	160,260	690,872	3,949,273	7,573,284	160,622	970,898	4,251,363	7,045,414
Available-for-sale securities	173,224	1,527,755	3,788,332	4,388,508	340,089	2,107,094	3,878,067	4,628,474
Loans	162,860	478,612	501,410	533,973	417,137	472,572	481,508	570,839
Corporate bonds	—	—	—	449,924	—	—	—	480,510
Loans payable	—	—	—	120,000	—	—	—	120,000

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Negotiable certificates of deposit	¥542,300	¥ —	¥ —	¥ —	\$4,061	\$ —	\$ —	\$ —
Monetary claims bought	143,051	218	302	263,839	1,071	1	2	1,975
Securities	641,396	3,825,396	7,079,374	12,234,988	4,803	28,648	53,017	91,627
Held-to-maturity debt securities	43,098	595,915	174,800	716,812	322	4,462	1,309	5,368
Policy-reserve-matching bonds	84,411	1,309,990	4,668,529	7,093,128	632	9,810	34,962	53,120
Available-for-sale securities	513,887	1,919,491	2,236,044	4,425,046	3,848	14,374	16,745	33,138
Loans	324,694	545,179	491,765	595,761	2,431	4,082	3,682	4,461
Corporate bonds	—	—	—	396,510	—	—	—	2,969
Loans payable	—	—	—	170,000	—	—	—	1,273

The table above excludes certain financial instruments for which estimation of the scheduled redemptions is impracticable, such as loans to borrowers that are legally or substantially bankrupt and borrowers likely to become bankrupt, and those without maturities.

3) Matters concerning fair value of financial instruments and breakdown by input level

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted price in an active market for the same asset or liability

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified to the lowest priority level of fair value measurement in which each input belongs.

1) Financial assets and liabilities at the fair value on the non-consolidated balance sheet

As of March 31	Millions of Yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 520,844	¥ —	¥ 520,844
Monetary claims bought	—	34,493	157,630	192,123
Money held in trust	—	—	4,914	4,914
Securities	6,460,842	7,163,503	447,470	14,071,816
Trading securities	493,324	110,573	—	603,897
Available-for-sale securities	5,967,518	7,052,930	447,470	13,467,918
National government bonds	1,249,716	—	—	1,249,716
Local government bonds	—	45,975	—	45,975
Corporate bonds	—	1,413,274	1,000	1,414,275
Domestic stocks	2,296,590	640	—	2,297,231
Foreign securities	2,417,887	5,593,039	446,469	8,457,396
Foreign bonds	2,417,887	5,593,039	446,469	8,457,396
Other securities	3,323	—	—	3,323
Derivative transactions	415	151,929	0	152,345
Currency-related	—	150,030	—	150,030
Stock-related	415	—	0	415
Other	—	1,899	—	1,899
Total Assets	6,461,258	7,870,772	610,014	14,942,044
Derivative transactions	7,467	820,194	2,169	829,832
Currency-related	—	814,379	2,169	816,549
Stock-related	6,333	—	—	6,333
Other	1,133	5,814	—	6,948
Total Liabilities	7,467	820,194	2,169	829,832

The amount of investment trusts for which transitional measures are applied in accordance with Paragraph 26 of "Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)," were not included in the table above. The non-consolidated balance sheet amount of these investment trusts was ¥2,244,246 million as of March 31, 2022.

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 542,253	¥ —	¥ 542,253	\$ —	\$ 4,060	\$ —	\$ 4,060
Monetary claims bought	—	142,995	153,716	296,712	—	1,070	1,151	2,222
Money held in trust	—	—	14,990	14,990	—	—	112	112
Securities	5,741,537	5,882,967	1,055,717	12,680,223	42,998	44,057	7,906	94,961
Trading securities	504,111	100,060	—	604,171	3,775	749	—	4,524
Available-for-sale securities	5,237,426	5,782,907	1,055,717	12,076,051	39,222	43,307	7,906	90,436
National government bonds	1,539,739	—	—	1,539,739	11,531	—	—	11,531
Local government bonds	—	42,428	—	42,428	—	317	—	317
Corporate bonds	—	1,251,351	350	1,251,702	—	9,371	2	9,373
Domestic stocks	2,118,310	94	—	2,118,405	15,863	0	—	15,864
Foreign securities	1,526,830	4,299,967	1,055,367	6,882,164	11,434	32,202	7,903	51,540
Foreign bonds	1,506,057	3,407,558	875,049	5,788,664	11,278	25,519	6,553	43,351
Foreign stocks	20,773	892,409	180,318	1,093,500	155	6,683	1,350	8,189
Other securities	52,546	189,064	—	241,610	393	1,415	—	1,809
Derivative transactions	2,053	144,796	2,078	148,928	15	1,084	15	1,115
Currency-related	—	137,790	1,632	139,422	—	1,031	12	1,044
Interest-related	—	4,100	—	4,100	—	30	—	30
Stock-related	1,276	—	446	1,723	9	—	3	12
Other	776	2,905	—	3,682	5	21	—	27
Total Assets	5,743,591	6,713,013	1,226,503	13,683,108	43,013	50,273	9,185	102,472
Derivative transactions	249	589,578	646	590,475	1	4,415	4	4,422
Currency-related	—	573,261	256	573,517	—	4,293	1	4,295
Interest-related	—	16,135	—	16,135	—	120	—	120
Stock-related	249	—	390	639	1	—	2	4
Other	—	182	—	182	—	1	—	1
Total Liabilities	249	589,578	646	590,475	1	4,415	4	4,422

The investment trusts for which net asset value is regarded as fair value in accordance with Item 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)) are not included in the above table. The non-consolidated balance sheet amount of these investment trusts was ¥335,133 million (U.S. \$2,509 million) as of March 31, 2023.

