

Empowering your future



SUMITOMO LIFE

Financial Statements

Fiscal Year Ended March 31, 2025

Financial Statements

CONTENTS

2	Consolidated Financial Statements
2	Consolidated Balance Sheets
4	Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
6	Consolidated Statements of Changes in Net Assets
8	Consolidated Statements of Cash Flows
10	Notes to the Consolidated Financial Statements
46	Independent Auditor's Report
53	Non-Consolidated Financial Statements
53	Non-Consolidated Balance Sheets
55	Non-Consolidated Statements of Income
57	Non-Consolidated Statements of Changes in Net Assets
61	Non-Consolidated Proposed Appropriation of Surplus
62	Notes to the Non-Consolidated Financial Statements
93	Independent Auditor's Report

Consolidated Balance Sheets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
ASSETS:				
Cash and deposits (Notes 3, 4 and 14)	¥ 1,565,736	¥ 1,102,612	¥ 1,326,363	\$ 8,870
Call loans	847,388	834,182	1,152,304	7,706
Monetary claims bought (Note 4)	407,646	479,404	550,257	3,680
Money held in trust (Note 4)	14,990	24,345	62,022	414
Securities (Notes 4, 6, 13 and 14)	33,568,041	38,852,266	38,197,797	255,469
Loans (Notes 4, 13, 15 and 16)	3,175,130	3,322,067	3,559,146	23,803
Tangible fixed assets (Notes 5, 7, 8 and 18)	598,313	660,619	667,974	4,467
Land	385,089	432,346	436,865	2,921
Buildings	198,570	206,170	197,710	1,322
Lease assets	2,128	7,592	13,321	89
Construction in progress	5,169	6,427	10,811	72
Other tangible fixed assets	7,355	8,082	9,265	61
Intangible fixed assets	234,084	617,321	622,756	4,165
Software	38,591	45,261	56,301	376
Goodwill	40,085	336,535	335,193	2,241
Other intangible fixed assets	155,407	235,524	231,261	1,546
Due from agents	151	113	145	0
Reinsurance receivables (Note 26)	12,480	32,601	51,250	342
Other assets (Note 25)	1,588,901	1,821,437	2,068,423	13,833
Net defined benefit assets (Note 11)	35,837	108,311	182,882	1,223
Deferred tax assets (Notes 12 and 19)	588,114	273,229	433,080	2,896
Allowance for possible loan losses	(4,373)	(4,486)	(5,583)	(37)
Total assets	¥42,632,444	¥48,124,026	¥48,868,823	\$326,838

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
LIABILITIES:				
Policy reserves and other reserves	¥35,233,129	¥37,615,172	¥39,514,902	\$264,278
Reserve for outstanding claims	169,352	228,310	232,120	1,552
Policy reserves	34,848,109	37,173,323	39,071,703	261,314
Policyholders' dividend reserves (Note 10)	215,667	213,538	211,078	1,411
Reinsurance payables	12,643	21,144	20,051	134
Corporate bonds (Notes 4 and 20)	428,417	539,766	550,123	3,679
Other liabilities (Notes 21 and 25)	5,361,612	7,216,973	6,186,424	41,375
Payables under repurchase agreements	3,110,297	4,760,283	3,725,641	24,917
Payables under securities borrowing transactions	67,438	—	—	—
Other	2,183,877	2,456,689	2,460,782	16,457
Net defined benefit liabilities (Note 11)	4,133	2,440	2,731	18
Accrued retirement benefits for directors	—	1	1	0
Reserve for price fluctuation	849,771	908,100	931,700	6,231
Deferred tax liabilities (Notes 12 and 19)	5	23,154	21,246	142
Deferred tax liabilities for land revaluation	12,466	12,430	12,738	85
Total liabilities	41,902,180	46,339,183	47,239,918	315,943
NET ASSETS:				
Foundation funds (Note 12)	—	50,000	50,000	334
Reserve for redemption of foundation funds	639,000	639,000	639,000	4,273
Reserve for revaluation	2	2	2	0
Surplus	125,036	229,119	209,331	1,400
Total funds, reserve and surplus	764,039	918,122	898,333	6,008
Net unrealized gains (losses) on available-for-sale securities	5,564	864,260	602,992	4,032
Deferred gains (losses) on derivatives under hedge accounting	(13,063)	(36,360)	(65,609)	(438)
Land revaluation differences	(59,645)	(56,600)	(46,740)	(312)
Foreign currency translation adjustments	28,216	38,740	140,866	942
Remeasurements of defined benefit plans	5,005	57,188	99,680	666
Total accumulated other comprehensive income	(33,921)	867,227	731,190	4,890
Non-controlling interests	147	(507)	(619)	(4)
Total net assets	730,264	1,784,843	1,628,904	10,894
Total liabilities and net assets	¥42,632,444	¥48,124,026	¥48,868,823	\$326,838

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	
	2023	2024	2025	2025
Ordinary income	¥4,222,291	¥4,378,769	¥5,182,591	\$34,661
Insurance premiums and other	2,583,077	2,644,206	3,375,394	22,574
Investment income	1,542,012	1,643,252	1,709,574	11,433
Interest, dividends and other income	964,997	1,132,162	1,274,628	8,524
Gains on money held in trust	287	2,861	1,391	9
Gains on trading securities	—	31,917	129,391	865
Gains on sales of securities	361,890	148,786	273,733	1,830
Gains on redemption of securities	2,076	3,559	10,799	72
Foreign exchange gains	77,386	192,241	—	—
Other investment income	135,375	14,270	19,629	131
Investment gains on separate accounts	—	117,452	—	—
Other ordinary income	97,200	91,311	97,622	652
Ordinary expenses	4,182,932	4,260,978	5,113,168	34,197
Benefits and other payments	2,161,551	2,303,512	2,524,816	16,886
Claims paid	597,894	597,207	645,772	4,318
Annuity payments	424,618	432,351	477,362	3,192
Benefits payments	519,679	480,481	521,377	3,487
Surrender benefits	553,709	557,210	670,868	4,486
Other refunds	65,648	236,261	209,434	1,400
Provision for policy reserves and other reserves	546,040	764,409	979,442	6,550
Provision for reserve for outstanding claims	5,945	15,223	10,493	70
Provision for policy reserves	540,067	749,160	968,745	6,479
Provision for interest on policyholders' dividend reserves (Note 10)	26	25	203	1
Investment expenses	816,509	501,233	773,541	5,173
Interest expenses	32,319	55,551	71,186	476
Losses on trading securities	68,513	—	—	—
Losses on sales of securities	377,965	137,691	260,581	1,742
Losses on valuation of securities	8,618	5,712	8,345	55
Losses on redemption of securities	1,221	445	701	4
Losses on derivative financial instruments	235,685	229,103	227,255	1,519
Foreign exchange losses	—	—	69,667	465
Provision for allowance for possible loan losses	84	39	801	5
Depreciation of real estate for investments	8,954	9,758	10,051	67
Other investment expenses	76,842	62,931	111,490	745
Investment losses on separate accounts	6,304	—	13,460	90
Operating expenses (Note 17)	478,930	507,797	643,774	4,305
Other ordinary expenses	179,901	184,025	191,593	1,281
Ordinary profit	¥ 39,358	¥ 117,791	¥ 69,422	\$ 464

Comprehensive Income

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
Extraordinary gains	¥124,317	¥107,212	¥ 17	\$ 0
Gains on disposals of fixed assets	1,920	1,528	17	0
Gains on step acquisitions	—	105,684	—	—
Reversal of reserve for price fluctuation	122,397	—	—	—
Extraordinary losses	3,946	59,796	39,777	266
Losses on disposals of fixed assets	775	575	4,606	30
Impairment losses (Note 18)	2,471	180	10,839	72
Provision for reserve for price fluctuation	—	58,328	23,600	157
Payments to social responsibility reserve	699	711	731	4
Surplus (loss) before income taxes	159,730	165,208	29,662	198
Income taxes (Notes 12 and 19)				
Current	8,404	(11,607)	68,387	457
Deferred	31,326	12,612	(87,628)	(586)
Total income taxes	39,730	1,004	(19,241)	(128)
Net surplus	119,999	164,203	48,904	327
Net surplus (loss) attributable to non-controlling interests	6	7	(284)	(1)
Net surplus attributable to the Parent Company	¥119,992	¥164,196	¥ 49,189	\$ 328