The following table shows the reconciliation between the beginning and ending balance of these investment trusts:

For the fiscal year ended March 31	Millions of Yen	Millions of U.S. Dollars
	2023	2023
	Investment trusts for which net asset value is regarded as fair value	
Beginning balance	¥228,914	\$1,714
Gains (losses) for the period/ other comprehensive income	21,135	158
Recorded to gains (losses) for the period *1	1,495	11
Recorded to other comprehensive income	19,640	147
Net amount of purchase, sale, issuance and settlement, etc.	85,083	637
The amount of the investment trusts for which net asset value is regarded as fair value from this period	—	—
The amount of the investment trusts for which net asset value is not regarded as fair value from this period	—	—
Ending balance	335,133	2,509
Net unrealized gains (losses) on investment trusts held at consolidated balance sheet date among the amount recognized in the earnings of the period	—	—

*1 Included in “Investment income” and “Investment expenses” of the non-consolidated statements of income.

These investment trusts with the restrictions of redemption mainly consisted of the investment trusts with the restriction that voluntary cancellation is not permitted, and the non-consolidated balance sheet amount of these investment trusts was ¥251,835 million (U.S. \$1,885 million) as of March 31, 2023.

2) Financial assets and liabilities which are not stated at the fair value on the non-consolidated balance sheet

As of March 31	Millions of Yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 119,276	¥ 119,276
Securities	10,565,266	4,894,987	2,008	15,462,263
Held-to-maturity debt securities	107,266	1,704,828	—	1,812,094
National government bonds	107,266	—	—	107,266
Corporate bonds	—	172,500	—	172,500
Foreign securities	—	1,532,328	—	1,532,328
Foreign bonds	—	1,532,328	—	1,532,328
Policy-reserve-matching bonds	10,458,000	3,136,479	2,008	13,596,489
National government bonds	10,458,000	—	—	10,458,000
Local government bonds	—	135,972	—	135,972
Corporate bonds	—	2,067,679	—	2,067,679
Foreign securities	—	932,827	2,008	934,836
Foreign bonds	—	932,827	2,008	934,836
Investment in unconsolidated subsidiaries and affiliated companies	—	53,679	—	53,679
Loans	—	18,038	2,168,870	2,186,908
Total Assets	10,565,266	4,913,025	2,290,155	17,768,448
Corporate Bonds	—	486,370	—	486,370
Loans payables	—	119,804	—	119,804
Total Liabilities	—	606,174	—	606,174

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 110,758	¥ 110,758	\$ —	\$ —	\$ 829	\$ 829
Securities	10,578,727	4,805,066	2,015	15,385,809	79,223	35,984	15	115,223
Held-to-maturity debt securities	104,882	1,624,687	—	1,729,570	785	12,167	—	12,952
National government bonds	104,882	—	—	104,882	785	—	—	785
Corporate bonds	—	146,385	—	146,385	—	1,096	—	1,096
Foreign securities	—	1,478,302	—	1,478,302	—	11,070	—	11,070
Foreign bonds	—	1,478,302	—	1,478,302	—	11,070	—	11,070
Policy-reserve-matching bonds	10,473,291	3,135,305	2,015	13,610,612	78,433	23,480	15	101,929
National government bonds	10,473,291	—	—	10,473,291	78,433	—	—	78,433
Local government bonds	—	131,436	—	131,436	—	984	—	984
Corporate bonds	—	1,846,171	—	1,846,171	—	13,825	—	13,825
Foreign securities	—	1,157,697	2,015	1,159,713	—	8,669	15	8,685
Foreign bonds	—	1,157,697	2,015	1,159,713	—	8,669	15	8,685
Investment in unconsolidated subsidiaries and affiliated companies	553	45,072	—	45,626	4	337	—	341
Loans	—	17,690	2,133,772	2,151,462	—	132	15,979	16,112
Total Assets	10,578,727	4,822,756	2,246,546	17,648,030	79,223	36,117	16,824	132,165
Corporate Bonds	—	384,730	—	384,730	—	2,881	—	2,881
Loans payables	—	165,240	—	165,240	—	1,237	—	1,237
Total Liabilities	—	549,970	—	549,970	—	4,118	—	4,118

Note 1: Description of the valuation techniques and inputs used to measure fair value

Assets

1) Monetary claims bought

As for securitized products of monetary claims bought, the fair values are based on the values deemed as market prices obtained by the reasonable estimate such as those obtained from financial information vendors and brokers and are categorized as Level 3 since significant valuation inputs are unobservable.

As for monetary claims bought other than those described above, when the present values of the expected future cash flows are considered to be fair values, those other monetary claims bought are categorized as Level 3 since the discount rate and other significant valuation inputs are unobservable and as Level 2 when those inputs are observable.

2) Money held in trust

As for money held in trust, the fair value is determined based on each component of trust properties quoted by the financial institutions from which these securities were purchased, and classified into Level 3 since significant valuation inputs are unobservable.

3) Securities

As for securities for which unadjusted quoted prices in active markets are available, those securities are categorized as Level 1 which includes mainly stocks and national government bonds.

In the case the markets are inactive even if the quoted prices are available, those securities are categorized as Level 2, which includes mainly local government bonds and corporate bonds.

When the quoted prices are not available, fair values are measured at the present value of the expected future cash flows and others. When making these assessments, we maximize the use of relevant observable inputs and the main inputs include government bond yields, prepayments rates, credit spreads, default rates, loss given default rates. When significant unobservable valuation inputs are used, those securities are categorized as level 3.

For investment trusts which do not have market price, the company applied net asset value of these investment trusts as fair value if there are no material restrictions on cancellation for which the market participants would require compensation.

The fair value is categorized as Level 2 or Level 3 based on the level of the major components of these investment trusts.

4) Loans

As for general loans, the fair values are measured, for each category of the loans determined according to the types, internal ratings and terms of the loans, by discounting the total amount of principal and interest and others at the discount rate that reflects market interest rates and other factors such as credit risks.

When significant unobservable valuation inputs are used, those loans are categorized as level 3.

As for policy loans, the book value is deemed as the fair value since the fair value approximates the book value, considering that the loan amount is limited within surrender value with no contractual maturity and given their estimated repayment period and interest rate terms, and those loans are categorized as level 3.

Liabilities

1) Corporate bonds

As for Corporate bonds, quoted prices in inactive markets are considered to be fair values and those bonds are categorized as level 2.

2) Loans payable

As for Loan payable, quoted prices in inactive markets of loan-backed bonds are considered to be fair values and those loans payable are categorized as level 2.

Derivative transactions

Derivative transactions that can be measured at unadjusted quoted prices in active markets are categorized as Level 1, which includes such transactions as bonds futures and stocks futures. However, since most derivative transactions are over-the-counter transactions and there are no quoted market prices, fair values are measured using valuation techniques such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs which are used in those valuation techniques include interest rate, currency rate, volatility and others. When unobservable inputs are not used or

impact of unobservable inputs are not material, transactions are categorized as Level 2, which mainly includes such transactions as plain vanilla interest rate swaps and foreign exchange forwards. When significant unobservable inputs are used, transactions are categorized as Level 3, which includes transactions such as stock option transactions.

Since foreign exchange forward contracts and currency swap contracts subject to the allocation method are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair value is included in the fair value of hedged loans and bonds payable in the table above. In addition, since interest rate swaps subject to the exceptional method are treated as an integral part of the hedged loan, their fair value is included in the fair value of hedged loans in the table above.

Note 2: Information about financial assets and liabilities measured and stated on the non-consolidated balance sheet at fair value and classified in Level 3

1) Quantitative information about significant unobservable inputs

Since the significant unobservable inputs were not estimated, the Company omitted the quantitative information about significant unobservable inputs.

2) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings for the period ended March 31, 2022 and 2023

As of March 31	Millions of Yen				
	Monetary claims bought	Money held in trust	Securities	Derivative transactions ²	Total
Beginning balance	¥159,383	¥ —	¥411,734	¥(28,725)	¥542,392
Gains (losses) for the period/ other comprehensive income	(1,941)	382	26,318	(7,842)	16,916
Recorded to gains (losses) for the period ¹	8	382	30,573	(7,842)	23,121
Recorded to other comprehensive income	(1,950)	—	(4,255)	—	(6,205)
Net amount of purchase, sale, issuance and settlement, etc.	187	4,532	9,418	34,398	48,536
Transfer to Level 3	—	—	—	—	—
Transfer from Level 3	—	—	—	—	—
Ending balance	157,630	4,914	447,470	(2,169)	607,844
Net unrealized gains (losses) on financial assets and liabilities held at the non-consolidated balance sheet date among the amount recognized in the earnings of the period	—	—	—	(3,670)	(3,670)

As of March 31	Millions of Yen					Millions of U.S. Dollars				
	2023					2023				
	Monetary claims bought	Money held in trust	Securities	Derivative transactions ^{*2}	Total	Monetary claims bought	Money held in trust	Securities	Derivative transactions ^{*2}	Total
Beginning balance ^{*3}	¥157,630	¥ 4,914	¥ 615,092	¥(2,169)	¥ 775,467	\$1,180	\$ 36	\$4,606	\$(16)	\$5,807
Gains (losses) for the period/ other comprehensive income	(3,816)	316	29,075	(5,362)	20,213	(28)	2	217	(40)	151
Recorded to gains (losses) for the period ^{*1}	4	316	46,580	(5,362)	41,538	0	2	348	(40)	311
Recorded to other comprehensive income	(3,820)	—	(17,504)	—	(21,325)	(28)	—	(131)	—	(159)
Net amount of purchase, sale, issuance and settlement, etc.	(97)	9,760	411,548	8,963	430,175	(0)	73	3,082	67	3,221
Transfer to Level 3	—	—	—	—	—	—	—	—	—	—
Transfer from Level 3	—	—	—	—	—	—	—	—	—	—
Ending balance	153,716	14,990	1,055,717	1,431	1,225,856	1,151	112	7,906	10	9,180
Net unrealized gains (losses) on financial assets and liabilities held at the non-consolidated balance sheet date among the amount recognized in the earnings of the period	—	—	—	(5,713)	(5,713)	—	—	—	(42)	(42)

*1 Principally included in "Investment income" and "Investment expenses" of the non-consolidated statements of income.