[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
Net surplus	¥ 119,999	¥ 164,203	¥ 48,904	\$ 327
Other comprehensive income (loss) (Note 23)	(946,534)	898,104	(146,383)	(979)
Net unrealized gains (losses) on available-for-sale securities	(1,005,446)	855,230	(262,513)	(1,755)
Deferred gains (losses) on derivatives under hedge accounting	(10,061)	(23,297)	(29,249)	(195)
Land revaluation differences	—	—	(404)	(2)
Foreign currency translation adjustments	57,026	14,404	98,333	657
Remeasurements of defined benefit plans	6,072	52,182	42,493	284
Share of other comprehensive income (loss) of associates under the equity method	5,873	(416)	4,956	33
Comprehensive income (loss)	(826,535)	1,062,308	(97,478)	(651)
Comprehensive income (loss) attributable to the Parent Company	(826,542)	1,062,300	(97,113)	(649)
Comprehensive income (loss) attributable to non-controlling interests	6	7	(365)	(2)

Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2023												Millions of Yen
	Funds, reserve and surplus					Accumulated other comprehensive income (loss)						
	Foundation funds (Note 13)	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
Beginning balance	—	639,000	2	73,458	712,461	1,015,426	(3,001)	(59,581)	(39,098)	(1,067)	912,676	141
Cumulative effect due to IFRS17 used for Singapore affiliate under the equity method				(10,168)	(10,168)							
Beginning balance after reflecting IFRS17 used for Singapore affiliate under the equity method	—	639,000	2	63,289	702,292	1,015,426	(3,001)	(59,581)	(39,098)	(1,067)	912,676	141
Changes in the fiscal year												
Additions to policyholders' dividend reserves (Note 10)				(58,310)	(58,310)							
Net surplus attributable to the Parent Company				119,992	119,992							
Reversal of land revaluation differences				63	63							
Net changes, excluding funds, reserve and surplus						(1,009,861)	(10,061)	(63)	67,315	6,072	(946,598)	5
Net changes in the fiscal year	—	—	—	61,746	61,746	(1,009,861)	(10,061)	(63)	67,315	6,072	(946,598)	5
Ending balance	—	639,000	2	125,036	764,039	5,564	(13,063)	(59,645)	28,216	5,005	(33,921)	147

Year ended March 31, 2024												Millions of Yen
	Funds, reserve and surplus					Accumulated other comprehensive income (loss)						
	Foundation funds (Note 13)	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
Beginning balance	—	639,000	2	125,036	764,039	5,564	(13,063)	(59,645)	28,216	5,005	(33,921)	147
Changes in the fiscal year												
Issuance of foundation funds	50,000				50,000							
Additions to policyholders' dividend reserves (Note 10)				(57,067)	(57,067)							
Net surplus attributable to the Parent Company				164,196	164,196							
Reversal of land revaluation differences				(3,045)	(3,045)							
Net changes, excluding funds, reserve and surplus						858,695	(23,297)	3,045	10,523	52,182	901,149	(654)
Net changes in the fiscal year	50,000	—	—	104,083	154,083	858,695	(23,297)	3,045	10,523	52,182	901,149	(654)
Ending balance	50,000	639,000	2	229,119	918,122	864,260	(36,360)	(56,600)	38,740	57,188	867,227	(507)

Year ended March 31, 2025

Millions of Yen

	Funds, reserve and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 13)	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	50,000	639,000	2	229,119	918,122	864,260	(36,360)	(56,600)	38,740	57,188	867,227	(507)	1,784,843
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 10)				(58,355)	(58,355)								(58,355)
Payment of interest on foundation funds				(357)	(357)								(357)
Net surplus attributable to the Parent Company				49,189	49,189								49,189
Reversal of land revaluation differences				(10,264)	(10,264)								(10,264)
Net changes, excluding funds, reserve and surplus						(261,267)	(29,249)	9,860	102,126	42,492	(136,037)	(112)	(136,149)
Net changes in the fiscal year	—	—	—	(19,788)	(19,788)	(261,267)	(29,249)	9,860	102,126	42,492	(136,037)	(112)	(155,938)
Ending balance	50,000	639,000	2	209,331	898,333	602,992	(65,609)	(46,740)	140,866	99,680	731,190	(619)	1,628,904

Year ended March 31, 2025

Millions of U.S. Dollars

	Funds, reserve and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 13)	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	334	4,273	0	1,532	6,140	5,780	(243)	(378)	259	382	5,800	(3)	11,937
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 10)				(390)	(390)								(390)
Payment of interest on foundation funds				(2)	(2)								(2)
Net surplus attributable to the Parent Company				328	328								328
Reversal of land revaluation differences				(68)	(68)								(68)
Net changes, excluding funds, reserve and surplus						(1,747)	(195)	65	683	284	(909)	(0)	(910)
Net changes in the fiscal year	—	—	—	(132)	(132)	(1,747)	(195)	65	683	284	(909)	(0)	(1,042)
Ending balance	334	4,273	0	1,400	6,008	4,032	(438)	(312)	942	666	4,890	(4)	10,894

Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
I Cash flows from operating activities				
Surplus (loss) before income taxes	¥ 159,730	¥ 165,208	¥ 29,662	\$ 198
Depreciation of real estate for investments	8,954	9,758	10,051	67
Depreciation	38,442	36,220	46,305	309
Impairment losses	2,471	180	10,839	72
Amortization of goodwill	7,470	9,970	30,706	205
Increase (Decrease) in reserve for outstanding claims	7,789	20,169	2,641	17
Increase (Decrease) in policy reserves	755,023	849,702	954,021	6,380
Provision for interest on policyholders' dividend reserves	26	25	203	1
Increase (Decrease) in allowance for possible loan losses	(153)	(128)	673	4
Increase (Decrease) in net defined benefit liabilities	(4,486)	(1,701)	(13,533)	(90)
Increase (Decrease) in reserve for price fluctuation	(122,397)	58,328	23,600	157
Interest, dividends, and other income	(964,997)	(1,132,205)	(1,274,628)	(8,524)
Losses (Gains) on securities	98,407	(142,801)	(93,117)	(622)
Interest expenses	32,319	55,551	71,186	476
Foreign exchange losses (gains)	(81,491)	(185,482)	70,723	473
Losses (Gains) on tangible fixed assets	(1,136)	222	592	3
Investment losses (gains) under the equity method	16,586	7,039	(3,180)	(21)
Losses (Gains) on step acquisitions	—	(105,684)	—	—
Decrease (Increase) in due from agents	125	47	(19)	(0)
Decrease (Increase) in reinsurance receivables	(10,527)	(19,959)	(18,501)	(123)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(1,524)	(30,056)	(16,291)	(108)
Increase (Decrease) in reinsurance payables	(6,287)	6,628	(246)	(1)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	(133,121)	106,342	(156,799)	(1,048)
Others, net	291,642	222,627	272,961	1,825
Subtotal	92,866	(69,998)	(52,148)	(348)
Interest, dividends, and other income received	1,004,892	1,120,312	1,339,209	8,956
Interest paid	(30,118)	(54,840)	(72,163)	(482)
Policyholders' dividends paid	(58,895)	(59,221)	(61,018)	(408)
Others, net	(699)	(711)	(731)	(4)
Income taxes refund (paid)	(52,964)	4,470	(29,940)	(200)
Net cash provided by operating activities	¥ 955,081	¥ 940,010	¥ 1,123,207	\$ 7,512