*2 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

*3 The amount of investment trusts, ¥167,622 million (U.S. \$1,255 million), is included in Securities.

3) Explanation about the fair value valuation process

The company's risk management department has implemented policies and procedures regarding the fair value measurement and front divisions and others obtain and measure the fair values in accordance with such policies and procedures. The risk management department and others verify the reasonableness of the fair value valuation models, the inputs used, and the appropriateness of the classified fair value level of the calculated fair value. The results of verification are reported to the risk management department every quarter to ensure the appropriateness of the policies and procedures regarding the fair value measurement.

When measuring the fair values, the valuation models which most appropriately reflect the nature, characteristics and risks of each asset are used. When quoted prices obtained from third parties are used as fair value, their validity is verified taking appropriate methods such as confirming the valuation techniques and inputs used and comparing with the fair value of similar financial instruments.

4) Description of the sensitivity of the fair value to changes in significant unobservable inputs

Since the significant unobservable inputs were not estimated, the Company omitted the description of the sensitivity of the fair value to changes in significant unobservable inputs.

Note 3: Fair values of derivative transactions

1) Interest-rate related

a) Hedge accounting not applied

Type	Millions of Yen				Millions of Yen			
	2021				2022			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ —	¥ —	¥ —	¥ —	¥47,500	¥47,500	¥(568)	¥(568)
Total				—				(568)

Type	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥32,500	¥32,500	¥1,147	¥1,147	\$243	\$243	\$8	\$8
Total				1,147				8

*1 Net gains (losses) represent the fair values for interest rate swaps.

b) Hedge accounting applied

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of Yen		
			2021			2022		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	¥ 145	¥ 80	¥ 1	¥ 80	¥ 35	¥ 0
	Receipts floating, payments fixed	Loans	83,032	83,032	6,081	91,792	91,792	10,820
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	15,500	11,500	12	11,500	11,500	(14)
	Receipts fixed, payments floating	Insurance Liabilities	—	—	—	77,500	77,500	(5,038)
Total					6,094			5,768

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars		
			2023			2023		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	¥ 735	¥ 710	¥ 0	\$ 5	\$ 5	\$ 0
	Receipts floating, payments fixed	Loans	100,147	100,147	17,173	750	750	128
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	13,500	2,500	(11)	101	18	0
	Receipts fixed, payments floating	Insurance Liabilities	217,500	217,500	(13,146)	1,628	1,628	(98)
Total					4,015			30

*1 The fair values of certain interest rate swaps under the exceptional method are included in the fair values of related loans since they are accounted for as integrated transactions.

2) Currency-related

a) Hedge accounting not applied

As of March 31	Millions of Yen				Millions of Yen			
	2021				2022			
Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥3,235,486	¥ —	¥(214,996)	¥(214,996)	¥2,215,532	¥ —	¥(221,515)	¥(221,515)
(U.S. dollar)	1,500,512	—	(58,407)	(58,407)	983,269	—	(118,453)	(118,453)
(Euro)	1,149,871	—	(72,428)	(72,428)	582,889	—	(29,456)	(29,456)
(Australian dollar)	278,675	—	(67,010)	(67,010)	513,509	—	(60,675)	(60,675)
Bought	3,542,436	—	100,313	100,313	2,640,665	—	147,989	147,989
(U.S. dollar)	1,418,949	—	47,159	47,159	989,700	—	47,798	47,798
(Euro)	1,540,936	—	44,898	44,898	1,034,799	—	60,119	60,119
(Australian dollar)	272,639	—	5,311	5,311	485,776	—	37,184	37,184
Currency options								
Sold								
Call	172,500	—			120,000	—		
	[726]		172	553	[313]		2,169	(1,856)
(U.S. dollar)	172,500	—			120,000	—		
	[726]		172	553	[313]		2,169	(1,856)
Put	135,000	—			—	—		
	[681]		—	681			—	—
(U.S. dollar)	135,000	—			—	—		
	[681]		—	681			—	—
Bought								
Put	150,000	—			100,000	—		
	[2,186]		2	(2,184)	[422]		—	(422)
(U.S. dollar)	150,000	—			100,000	—		
	[2,186]		2	(2,184)	[422]		—	(422)
Total				(115,631)				(75,805)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥3,623,464	¥ —	¥(252,498)	¥(252,498)	\$27,135	\$ —	\$(1,890)	\$(1,890)
(U.S. dollar)	1,280,422	—	(124,993)	(124,993)	9,589	—	(936)	(936)
(Euro)	1,829,812	—	(123,913)	(123,913)	13,703	—	(927)	(927)
(Australian dollar)	401,852	—	(4,138)	(4,138)	3,009	—	(30)	(30)
Bought	3,524,394	—	54,022	54,022	26,394	—	404	404
(U.S. dollar)	1,697,932	—	10,414	10,414	12,715	—	77	77
(Euro)	1,337,349	—	47,940	47,940	10,015	—	359	359
(Australian dollar)	396,207	—	(5,848)	(5,848)	2,967	—	(43)	(43)
Currency options								
Sold								
Call	83,200	—			623	—		
	[678]		256	422	[5]		1	3
(U.S. dollar)	83,200	—			623	—		
	[678]		256	422	[5]		1	3
Put	—	—			—	—		
(U.S. dollar)	—	—			—	—		
Bought								
Put	914,650	—			6,849	—		
	[3,933]		1,632	(2,301)	[29]		12	(17)
(U.S. dollar)	914,650	—			6,849	—		
	[3,933]		1,632	(2,301)	[29]		12	(17)
Total				(200,355)				(1,500)

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for foreign currency forward contracts and the differences between the option fees and the fair values for option transactions.

b) Hedge accounting applied

As of March 31	Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of Yen		
				2021			2022		
				Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets						
		Sold		¥7,954,817	¥2,386,505	¥(374,068)	¥7,894,713	¥3,363,811	¥(585,471)
		(U.S. dollar)		3,670,328	1,116,818	(161,117)	3,829,723	1,656,305	(318,481)
		(Euro)		2,412,569	906,783	(84,208)	2,546,059	1,265,539	(126,821)
		(Australian dollar)		1,234,976	248,123	(109,166)	1,159,427	441,967	(114,262)
	Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	179,829	173,945	4,776	185,118	185,118	(15,141)
				179,829	173,945	4,776	185,118	185,118	(15,141)
	Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated liabilities	244,924	244,924	29,996	345,510	345,510	49,984
				244,924	244,924	29,996	345,510	345,510	49,984
	Deferred hedge method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	37,806	37,806	(3,900)	37,806	37,806	(5,352)
				35,351	35,351	(3,685)	35,351	35,351	(5,057)
	Total					(343,195)			(555,980)

As of March 31	Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars		
				2023			2023		
				Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets						
		Sold		¥4,762,898	¥702,883	¥(229,955)	\$35,669	\$5,263	\$(1,722)
		(U.S. dollar)		3,181,135	663,063	(168,052)	23,823	4,965	(1,258)
		(Euro)		872,598	—	(51,356)	6,534	—	(384)
		(Australian dollar)		524,937	27,290	(10,483)	3,931	204	(78)
	Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	236,846	230,642	(29,226)	1,773	1,727	(218)
				236,846	230,642	(29,226)	1,773	1,727	(218)
	Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated liabilities	345,510	246,030	65,546	2,587	1,842	490
				345,510	246,030	65,546	2,587	1,842	490
	Deferred hedge method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	37,806	35,351	(7,039)	283	264	(52)
				35,351	35,351	(6,634)	264	264	(49)
	Total					(200,674)			(1,502)

*1 The fair values of currency swaps under the allocation method are included in the fair values of related foreign-currency-denominated assets and liabilities since they are accounted for as integrated transactions.

3) Stock-related

a) Hedge accounting not applied

As of March 31

		Millions of Yen				Millions of Yen			
		2021				2022			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ 2,344	¥ —	¥ (58)	¥ (58)	¥83,809	¥ —	¥(6,326)	¥(6,326)
	Bought	30,720	—	440	440	5,044	—	408	408
Over-the counter transactions	Stock index options								
	Sold								
	Call	148,470 [1,674]	—	28,555	(26,881)	—	—	—	—
	Put	122,715 [2,326]	—	—	2,326	—	—	—	—
	Bought								
	Put	149,985 [5,481]	—	—	(5,481)	66,000 [1,392]	—	0	(1,391)
Total					(29,654)				(7,310)

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2023				2023			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ 7,576	¥ —	¥ (77)	¥ (77)	\$ 56	\$ —	\$0	\$ 0
	Bought	68,783	—	1,104	1,104	515	—	8	8
Over-the counter transactions	Stock index options								
	Sold								
	Call	40,000 [1,046]	—	390	656	299 [7]	—	2	4
	Put	— [—]	—	—	—	— [—]	—	—	—
	Bought								
	Put	547,130 [4,936]	—	446	(4,489)	4,097 [36]	—	3	(3)
Total					(2,806)				(21)

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for futures trading and the differences between the option fees and the fair values for option transactions.

b) Hedge accounting applied

No ending balances as of March 31, 2021, 2022 and 2023.

4) Bond-related

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2021				2022			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures Sold	¥20,393	¥ —	¥ 99	¥ 99	¥ —	¥ —	¥ —	¥ —
	Bought	33,536	—	(47)	(47)	66,423	—	(1,133)	(1,133)
Total					51				(1,133)

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2023				2023			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
	Bought	33,788	—	776	776	253	—	5	5
Total					776				5

*1 Net gains (losses) represent the fair values for futures trading.

b) Hedge accounting applied

No ending balances as of March 31, 2021, 2022 and 2023.

5) Other

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2021				2022			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Over-the-counter transactions	Multi-Asset index options Sold								
	Call	¥134,140	¥ —			¥136,100	¥ —		
		[445]		¥ 549	¥(103)	[414]		¥ 187	¥ 227
	Bought								
	Call	127,843	—			143,926	—		
		[2,630]		3,421	790	[2,882]		1,892	(990)
Total					687				(762)

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2023				2023			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Over-the-counter transactions	Multi-Asset index options Sold								
	Call	¥ 97,881	¥ —			\$ 733	\$ —		
		[291]		¥ 182	¥ 108	[2]		\$ 1	\$ 0
	Bought								
	Call	186,144	—			1,394	—		
		[4,144]		2,905	(1,238)	[31]		21	(9)
Total					(1,129)				(8)

*1 Option fees are shown in [].

*2 Net gains (losses) represent the differences between the option fees and the fair values for option transactions.

b) Hedge accounting applied

No ending balances as of March 31, 2021, 2022 and 2023.