		Millions of Yen		Millions of U.S. Dollars
	2023	2024	2025	2025
II Cash flows from investing activities				
Net decrease (increase) in deposits	¥ (209,419)	¥ 342,535	¥ (187,624)	\$ (1,254)
Purchase of monetary claims bought	(1,552,482)	(2,992,521)	(3,614,957)	(24,177)
Proceeds from sales and redemption of monetary claims bought	1,451,157	2,910,824	3,539,990	23,675
Purchase of money held in trust	(9,768)	(6,498)	(39,957)	(267)
Proceeds from sales of money held in trust	—	—	3,368	22
Purchase of securities	(6,988,808)	(8,203,715)	(10,135,479)	(67,786)
Proceeds from sales and redemption of securities	8,800,634	6,527,627	11,265,618	75,345
Loans made	(913,355)	(855,267)	(576,877)	(3,858)
Proceeds from collection of loans	873,810	785,846	489,420	3,273
Others, net (Note 26)	(2,167,721)	739,615	(1,939,730)	(12,973)
Total investment activities (IIa)	(715,954)	(751,553)	(1,196,227)	(8,000)
[I+IIa]	[239,126]	[188,457]	[(73,020)]	[(488)]
Purchase of tangible fixed assets	(54,824)	(78,622)	(29,897)	(199)
Proceeds from sales of tangible fixed assets	3,895	5,134	148	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(339,342)	—	—
Others, net	(16,738)	(23,689)	(12,393)	(82)
Net cash used in investing activities	(783,621)	(1,188,073)	(1,238,369)	(8,282)
III Cash flows from financing activities				
Proceeds from issuance of debt	50,000	—	105,056	702
Repayments of debt	—	(18)	(50,011)	(334)
Proceeds from issuance of corporate bonds	—	151,665	39,545	264
Redemption of corporate bonds	(84,000)	(99,480)	(39,545)	(264)
Proceeds from issuance of foundation funds	—	50,000	—	—
Payment of interest on foundation funds	—	—	(357)	(2)
Others, net (Note 27)	89,920	11,130	64,855	433
Net cash provided by (used in) financing activities	55,920	113,297	119,543	799
IV Effect of foreign exchange rate changes on cash and cash equivalents	21,305	8,053	31,421	210
V Net increase (decrease) in cash and cash equivalents	248,685	(126,711)	35,801	239
VI Cash and cash equivalents at the beginning of the year	297,861	546,546	419,835	2,807
VII Cash and cash equivalents at the end of the year (Note 3)	¥ 546,546	¥ 419,835	¥ 455,636	\$ 3,047

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 ("FSs") 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"). These principles may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions outside of Japan.

In preparing the accompanying consolidated FSs, certain reclassifications have been made to align them with a format that is more familiar to readers outside Japan. Additionally, the notes to the consolidated FSs include information that is not required under Japanese GAAP but is presented here as supplementary information. Japanese yen ("JPY") amounts are rounded down to the nearest million yen. Consequently, the totals may not sum accurately. The translation of JPY amounts into U.S. dollars ("USD") is provided solely for the convenience of readers outside Japan, using the exchange rate as of March 31, 2025, which was ¥149.52 to U.S. \$1. This convenience translation should not be construed as a representation that JPY amounts were, have been, or may in the future be converted into USD 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 27, 36, and 38 as of March 31, 2023, 2024, and 2025, respectively.

The major subsidiaries as of March 31, 2025 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)
- PREVENT Inc. (Japan)
- Symetra Financial Corporation (The U.S.)
- Singapore Life Holdings Pte. Ltd. (Singapore)

Two subsidiaries of Symetra Financial Corporation were included in the scope of the consolidation as a result of its establishment in the period ended March 31, 2025.

The major unconsolidated subsidiary is SUMISEI-SBI Limited Partnership.

The unconsolidated subsidiaries are excluded from the scope of consolidation because their individual and aggregate effects are immaterial on the consolidated total assets, revenues, net income, and surplus. These exclusions do not impede a reasonable understanding of the consolidated financial position and the results of the group's operations.

b) Affiliates

The numbers of affiliates under the equity method were 10, 7, and 7 as of March 31, 2023, 2024, and 2025, respectively.

The major affiliates as of March 31, 2025 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)

The unconsolidated subsidiaries (SUMISEI-SBI Limited Partnership and others) are not applied the equity method because their effects are immaterial, both individually and in aggregate, on consolidated net income and consolidated surplus.

c) Fiscal year-end of consolidated subsidiaries

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

d) Goodwill on consolidation

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

However, for immaterial items, the total amount of goodwill is fully recognized as an expense when incurred.

e) Intercompany Balances and Transactions

All significant intercompany balances and transactions are eliminated upon consolidation. In addition, 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 consist 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) below), 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 primarily 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 investments 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 primarily adopts the fair value hedge method and the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies.

In addition, 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.

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 the 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 subsidiaries and affiliates, are translated into JPY at the exchange rate on the balance sheet date. Investments in subsidiaries and affiliates are translated into JPY 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 business 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 sheet.

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, 2023, 2024, and 2025, amounted to ¥29 million, ¥28 million, and ¥27 million, (U.S. \$0 million), respectively.

An allowance for possible loan losses of the consolidated subsidiaries is provided primarily 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 assets and liabilities

Net defined benefit assets and liabilities are provided based on the projected benefit obligations and plan assets as of March 31, 2023, 2024, and 2025, respectively, 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 performance of future 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 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 U.S. or International Financial Reporting Standards.

13) Recognition of insurance premiums and claims

The Company generally recognizes insurance premiums when they are received, measured at the amounts collected, and when the obligations under the insurance contract commence.

The Company reclassified insurance revenues of Singapore Life Pte. Ltd., which applies International Financial Reporting Standards "Insurance Contracts" (IFRS 17), to present the premium amounts collected in "Insurance premiums and other".

The Company recognizes claims paid (excluding reinsurance premiums) when incidents specified in the policy clauses occur, and these claims are paid at the amounts due. The Company also recognizes outstanding claims for the amount of unpaid claims related to contracts for which a payment obligation exists as of year-end or for incidents specified in the policy clauses that have already occurred but have not yet been reported to the Company, in accordance with Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

14) IBNR claims

Regarding reserve for incurred but not reported (IBNR) claims for individual life insurance and individual annuity contracts, the Company recognized claims with which incidents prescribed in policy clauses already incurred but were not reported to the Company. After May 8, 2023, the Company ceased the special treatment of paying hospitalized benefits to 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 using the proviso, instead of the main clause of Article 1, Paragraph 1 of Ministry of Finance Notification No. 234 in 1998 (hereafter "IBNR Notification"), because the reserve amount could not be calculated at an appropriate level based on the main clause of that article due to ending of the special treatment described above.

The Company excluded the amounts which were related to deemed hospitalization from the reserve for IBNR claims and benefit payments for all fiscal years stipulated by the main clause of Article 1, Paragraph 1 of the IBNR Notification, 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.

For the fiscal year ended March 31, 2023, the Company excluded the amounts of the reserve for IBNR claims and benefit payments related to deemed hospitalization, except for those with a high risk of severity. However, due to the cessation of the special treatment for hospitalization benefits for deemed hospitalization for the fiscal year ended March 31, 2024, the Company revised the calculation method to exclude all amounts related to deemed hospitalization.

15) Policy acquisition costs

The Company recognizes policy acquisition costs when they are incurred.

16) New Accounting Standards

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 (revised on June 17, 2021)). 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 Company applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) at the beginning of the fiscal year ended March 31, 2024 in the consolidated FSs, with the transition method stipulated in the proviso, Article 20-3 of "Accounting Standard for Current Income Taxes".

Regarding corporation tax/inhabitant tax etc. which are taxable on incomes, although the Company had recognized amounts calculated according to tax laws in net surplus, with the application of the standard, the Company has recognized such taxes in net surplus, funds/reserves etc., and accumulated other comprehensive income, depending on the transactions which are sources of the taxes. Especially, regarding taxes recognized in accumulated other comprehensive income, when the attributable transactions are recycled to net surplus, the Company recycles the taxes to net surplus.

When transactions which are sources of taxes are related to funds/reserves etc. or accumulated other comprehensive income, in addition to net surplus, and the calculation of the taxes imposed on funds/reserve etc. or accumulated other comprehensive income is practically difficult, the Company recognizes the taxes in net surplus.

Consequently, for the fiscal year ended March, 31, 2024, "Income taxes" decreased by ¥25,985 million, "Net surplus attributable to the Parent Company" increased by the equal amount, and "Net unrealized gains on available-for-sale securities" in "Accumulated other comprehensive income" decreased by the equal amount.

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 primarily designed to make improvements to the measurement of liabilities related to long-duration insurance contracts.

b) Effective date

The standards and guidance will be effective in the 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

Goodwill recorded on the balance sheet at the end of the fiscal year ended March 31, 2023, 2024, and 2025, includes goodwill of ¥40,085 million, ¥34,859 million, and ¥29,972 million, (U.S. \$200 million) associated with the acquisition of the U.S. subsidiaries and nil, ¥301,676 million, and ¥305,220 million, (U.S. \$2,041 million) associated with the acquisition of the Singapore subsidiaries, respectively.

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

Specifically, the U.S. subsidiaries assess whether there are any triggering events or 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, a quantitative

impairment test is performed. The Company assesses the necessity of impairment on goodwill in accordance with Japanese GAAP based on the results of the U.S. subsidiaries' assessment.

In performing the identification of triggering events and qualitative assessment, the Company considers macro-economic conditions, trends in the U.S. life insurance industry, the operating results and future profit plans of the U.S. subsidiaries, including whether there is any deterioration in such plans, and other relevant entity-specific events and circumstances. When performing the quantitative impairment test, the U.S. subsidiaries determine key assumptions such as future cash flows reflecting the insurance premiums, the rates of paying claims, discount rate, long-term growth rate, etc. based on predictions of future economic conditions.

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

The Company determined that no triggering event was identified and recorded no impairment losses for the fiscal year ended March 31, 2023, 2024, and 2025.

Goodwill associated with the acquisition of the Singapore subsidiaries is recognized in the Company's consolidated balance sheet. The Company performs amortization using the straight-line method and conducts impairment testing in accordance with Japanese GAAP.

Impairment testing is conducted when events or changes in circumstances that may indicate impairment are identified. In such cases, the Company determines whether to recognize an impairment loss and measures the amount of the loss.

In identifying triggering events for impairment, the Company considers whether there are any deteriorations in the business environment surrounding the Singapore subsidiaries, their operating results and future profit plans, whether there is a significant decline in the fair value of the asset group including the goodwill, as well as other relevant entity-specific events and circumstances.

If any triggering event is identified, the Company estimates the future cash flows expected to be generated from the asset group including goodwill and compares the total amount of such cash flows with the book value to determine whether an impairment loss should be recognized.

If it is determined that an impairment loss should be recognized, the recoverable amount of the asset group including goodwill is calculated, and the difference between the carrying amount and the recoverable amount is recognized as an impairment loss.

In calculating the recoverable amount, the Company determines key assumptions such as projected business cash flows reflecting actuarial assumptions including insurance premium income and claim payment ratios based on forecasts of future economic conditions and the prospects of future contract acquisition, as well as the discount rate.

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

The Company determined that no triggering event was identified and recorded no impairment losses for the fiscal year ended March 31, 2024, and 2025.

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

Other intangible fixed assets recorded on the balance sheet at the end of the fiscal year ended March 31, 2023, 2024, and 2025, include the Value of Business Acquired (VOBA) amounting to ¥33,767 million, ¥22,816 million, and ¥23,032 million, (U.S. \$154 million), associated with the acquisition of the U.S. subsidiaries, and Other assets recorded on the balance sheet at the end of the fiscal year ended March 31, 2023, 2024, and 2025, include Deferred Policy Acquisition Costs (DAC), amounting to ¥241,356 million, ¥285,518 million, and ¥361,629 million, (U.S. \$2,418 million), related to the U.S. subsidiaries, respectively.

VOBA is recognized based on the actuarially estimated present value of future cash flows from insurance policies and annuity contracts in force at the time of acquisition of the U.S. subsidiaries.

DAC is recognized for the deferred costs that are directly related to the successful acquisition or renewal of insurance contracts after the 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, the U.S. subsidiaries set assumptions regarding persistency rates, mortality rates and other relevant factors.

Changes in uncertain economic conditions may result in additional amortization of VOBA and DAC in the next fiscal year.

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, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Cash and deposits	¥ 1,565,736	¥ 1,102,612	¥1,326,363	\$ 8,870
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(1,019,189)	(682,776)	(870,726)	(5,823)
Cash and cash equivalents	¥ 546,546	¥ 419,835	¥ 455,636	\$ 3,047

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 tables show the balance sheet amounts in the consolidated balance sheet, the fair values and their differences of financial instruments as of March 31, 2023, 2024, and 2025.

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 excluded 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			Millions of Yen		
	2023			2024		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 542,253	¥ 542,253	¥ —	¥ 254,952	¥ 254,952	¥ —
[Available-for-sale securities]* ¹	[542,253]	[542,253]	—	[254,952]	[254,952]	—
Monetary claims bought	407,646	407,470	(175)	479,404	475,173	(4,231)
[Available-for-sale securities]* ¹	[296,712]	[296,712]	—	[377,300]	[377,300]	—
Money held in trust	14,990	14,990	—	24,345	24,345	—
Securities	33,101,172	33,725,052	623,880	38,269,218	38,162,559	(106,658)
Trading securities	1,041,054	1,041,054	—	2,392,119	2,392,119	—
Held-to-maturity debt securities	1,659,605	1,864,850	205,244	2,055,291	2,219,178	163,887
Policy-reserve-matching bonds	13,192,905	13,610,612	417,707	13,834,827	13,561,628	(273,198)
Investments in subsidiaries and affiliated companies	44,698	45,626	927	41,397	44,050	2,652
Available-for-sale securities* ²	17,162,908	17,162,908	—	19,945,582	19,945,582	—
Loans	3,175,130			3,322,067		
Allowance for possible loan losses* ³	(3,699)			(4,017)		
	3,171,430	3,056,199	(115,231)	3,318,049	3,174,378	(143,671)
Corporate bonds	428,417	415,788	(12,629)	539,766	530,644	(9,122)
Derivative transactions* ⁴	(394,911)	(394,911)	—	(393,095)	(393,095)	—
Hedge accounting not applied	(155,644)	(155,644)	—	12,753	12,753	—
Hedge accounting applied	(239,266)	(239,266)	—	(405,848)	(405,848)	—

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2025			2025		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	358,799	358,799	—	2,399	2,399	—
[Available-for-sale securities]* ¹	[358,799]	[358,799]	—	[2,399]	[2,399]	—
Monetary claims bought	550,257	543,828	(6,429)	3,680	3,637	(42)
[Available-for-sale securities]* ¹	[454,936]	[454,936]	—	[3,042]	[3,042]	—
Money held in trust	62,022	62,022	—	414	414	—
Securities	37,524,949	36,284,194	(1,240,754)	250,969	242,671	(8,298)
Trading securities	2,932,785	2,932,785	—	19,614	19,614	—
Held-to-maturity debt securities	1,984,527	1,970,692	(13,835)	13,272	13,180	(92)
Policy-reserve-matching bonds	13,915,721	12,682,565	(1,233,156)	93,069	84,821	(8,247)
Investments in subsidiaries and affiliated companies	45,614	51,851	6,237	305	346	41
Available-for-sale securities* ²	18,646,299	18,646,299	—	124,707	124,707	—
Loans	3,559,146			23,803		
Allowance for possible loan losses* ³	(5,064)			(33)		
	3,554,081	3,345,092	(208,989)	23,769	22,372	(1,397)
Corporate bonds	550,123	530,524	(19,598)	3,679	3,548	(131)
Derivative transactions* ⁴	40,808	40,808	—	272	272	—
Hedge accounting not applied	132,632	132,632	—	887	887	—
Hedge accounting applied	(91,824)	(91,824)	—	(614)	(614)	—

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

*2 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) are included in the above table.