Note 4

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥396,511 million, ¥394,362 million and ¥404,931 million (U.S. \$3,032 million), and their fair values were ¥515,877 million, ¥531,814 million and ¥555,699 million (U.S. \$4,161 million) as of March 31, 2021, 2022 and 2023, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amounts of ¥1,384 million, ¥1,319 million and ¥1,319 million (U.S. \$9 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 5

Securities Lending

Securities loaned under security lending agreements amounted to ¥4,366,031 million, ¥4,776,801 million and ¥3,991,231 million (U.S. \$29,890 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 6

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥427,522 million, ¥428,797 million and ¥440,324 million (U.S. \$3,297 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 7

Deduction from the original acquisition cost of qualified properties

The Company's total amounts deducted from the original acquisition cost of the qualified properties were nil, ¥2,826 million and ¥16,601 million (U.S. \$124 million) for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

Note 8

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥828,123 million, ¥828,542 million and ¥790,519 million (U.S. \$5,920 million) as of March 31, 2021, 2022 and 2023, respectively. The total amounts of separate account liabilities were the same as these.

Note 9

Monetary Receivable from and Payable to Subsidiaries

The total amounts of monetary receivable from and payable to subsidiaries as of March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Monetary receivable	¥84,223	¥93,648	¥142,554	\$1,067
Monetary payable	14,792	17,277	11,216	83

Note 10

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
At the beginning of the fiscal year	¥221,485	¥218,156	¥216,226	\$1,619
Transfer from surplus in the previous fiscal year	47,451	54,181	58,310	436
Dividend payments to policyholders during the fiscal year	(50,810)	(56,141)	(58,895)	(441)
Interest accrued during the fiscal year	29	29	26	0
At the end of the fiscal year	¥218,156	¥216,226	¥215,667	\$1,615

Note 11

Net Assets Stipulated by the Ordinance for Enforcement of the Insurance Business Act

The amounts of net assets pursuant to Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act were ¥1,330,356 million, ¥888,469 million and ¥288,092 million (U.S. \$2,157 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 12

Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	2021	2022	2023
	Benefit formula basis	Benefit formula basis	Benefit formula basis
Method of attributing benefits to period of service			
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years	8 years	8 years
Amortization period for past service costs	3 years	3 years	3 years

The following provide details of the retirement benefit plans.

1) Summary of the retirement benefit plans

The Company has defined benefit corporate pension plans and retirement allowance systems, which distribute a lump sum payment on retirement, as defined benefit plans, and a defined contribution pension plan as defined contribution plans.

The Company established retirement benefit trusts for certain retirement allowance systems.

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
At the beginning of the fiscal year	¥270,390	¥295,943	¥297,663	\$2,229
Service costs	11,495	12,895	13,148	98
Interest costs on projected benefit obligations	3,982	1,701	1,711	12
Actuarial losses (gains)	33,123	1,957	2,746	20
Benefits paid	(23,049)	(14,834)	(15,812)	(118)
At the end of the fiscal year	¥295,943	¥297,663	¥299,457	\$2,242

b) Changes in the plan assets for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2021	2022	2023	2023
At the beginning of the fiscal year	¥266,550	¥311,806	¥318,380	\$2,384
Expected return on plan assets	2,033	2,923	3,158	23
Actuarial gains (losses)	47,337	5,008	13,300	99
Contribution by employer	6,648	5,153	5,280	39
Benefits paid	(10,763)	(6,511)	(6,751)	(50)
At the end of the fiscal year	¥311,806	¥318,380	¥333,368	\$2,496

c) The amounts of the defined benefit liabilities and the defined benefit assets in the non-consolidated balance sheets as of March 31, 2021, 2022 and 2023 were determined as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Present value of funded obligations	¥ 295,943	¥ 297,663	¥ 299,457	\$ 2,242
Plan assets at fair value	(311,806)	(318,380)	(333,368)	(2,496)
Net present value of funded obligations	(15,862)	(20,716)	(33,910)	(253)
Unrecognized actuarial gains (losses)	(355)	(1,680)	7,145	53
Unrecognized past service costs	491	245	—	—
Net value on the balance sheet	(15,726)	(22,150)	(26,764)	(200)
Prepaid pension cost	(15,726)	(22,150)	(26,764)	(200)
Net value on the balance sheet	¥ (15,726)	¥ (22,150)	¥ (26,764)	\$ (200)

d) The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Service costs	¥11,495	¥12,895	¥13,148	\$ 98
Interest costs on projected benefit obligations	3,982	1,701	1,711	12
Expected return on plan assets	(2,033)	(2,923)	(3,158)	(23)
Amortization of net actuarial losses (gains)	(4,759)	(4,376)	(1,727)	(12)
Amortization of net past service costs	(3,724)	(245)	(245)	(1)
Retirement benefit expenses	¥ 4,960	¥ 7,051	¥ 9,727	\$ 72

e) The plan assets

The plan assets as of March 31, 2021, 2022 and 2023 were comprised as follows:

	% of total fair value of plan assets		
	2021	2022	2023
Equity securities	42	41	42
General accounts of life insurance companies	35	36	34
Investment trusts	6	6	5
Debt securities	6	4	5
Others	11	13	14
Total	100	100	100

48%, 48% and 50% of the plan assets were the retirement benefit trusts as of March 31, 2021, 2022 and 2023, respectively.

f) The expected long-term rate of return on the plan assets

The expected long-term rate of return on the plan assets is calculated by aggregating the weighted rates of return derived from each asset category. The expected long-term rates of return for each asset category are based primarily on various aspects of long-term prospects for the economy that include historical performance and the market environment.

g) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	2021	2022	2023
Discount rate	0.575%	0.575%	0.575%
Expected long-term rates of return on the plan assets			
Defined benefit pension plans	1.3%	1.8%	1.9%
Retirement benefit trusts	0.0%	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥1,147 million, ¥1,206 million and ¥1,271 million (U.S. \$9 million) for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

Note 13**Income Taxes**

The provision for income taxes is calculated based on the pretax surplus included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

Note 14**Pledged Assets**

Assets pledged as collateral were securities in the amounts of ¥3,360,448 million, ¥3,965,603 million and ¥3,726,745 million (U.S. \$27,909 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 15**Equity Investments in Subsidiaries**

Total amounts of equity investments in subsidiaries were ¥749,854 million, ¥800,903 million and ¥858,010 million (U.S. \$6,425 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 16**Loans**

Of claims pursuant to the Insurance Business Act, the aggregate amounts of claims against bankrupt or de facto bankrupt borrowers, doubtful claims, past due claims (3 months or more) and restructured claims were ¥2,053 million, ¥1,355 million and ¥783 million (U.S. \$5 million) as of March 31, 2021, 2022 and 2023, respectively. The details are as follows:

The amounts of claims against bankrupt or de facto bankrupt borrowers were nil, nil and nil, and doubtful claims were ¥853 million, ¥755 million and ¥783 million (U.S. \$5 million) as of March 31, 2021, 2022 and 2023, respectively.

The amounts of claims deemed uncollectible and directly deducted from the claims in the non-consolidated balance sheet were ¥20 million, ¥17 million and ¥16 million (U.S. \$0 million) as of March 31, 2021, 2022 and 2023, respectively, which were claims against bankrupt or de facto bankrupt borrowers. The amounts of claims deemed uncollectible and directly deducted from the claims in the non-consolidated balance sheet were ¥226 million, nil and nil as of March 31, 2021, 2022 and 2023, respectively, which is doubtful claims.

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation of other similar legal proceedings.

Doubtful claims are those against borrowers who have not yet failed but their financial condition and business performance have deteriorated, with a high possibility that the principal and interest on these claims will not be received as per agreement, excluding claims against bankrupt or de facto bankrupt borrowers.

The amounts of past due claims (3 months or more) were nil, nil and nil as of March 31, 2021, 2022 and 2023, respectively.

Past due claims (3 months or more) represent claims on which payments of principal or interest are past due over three months from the day following the contractual due date. Past due claims (3 months or more) do not include claims classified as claims against bankrupt or de facto bankrupt borrowers or doubtful claims.

The amounts of restructured claims were ¥1,200 million, ¥600 million and nil as of March 31, 2021, 2022 and 2023, respectively.

Restructured claims represent claims which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured claims do not include claims classified as claims against bankrupt or de facto bankrupt borrowers, doubtful claims or past due claims (3 months or more).

Note 17**Loan Commitments**

The amounts of loan commitments outstanding were ¥7,278 million, ¥17,044 million and ¥16,561 million (U.S. \$124 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 18**Reinsurance**

The amounts of reinsurance recoverable on outstanding claims pursuant to Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act which applies mutatis mutandis to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act ("reinsurance recoverable on outstanding claims"), were ¥36 million, ¥15 million and ¥24 million (U.S. \$0 million) as of March 31, 2021, 2022 and 2023, respectively.

The amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act ("reinsurance recoverable on policy reserves") were ¥1,056 million, ¥1,328 million and ¥2,127 million (U.S. \$15 million) as of March 31, 2021, 2022 and 2023, respectively.

Note 19**Contributions to the Life Insurance Policyholders Protection Corporation**

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥35,900 million, ¥36,195 million and nil as of March 31, 2021, 2022 and 2023, respectively, pursuant to Article 259 of the Insurance Business Act.

These contributions are recognized as operating expenses when they are made.

Note 20

Investment Income and Expenses

Major components of gains on sales of securities for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Domestic bonds including national government bonds	¥46,798	¥23,057	¥ 9,971	\$ 74
Domestic stocks	15,991	21,326	142,723	1,068
Foreign securities	16,603	22,634	206,023	1,542

Major components of losses on sales of securities for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Domestic bonds including national government bonds	¥ 4,197	¥23,374	¥ 15,206	\$ 113
Domestic stocks	2,100	3,780	5,896	44
Foreign securities	10,789	40,896	323,894	2,425

Major components of losses on valuation of securities for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Domestic stocks	¥1,875	¥9,633	¥2,625	\$19
Foreign securities	149	—	65	0

Gains or losses on derivative financial instruments, net, included net valuation losses of ¥96,461 million, gains of ¥132,023 million and losses of ¥194,915 million (U.S. \$1,459 million) for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

Gains or losses on money held in trust, net, did not include net valuation gain and losses for the fiscal years ended March 31, 2021, 2022 and 2023, respectively.

Note 21

Policy Reserves for Ceded Reinsurance

The amounts of provision for (reversal of) reinsurance recoverable on outstanding claims and reinsurance recoverable on policy reserves, which are deducted in calculating reversal of (provision for) reserves for outstanding claims and policy reserves, for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ 27	¥ (21)	¥ 9	\$0
Provision for (reversal of) reinsurance recoverable on policy reserves	(243)	272	799	5

Impairment of Fixed Assets

The details of impairment losses on fixed assets were as follows:

Accumulated impairment losses on fixed assets are directly reduced from amounts of their respective assets.