*3 The allowance for possible loan losses earmarked for loans is deducted from the balance sheet 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 balance sheet amounts in the consolidated balance sheet, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2023, 2024, and 2025.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen			Millions of Yen		
	2023			2024		
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	¥ 213,533	¥ 225,974	¥ 12,440
Foreign securities (bonds)	1,292,200	1,478,302	186,102	1,315,800	1,492,302	176,502
Fair value does not exceed the balance sheet amount						
Bonds	30,061	28,273	(1,787)	135,958	128,668	(7,290)
Foreign securities (bonds)	—	—	—	390,000	372,233	(17,766)
Total	1,659,605	1,864,850	205,244	2,055,291	2,219,178	163,887

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2025			2025		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 120,034	¥ 124,818	¥ 4,784	\$ 802	\$ 834	\$ 31
Foreign securities (bonds)	1,061,500	1,162,411	100,911	7,099	7,774	674
Fair value does not exceed the balance sheet amount						
Bonds	237,993	214,165	(23,828)	1,591	1,432	(159)
Foreign securities (bonds)	565,000	469,296	(95,703)	3,778	3,138	(640)
Total	1,984,527	1,970,692	(13,835)	13,272	13,180	(92)

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen			Millions of Yen		
	2023			2024		
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	¥ 7,557,941	¥ 8,216,365	¥ 658,424
Foreign securities (bonds)	169,561	175,065	5,504	309,190	318,600	9,410
Fair value does not exceed the balance sheet amount						
Bonds	3,645,235	3,222,896	(422,338)	4,502,750	3,730,276	(772,473)
Foreign securities (bonds)	1,119,669	984,647	(135,021)	1,464,946	1,296,385	(168,560)
Total	13,192,905	13,610,612	417,707	13,834,827	13,561,628	(273,198)

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2025			2025		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 6,185,250	¥ 6,434,151	¥ 248,900	\$41,367	\$43,032	\$ 1,664
Foreign securities (bonds)	194,629	199,033	4,403	1,301	1,331	29
Fair value does not exceed the balance sheet amount						
Bonds	5,866,794	4,545,953	(1,320,840)	39,237	30,403	(8,833)
Foreign securities (bonds)	1,669,047	1,503,426	(165,620)	11,162	10,055	(1,107)
Total	13,915,721	12,682,565	(1,233,156)	93,069	84,821	(8,247)

The following table shows the acquisition costs or amortized costs, the balance sheet amounts in the consolidated balance sheet and their differences of available-for-sale securities as of March 31, 2023, 2024, and 2025.

3) Available-for-sale securities

As of March 31	Millions of Yen			Millions of Yen		
	2023			2024		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost						
Negotiable certificates of deposit	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	60,329	63,565	3,236	38,221	39,199	978
Bonds	509,485	547,168	37,682	454,960	484,884	29,924
Stocks	833,698	1,918,673	1,084,975	1,167,967	2,943,123	1,775,155
Foreign securities	2,283,833	2,448,829	164,995	5,835,302	6,273,331	438,028
Foreign bonds	1,982,979	2,083,506	100,527	4,731,027	4,975,002	243,975
Other foreign securities	300,854	365,322	64,468	1,104,275	1,298,329	194,053
Other securities	91,605	111,263	19,658	202,671	259,734	57,063
Balance sheet amount does not exceed acquisition cost or amortized cost						
Negotiable certificates of deposit	542,300	542,253	(46)	255,000	254,952	(47)
Monetary claims bought	236,181	233,146	(3,034)	348,822	338,101	(10,721)
Bonds	2,626,754	2,395,660	(231,094)	2,121,973	1,796,578	(325,394)
Stocks	231,482	199,909	(31,573)	155,360	129,502	(25,857)
Foreign securities	10,507,045	9,401,247	(1,105,797)	8,759,567	7,919,233	(840,333)
Foreign bonds	9,263,639	8,347,745	(915,893)	7,571,880	6,922,661	(649,219)
Other foreign securities	1,243,405	1,053,502	(189,903)	1,187,686	996,572	(191,113)
Other securities	156,552	140,156	(16,396)	153,005	139,194	(13,811)
Total	18,079,268	18,001,874	(77,393)	19,492,851	20,577,835	1,084,983

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2025			2025		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost						
Negotiable certificates of deposit	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
Monetary claims bought	18,006	18,264	257	120	122	1
Bonds	269,518	272,564	3,045	1,802	1,822	20
Stocks	1,188,331	2,855,672	1,667,341	7,947	19,098	11,151
Foreign securities	5,712,133	6,009,035	296,901	38,203	40,188	1,985
Foreign bonds	4,792,640	4,919,873	127,232	32,053	32,904	850
Other foreign securities	919,493	1,089,161	169,668	6,149	7,284	1,134
Other securities	111,361	161,962	50,601	744	1,083	338
Balance sheet amount does not exceed acquisition cost or amortized cost						
Negotiable certificates of deposit	359,000	358,799	(200)	2,401	2,399	(1)
Monetary claims bought	450,885	436,672	(14,213)	3,015	2,920	(95)
Bonds	2,110,622	1,651,834	(458,788)	14,115	11,047	(3,068)
Stocks	185,894	153,555	(32,338)	1,243	1,026	(216)
Foreign securities	8,161,121	7,397,999	(763,121)	54,582	49,478	(5,103)
Foreign bonds	7,226,604	6,604,863	(621,741)	48,332	44,173	(4,158)
Other foreign securities	934,516	793,136	(141,380)	6,250	5,304	(945)
Other securities	156,185	143,673	(12,512)	1,044	960	(83)
Total	18,723,062	19,460,036	736,973	125,221	130,150	4,928

Note 2: Consolidated balance sheet amounts of stocks with no market prices and investments in partnerships are as follows. The amounts are excluded in the table in “2) Fair value of financial instruments”:

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
	Balance sheet amount	Balance sheet amount	Balance sheet amount	Balance sheet amount
Stocks with no market prices *1	¥155,561	¥128,402	¥133,639	\$ 893
Investments in partnership *2	341,270	454,645	539,208	3,606

*1 Stocks with no market prices includes unlisted securities.

*2 Investments in partnership includes those for Limited Partnerships. In accordance with Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Application Guidance of Corporate Accounting standards, No. 31), 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, 2023, 2024, and 2025.

As of March 31	Millions of Yen				Millions of Yen			
	2023				2024			
	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	¥ —	¥ —	¥ —	¥ 255,000	¥ —	¥ —	¥ —
Monetary claims bought	143,051	218	302	263,839	236,052	223	309	252,543
Securities	937,064	6,211,267	8,301,504	14,436,971	1,095,430	5,013,577	9,261,006	15,534,252
Held-to-maturity debt securities	43,298	596,733	218,609	807,623	215,941	381,711	487,277	976,974
Policy-reserve-matching bonds	84,411	1,309,990	4,668,529	7,093,128	121,447	1,672,357	4,429,210	7,631,879
Available-for-sale securities	809,354	4,304,544	3,414,365	6,536,219	758,042	2,959,509	4,344,518	6,925,398
Loans *	333,445	659,476	611,500	1,325,069	297,416	632,782	714,435	1,400,623
Corporate bonds *	—	31,726	—	396,510	33,909	—	59,114	297,030

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	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	¥ 359,000	¥ —	¥ —	¥ —	\$2,401	\$ —	\$ —	\$ —
Monetary claims bought	320,053	228	316	243,642	2,140	1	2	1,629
Securities	1,145,103	5,747,406	7,592,455	15,775,589	7,658	38,439	50,778	105,508
Held-to-maturity debt securities	311,895	91,146	640,986	906,967	2,085	609	4,286	6,065
Policy-reserve-matching bonds	240,628	2,704,079	3,331,967	7,802,184	1,609	18,085	22,284	52,181
Available-for-sale securities	592,580	2,952,181	3,619,501	7,066,438	3,963	19,744	24,207	47,260
Loans *	230,801	834,449	790,872	1,384,946	1,543	5,580	5,289	9,262
Corporate bonds *	—	—	103,625	297,030	—	—	693	1,986

* The table above excludes certain financial instruments for which estimation of the value of recovery 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 sheet

As of March 31	Millions of Yen				Millions of Yen			
	2023				2024			
	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	¥ —	¥ 254,952	¥ —	¥ 254,952
Monetary claims bought	—	142,995	153,716	296,712	—	235,977	141,323	377,300
Money held in trust	—	—	14,990	14,990	—	—	24,345	24,345
Securities	5,948,492	10,793,673	1,126,664	17,868,830	7,603,914	12,545,346	1,597,996	21,747,257
Trading securities	673,297	367,080	676	1,041,054	1,227,630	1,095,044	69,445	2,392,119
Available-for-sale securities	5,275,194	10,426,593	1,125,987	16,827,775	6,376,283	11,450,302	1,528,551	19,355,137
National government bonds	1,577,329	—	—	1,577,329	1,006,709	—	—	1,006,709
Local government bonds	—	42,638	—	42,638	—	39,667	—	39,667
Corporate bonds	—	1,322,510	350	1,322,860	—	1,235,085	—	1,235,085
Domestic stocks	2,118,488	94	—	2,118,583	3,068,076	4,548	—	3,072,625
Foreign securities	1,526,830	8,872,285	1,125,637	11,524,752	2,140,240	9,947,323	1,528,551	13,616,115
Foreign bonds	1,506,057	7,979,876	945,319	10,431,252	1,679,300	8,945,905	1,272,359	11,897,565
Other foreign securities	20,773	892,409	180,318	1,093,500	460,939	1,001,418	256,191	1,718,550
Other securities	52,546	189,064	—	241,610	161,256	223,676	—	384,933
Loans	—	—	123,140	123,140	—	—	122,421	122,421
Derivative transactions	2,060	207,972	7,114	217,147	2,080	188,333	10,370	200,784
Currency-related	—	150,380	1,632	152,012	—	53,152	171	53,323
Interest-rate-related	—	22,602	—	22,602	—	28,245	—	28,245
Stock-related	1,280	32,083	5,482	38,846	1,814	95,573	10,199	107,587
Other	779	2,905	—	3,685	265	11,362	—	11,628
Total Assets	5,950,552	11,686,895	1,425,626	19,063,075	7,605,994	13,224,610	1,896,456	22,727,061
Derivative transactions	446	609,654	1,958	612,058	252	592,401	1,226	593,879
Currency-related	—	573,386	256	573,642	—	521,004	899	521,904
Interest-rate-related	—	24,943	—	24,943	—	64,273	—	64,273
Stock-related	446	11,141	1,701	13,290	252	6,512	326	7,091
Other	—	182	—	182	—	610	—	610
Total Liabilities	446	609,654	1,958	612,058	252	592,401	1,226	593,879

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 358,799	¥ —	¥ 358,799	\$ —	\$ 2,399	\$ —	\$ 2,399
Monetary claims bought	—	319,935	135,001	454,936	—	2,139	902	3,042
Money held in trust	—	—	62,022	62,022	—	—	414	414
Securities	7,214,211	11,980,747	1,580,302	20,775,261	48,249	80,128	10,569	138,946
Trading securities	2,002,560	814,928	115,296	2,932,785	13,393	5,450	771	19,614
Available-for-sale securities	5,211,650	11,165,818	1,465,006	17,842,475	34,855	74,677	9,798	119,331
National government bonds	852,175	—	—	852,175	5,699	—	—	5,699
Local government bonds	—	29,217	—	29,217	—	195	—	195
Corporate bonds	—	1,043,006	—	1,043,006	—	6,975	—	6,975
Domestic stocks	3,009,228	—	—	3,009,228	20,125	—	—	20,125
Foreign securities	1,266,087	9,890,617	1,465,006	12,621,711	8,467	66,149	9,798	84,414
Foreign bonds	989,289	9,259,552	1,275,895	11,524,736	6,616	61,928	8,533	77,078
Other foreign securities	276,798	631,065	189,110	1,096,975	1,851	4,220	1,264	7,336
Other securities	84,159	202,976	—	287,135	562	1,357	—	1,920
Loans	—	—	123,668	123,668	—	—	827	827
Derivative transactions	629	306,521	15,867	323,019	4	2,050	106	2,160
Currency-related	—	82,257	4,563	86,820	—	550	30	580
Interest rate-related	—	19,171	—	19,171	—	128	—	128
Stock-related	477	203,817	11,304	215,599	3	1,363	75	1,441
Other	152	1,274	—	1,426	1	8	—	9
Total Assets	7,214,841	12,966,004	1,916,862	22,097,708	48,253	86,717	12,820	147,790
Derivative transactions	2,348	279,670	191	282,211	15	1,870	1	1,887
Currency-related	—	152,909	—	152,909	—	1,022	—	1,022
Interest rate-related	—	101,394	—	101,394	—	678	—	678
Stock-related	1,910	17,724	191	19,826	12	118	1	132
Other	438	7,642	—	8,080	2	51	—	54
Total Liabilities	2,348	279,670	191	282,211	15	1,870	1	1,887

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) are not included in the above table.

The consolidated balance sheet amount of these investment trusts was ¥335,133 million, ¥590,444 million, and ¥803,823 million, (U.S. \$5,376 million) as of March 31, 2023, 2024, and 2025.

The reconciliation between the beginning and ending balances is below:

For the fiscal year ended March 31	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
	Net asset value of investment trusts			
Beginning balance	¥228,914	¥335,133	¥590,444	\$3,948
Gains (losses) for the period/ other comprehensive income	21,135	61,852	9,841	65
Recorded to gains (losses) for the period *1	1,495	4,431	(1,972)	(13)
Recorded to other comprehensive income *2	19,640	57,421	11,813	79
Net amount of purchase, sale, issuance and settlement, etc.	85,083	193,458	203,538	1,361
The amount of the investment trusts applied net asset value as fair value in the earnings of the period	—	—	—	—
The amount of the investment trusts not applied net asset value as fair value in the earnings of the period	—	—	—	—
Ending balance	335,133	590,444	803,823	5,376
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 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, ¥408,797 million, and ¥566,225 million, (U.S. \$3,786 million) as of March 31, 2023, 2024, and 2025.

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				Millions of Yen			
	2023				2024			
	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	¥ —	¥ —	¥ 97,872	¥ 97,872
Securities	10,636,013	4,883,060	2,015	15,521,089	10,286,617	5,536,234	2,006	15,824,857
Held-to-maturity debt securities	162,168	1,702,682	—	1,864,850	156,558	2,062,620	—	2,219,178
National government bonds	162,168	—	—	162,168	156,558	—	—	156,558
Local government bonds	—	17,693	—	17,693	—	16,097	—	16,097
Corporate bonds	—	206,685	—	206,685	—	181,986	—	181,986
Foreign securities	—	1,478,302	—	1,478,302	—	1,864,536	—	1,864,536
Foreign bonds	—	1,478,302	—	1,478,302	—	1,864,536	—	1,864,536
Policy-reserve-matching bonds	10,473,291	3,135,305	2,015	13,610,612	10,128,793	3,430,828	2,006	13,561,628
National government bonds	10,473,291	—	—	10,473,291	10,128,793	—	—	10,128,793
Local government bonds	—	131,436	—	131,436	—	128,290	—	128,290
Corporate bonds	—	1,846,171	—	1,846,171	—	1,689,557	—	1,689,557
Foreign securities	—	1,157,697	2,015	1,159,713	—	1,612,980	2,006	1,614,986
Foreign bonds	—	1,157,697	2,015	1,159,713	—	1,612,980	2,006	1,614,986
Investments in subsidiaries and affiliated companies	553	45,072	—	45,626	1,264	42,785	—	44,050
Loans	—	17,690	2,915,367	2,933,058	—	15,965	3,035,991	3,051,956
Total Assets	10,636,013	4,900,751	3,028,141	18,564,906	10,286,617	5,552,200	3,135,869	18,974,687
Corporate Bonds	—	415,788	—	415,788	—	530,644	—	530,644
Total Liabilities	—	415,788	—	415,788	—	530,644	—	530,644

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 88,891	¥ 88,891	\$ —	\$ —	\$ 594	\$ 594
Securities	9,530,016	5,173,093	1,999	14,705,109	63,737	34,598	13	98,348
Held-to-maturity debt securities	132,561	1,838,131	—	1,970,692	886	12,293	—	13,180
National government bonds	132,561	—	—	132,561	886	—	—	886
Local government bonds	—	13,807	—	13,807	—	92	—	92
Corporate bonds	—	192,614	—	192,614	—	1,288	—	1,288
Foreign securities	—	1,631,708	—	1,631,708	—	10,912	—	10,912
Foreign bonds	—	1,631,708	—	1,631,708	—	10,912	—	10,912
Policy-reserve-matching bonds	9,396,663	3,283,902	1,999	12,682,565	62,845	21,962	13	84,821
National government bonds	9,396,663	—	—	9,396,663	62,845	—	—	62,845
Local government bonds	—	114,582	—	114,582	—	766	—	766
Corporate bonds	—	1,468,859	—	1,468,859	—	9,823	—	9,823
Foreign securities	—	1,700,461	1,999	1,702,460	—	11,372	13	11,386
Foreign bonds	—	1,700,461	1,999	1,702,460	—	11,372	13	11,386
Investments in subsidiaries and affiliated companies	792	51,059	—	51,851	5	341	—	346
Loans	—	15,333	3,206,090	3,221,424	—	102	21,442	21,545
Total Assets	9,530,016	5,188,427	3,296,981	18,015,425	63,737	34,700	22,050	120,488
Corporate Bonds	—	530,524	—	530,524	—	3,548	—	3,548
Total Liabilities	—	530,524	—	530,524	—	3,548	—	3,548

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, the present values of the expected future cash flows are considered to be fair values, and those other monetary claims bought are categorized as Level 3 when 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, market 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 such as 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 as the company is required to compensate market participant for the cancellation.