1) Method for grouping the assets

The Company groups all the fixed assets held and utilized for its insurance business as one asset group for the impairment test.

The Company treats real estates for investment and idle assets as an independent asset group for the impairment test.

2) Description of impairment losses

For the fiscal years ended March 31, 2021, 2022 and 2023, the Company recognized impairment losses on real estates for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in the fair value. For these assets, the Company reduced the carrying amounts to the recoverable amounts, and recognized impairment losses as extraordinary losses in the non-consolidated statements of income.

3) Breakdown of impairment losses for the fiscal years ended March 31, 2021, 2022 and 2023

Asset Group	Asset Category	Millions of Yen			Millions of U.S. Dollars
		2021	2022	2023	2023
Real estates for investment, etc.	Land and buildings, etc.	¥ —	¥ —	¥ 751	\$ 5
Idle assets, etc.	Land and buildings, etc.	1,082	432	1,569	11
Total		¥1,082	¥432	¥2,320	\$17

4) The recoverable amounts

The recoverable amounts of real estates for investment are determined at net realizable value or value in use. The recoverable amounts for idle assets are determined at net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on the Real Estate Appraisal Standards, or publicly announced value. Value in use is determined as the estimated net future cash flows discounted at 5.0%.

Note 23

Deferred Taxes

The consolidation tax filings were adopted from the fiscal year ended March 31, 2018.

Following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No.8 of 2020), the transition from the consolidation tax filings to the group tax sharing system will be applied for the fiscal year beginning on April 1, 2022. With the adoption of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No.39, March 31, 2020), the Company and certain domestic subsidiaries recognized deferred tax assets/liabilities as of March 31, 2021 and 2022 based on the provisions of pre-amended Tax Act.

The Company and certain domestic consolidated subsidiaries, which adopted the Group Tax Sharing System, have accounted for and made disclosure of their corporate tax and local corporate tax, and tax effect accounting, based on "the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force No.42, August 12, 2021) from the fiscal year ended March 31, 2023.

1) Deferred tax assets/liabilities as of March 31, 2021, 2022 and 2023 were recognized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Deferred tax assets	¥ 623,773	¥ 695,062	¥ 679,739	\$ 5,090
Valuation allowance for deferred tax assets	(22,182)	(19,914)	(19,012)	(142)
Subtotal	601,590	675,147	660,726	4,948
Deferred tax liabilities	(533,234)	(386,561)	(167,717)	(1,256)
Net deferred tax assets (liabilities)	68,356	288,586	493,008	3,692

Major components of deferred tax assets/liabilities as of March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Deferred tax assets:				
Policy reserves and other reserves	¥270,860	¥319,682	¥336,763	\$2,522
Reserve for price fluctuation	247,067	271,756	237,527	1,778
Accrued retirement benefits	28,100	26,330	25,039	187
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	517,328	347,499	116,557	872

2) The statutory effective income tax rates were 27.96%, 27.96% and 27.96% for the fiscal year ended March 31, 2021, 2022 and 2023, respectively. The actual effective income tax rates were 4.6%, (3.8)% and 19.1% for the fiscal years ended March 31, 2021, 2022 and 2023, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2021	2022	2023
Policyholders' dividend reserves	(26.3)%	(29.0)%	(8.7)%

Note 24

Transactions with Subsidiaries

The total amounts of income and expenses resulting from transactions with subsidiaries for the fiscal years ended March 31, 2021, 2022 and 2023 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2021	2022	2023	2023
Total income	¥ 5,159	¥ 6,042	¥ 9,753	\$ 73
Total expenses	19,422	20,841	21,076	157

Note 25**Subordinated Bonds**

Corporate bonds in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

Note 26**Subordinated Debt**

Loan payables are subordinated debt, the repayments of which are subordinated to other obligations.

Note 27**Securities Borrowed under Borrowing Agreements**

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair values of the securities which were not sold or pledged as collateral were ¥824 million, ¥6,492 million and ¥8,792 million (U.S. \$65 million), and none of the securities was pledged as collateral as of March 31, 2021, 2022 and 2023, respectively.



Independent auditor's report

To the Board of Directors of Sumitomo Life Insurance Company:

Opinion

We have audited the accompanying non-consolidated financial statements of Sumitomo Life Insurance Company ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2021, 2022 and 2023, the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the non-consolidated proposed appropriation of surplus for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, 2022 and 2023, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited non-consolidated financial statements, but does not include the non-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 Non-Consolidated Financial Statements

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

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

The audit committee is responsible for overseeing the executive officers and the directors' performance

of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

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

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

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the

basis described in Note 1 to the non-consolidated financial statements.

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

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

/S/Noriaki Habuto
Designated Engagement Partner
Certified Public Accountant

/S/Yukihisa Tatsumi
Designated Engagement Partner
Certified Public Accountant

/S/Takuya Nakayama
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 30, 2023

Notes to the Reader of Independent Auditor's Report:

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

SUMITOMO LIFE INSURANCE COMPANY

Head Office

1-4-35, Shiromi, Chuo-ku, Osaka 540-8512, Japan

Tokyo Head Office

2-2-1, Yaesu, Chuo-ku, Tokyo 104-8430, Japan

<https://www.sumitomolife.co.jp>