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, market 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 tables above. In addition, since interest rate

swaps subject to the special hedge accounting 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 inputs*¹

Category	Valuation technique	Significant unobservable inputs	Range		
			2023	2024	2025
Loans	Discounted cash flow	Discounted rate	5.8% - 7.18%	6.15% - 7.45%	3.04% - 7.85%

*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 balances, and net unrealized gains (losses) recognized in the earnings for the period ended March 31, 2023, 2024, and 2025

As of March 31	Millions of Yen						Millions of Yen					
	2023						2024					
	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	¥157,630	¥4,914	¥695,614	¥114,039	¥9,080	¥981,278	¥153,716	¥14,990	¥1,126,664	¥123,140	¥5,156	¥1,423,668
Gains (losses) for the period/ other comprehensive income	(3,816)	316	21,795	(19,472)	(25,859)	(27,036)	(9,933)	2,868	142,079	814	(14,523)	121,305
Recorded to gains (losses) for the period ^{*1}	4	316	46,747	(19,472)	(25,859)	1,736	2	2,868	124,208	814	(14,523)	113,371
Recorded to other comprehensive income ^{*2}	(3,820)	—	(24,952)	—	—	(28,772)	(9,935)	—	17,870	—	—	7,934
Net amount of purchase, sale, issuance and settlement, etc.	(97)	9,760	439,928	28,573	21,934	500,100	(2,460)	6,485	323,341	(1,534)	18,511	344,344
Transfer to Level 3 ^{*3}	—	—	3,558	—	—	3,558	—	—	5,911	—	—	5,911
Transfer from Level 3 ^{*4}	—	—	(34,232)	—	—	(34,232)	—	—	—	—	—	—
Ending balance	153,716	14,990	1,126,664	123,140	5,156	1,423,668	141,323	24,345	1,597,996	122,421	9,143	1,895,230
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)	(12,102)	(10,252)	(22,355)

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2025						2025					
	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	¥141,323	¥24,345	¥1,597,996	¥122,421	¥ 9,143	¥1,895,230	\$945	\$162	\$10,687	\$818	\$ 61	\$12,675
Gains (losses) for the period/ other comprehensive income	(4,219)	480	(26,180)	198	(13,792)	(43,513)	(28)	3	(175)	1	(92)	(291)
Recorded to gains (losses) for the period ^{*1}	0	480	(2,854)	198	(13,792)	(15,968)	0	3	(19)	1	(92)	(106)
Recorded to other comprehensive income ^{*2}	(4,219)	—	(23,325)	—	—	(27,545)	(28)	—	(156)	—	—	(184)
Net amount of purchase, sale, issuance and settlement, etc.	(2,102)	37,197	(1,180)	1,048	20,324	55,287	(14)	248	(7)	7	135	369
Transfer to Level 3 ^{*3}	—	—	19,677	—	—	19,677	—	—	131	—	—	131
Transfer from Level 3 ^{*4}	—	—	(10,010)	—	—	(10,010)	—	—	(66)	—	—	(66)
Ending balance	135,001	62,022	1,580,302	123,668	15,675	1,916,670	902	414	10,569	827	104	12,818
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	—	—	402	(13,298)	(12,858)	(25,755)	—	—	2	(88)	(85)	(172)

*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 at 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 at the beginning of the fiscal year.

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

3) Explanation about the fair value valuation process

The company has implemented policies and procedures regarding the fair value measurement by the risk management department and the front divisions and others obtain and measure the fair values. 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 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 regarding the fair value measurement.

When measuring the fair values, the Company applies 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

The discount rate reflects the uncertainty of cash flow and the liquidity of financial instruments.

A significant increase (or decrease) in the discount rate generally results in a significant decrease (or increase) in fair value.

Note 3: Fair values of derivative transactions

1) Interest-rate-related

a) Hedge accounting not applied

As of March 31					Millions of Yen				Millions of Yen			
					2023				2024			
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)	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	¥213,841	¥211,005	¥ (8,780)	¥ (8,780)				
Receipts floating, payments fixed	100,147	100,147	17,173	17,173	152,895	152,895	18,835	18,835				
Interest rate swaptions												
Bought	437,910 [488]	—	8	(480)	—	—	—	—				
Others	157,789	157,789	(4,105)	(4,105)	168,645	162,972	(3,298)	(3,298)				
Total				13,936				6,757				

As of March 31					Millions of Yen				Millions of U.S. Dollars			
					2025				2025			
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)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps												
Receipts fixed, payments floating	275,834	275,834	(17,176)	(17,176)	1,844	1,844	(114)	(114)				
Receipts floating, payments fixed	147,279	147,279	14,081	14,081	985	985	94	94				
Interest Collars	181,759	128,367	(2,855)	(2,855)	1,215	858	(19)	(19)				
Total				(5,950)				(39)				

*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			Millions of Yen				Millions of Yen				
			2023				2024				
			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			
Hedge accounting model	Type	Main hedged items									
Exceptional method	Interest rate swaps										
	Receipts fixed, payments floating	Loans	¥ 735	¥ 710	¥ 0	¥ 710	¥ 700	¥ (4)			
	Interest rate swaps										
	Receipts fixed, payments floating	Loans	297,418	225,641	(23,103)	347,831	347,831	(16,063)			
Deferred hedge method		Insurance									
	Receipts fixed, payments floating	Liabilities	217,500	217,500	(13,146)	342,500	342,500	(33,908)			
Total					(36,249)			(49,977)			

As of March 31			Millions of Yen				Millions of U.S. Dollars				
			2025				2025				
			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			
Hedge accounting model	Type	Main hedged items									
Exceptional method	Interest rate swaps										
	Receipts fixed, payments floating	Loans	¥ 700	¥ 700	¥ (24)	\$ 4	\$ 4	\$ (0)			
	Interest rate swaps										
	Receipts fixed, payments floating	Loans	635,769	629,733	(21,826)	4,252	4,211	(145)			
Deferred hedge method		Insurance									
	Receipts fixed, payments floating	Liabilities	375,000	375,000	(62,636)	2,508	2,508	(418)			
Total					(84,487)			(565)			

*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)
2023								
2024								
Foreign currency forward contracts								
Sold	¥3,623,464	¥ —	¥(252,498)	¥(252,498)	¥1,554,771	¥ 1,616	¥(139,586)	¥(139,586)
(U.S. dollar)	1,829,812	—	(123,913)	(123,913)	1,130,673	1,616	(94,938)	(94,938)
(Euro)	1,280,422	—	(124,993)	(124,993)	239,423	—	(28,022)	(28,022)
(Australian dollar)	401,852	—	(4,138)	(4,138)	125,955	—	(12,520)	(12,520)
Bought	3,524,394	—	54,022	54,022	2,085,033	36,383	43,950	43,950
(U.S. dollar)	1,697,932	—	10,414	10,414	1,672,777	36,383	35,833	35,833
(Euro)	1,337,349	—	47,940	47,940	242,235	—	7,219	7,219
(Australian dollar)	396,207	—	(5,848)	(5,848)	115,215	—	1,265	1,265
Currency options								
Sold								
Call	83,200	—			407,720	—		
	[678]		256	422	[944]		895	49
(U.S. dollar)	83,200	—			407,720	—		
	[678]		256	422	[944]		895	49
Put	—	—			130,000	—		
	—		—	—	[392]		4	387
(U.S. dollar)	—	—			130,000	—		
	—		—	—	[392]		4	387
Bought								
Put	914,650	—			699,040	—		
	[3,933]		1,632	(2,301)	[3,869]		171	(3,697)
(U.S. dollar)	914,650	—			699,040	—		
	[3,933]		1,632	(2,301)	[3,869]		171	(3,697)
Currency swaps	40,965	40,965	1,497	1,497	46,121	46,121	(6,706)	(6,706)
(U.S. dollar)	40,965	40,965	1,497	1,497	46,121	46,121	(6,706)	(6,706)
Total				(198,858)				(105,603)

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)
2025								
2025								
Foreign currency forward contracts								
Sold	¥1,283,042	¥118,597	¥(29,728)	¥(29,728)	\$ 8,581	\$ 793	\$(198)	\$(198)
(U.S. dollar)	1,109,847	118,597	(30,244)	(30,244)	7,422	793	(202)	(202)
(Euro)	85,684	—	(749)	(749)	573	—	(5)	(5)
(Australian dollar)	67,967	—	1,260	1,260	454	—	8	8
Bought	2,154,535	161,986	(21,973)	(21,973)	14,409	1,083	(146)	(146)
(U.S. dollar)	2,016,133	160,762	(21,850)	(21,850)	13,484	1,075	(146)	(146)
(Euro)	79,189	1,224	888	888	529	8	5	5
(Australian dollar)	50,361	—	(957)	(957)	336	—	(6)	(6)
Currency options								
Bought								
Put	797,500	260,000			5,333	1,738		
	[7,385]		4,563	(2,822)	[49]	—	30	(18)
(U.S. dollar)	760,000	260,000			5,082	1,738		
	[5,492]		3,283	(2,208)	[36]	—	21	(14)
Currency swaps	46,121	46,121	(8,548)	(8,548)	308	308	(57)	(57)
(U.S. dollar)	46,121	46,121	(8,548)	(8,548)	308	308	(57)	(57)
Total				(63,072)				(421)

* 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

			Millions of Yen		
			2023		
Hedge accounting model	Type	Main hedged items	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)
	(U.S. dollar)		3,181,135	663,063	(168,052)
	(Euro)		872,598	—	(51,356)
	(Australian dollar)		524,937	27,290	(10,483)
Allocation method	Currency swaps	Foreign-currency-denominated assets	196,787	190,583	(30,723)
	(U.S. dollar)		196,787	190,583	(30,723)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	345,510	246,030	65,546
	(U.S. dollar)		345,510	246,030	65,546
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	129,204	122,676	3,928
	(Great Britain pound)		40,614	37,917	6,234
	(U.S. dollar)		35,351	35,351	(6,634)
	(Euro)		39,354	35,523	4,145
Total					(191,204)

As of March 31

			Millions of Yen		
			2024		
Hedge accounting model	Type	Main hedged items	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		¥4,457,128	¥447,631	¥(357,149)
	(U.S. dollar)		3,559,006	435,667	(287,124)
	(Euro)		560,699	—	(27,932)
	(Australian dollar)		313,784	—	(39,024)
Allocation method	Currency swaps	Foreign-currency-denominated assets	191,902	158,381	(61,106)
	(U.S. dollar)		191,902	158,381	(61,106)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	397,695	397,695	79,562
	(U.S. dollar)		397,695	397,695	79,562
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	174,396	136,323	(8,359)
	(Canadian dollar)		46,807	10,006	(1,034)
	(Great Britain pound)		42,521	41,983	2,770
	(Euro)		40,480	39,745	1,992
Total					(347,053)

As of March 31

			Millions of Yen			Millions of U.S. Dollars		
			2025			2025		
Hedge accounting model	Type	Main hedged items	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		¥4,017,144	¥523,723	¥(7,387)	\$26,866	\$3,502	\$ (49)
	(U.S. dollar)		3,165,243	523,723	(1,957)	21,169	3,502	(13)
	(Euro)		678,941	—	(7,453)	4,540	—	(49)
	(Australian dollar)		148,649	—	3,009	994	—	20
Allocation method	Currency swaps	Foreign-currency-denominated assets	158,381	122,010	(50,532)	1,059	816	(337)
	(U.S. dollar)		158,381	122,010	(50,532)	1,059	816	(337)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	397,695	397,695	96,442	2,659	2,659	645
	(U.S. dollar)		397,695	397,695	96,442	2,659	2,659	645
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	172,845	159,995	(3,013)	1,155	1,070	(20)
	(Great Britain pound)		57,773	55,571	4,680	386	371	31
	(Euro)		52,113	50,488	3,785	348	337	25
	(U.S. dollar)		35,351	26,328	(13,235)	236	176	(88)
Total					35,509			237

*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			
		2023			
Classification	Type	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)
	Bought	75,510	—	911	911
Over-the-counter transactions	Stock index options				
	Sold				
	Call	40,000 [1,046]	—	390	656
	Put	211,314 [12,719]	50,399	12,453	266
	Bought				
	Call	1,712,764 [63,555]	129,103	37,119	(26,436)
	Put	547,130 [4,936]	—	446	(4,489)
Total					(29,169)

As of March 31

		Millions of Yen			
		2024			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures				
	Sold	¥ 10,561	¥ —	¥ (240)	¥ (240)
	Bought	83,497	—	1,802	1,802
Over-the-counter transactions	Stock index options				
	Sold				
	Put	286,156 [13,719]	83,488	6,839	6,879
	Bought				
	Call	1,884,874 [84,716]	156,915	105,772	21,056
	Put	550,000 [2,342]	—	0	(2,342)
Total					27,157

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2025				2025			
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	¥ 7,501	¥ —	¥ (15)	¥ (15)	\$ 50	\$ —	\$ (0)	\$ (0)
	Bought	107,980	—	(1,417)	(1,417)	722	—	(9)	(9)
Over-the-counter transactions	Stock index options								
	Sold								
	Put	491,015 [(28,310)]	244,789	(17,916)	10,394	3,283 [(189)]	1,637	(119)	69
	Bought								
	Call	2,529,923 [157,813]	353,443	211,015	53,201	16,920 [1,055]	2,363	1,411	355
	Put	599,988 [6,765]	200,000	4,107	(2,658)	4,012 [45]	1,337	27	(17)
Total		—			59,505				397

*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, 2023, 2024, and 2025.

4) Bond-related

a) Hedge accounting not applied

As of March 31

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

As of March 31

		Millions of Yen			
		2024			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures				
	Bought	¥43,797	¥ —	¥264	¥264
Total					264

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2025				2025			
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								
	Bought	¥38,526	¥ —	¥(286)	¥(286)	\$257	\$ —	\$(1)	\$(1)
Total					(286)				(1)

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

b) Hedge accounting applied

No ending balances as of March 31, 2023.

As of March 31

			Millions of Yen		
			2024		
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Cash flow hedge	Treasury bond forwards	Bonds			
	Bought		¥62,919	¥52,626	¥(1,011)
	Treasury locks				
	Bought		19,998	13,714	(323)
Total					(1,334)

As of March 31

			Millions of Yen			Millions of U.S. Dollars		
			2025			2025		
Hedge accounting model	Type	Main hedged items	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
Cash flow hedge	Treasury bond forwards	Bonds						
	Bought		¥54,081	¥41,364	¥(6,354)	\$361	\$276	\$(42)
	Treasury locks							
	Bought		13,524	7,750	(1,268)	90	51	(8)
Total					(7,622)			(50)

5) Other

a) Hedge accounting not applied

As of March 31

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

As of March 31

		Millions of Yen				2024	
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value		Net gains (losses)	
Exchange-traded transactions	Commodity index futures						
	Bought	¥ 55	¥ —	¥ 0		¥ 0	
Over-the-counter transactions	Multi-Asset index options						
	Sold	90,352 [219]	—	610		(391)	
	Bought	264,444 [5,520]	—	11,362		5,842	
Total						5,451	

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2025				2025			
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								
	Bought	¥ 43	¥ —	¥ 0	¥ 0	\$ 0	\$ —	\$ 0	\$ 0
Over-the-counter transactions	Multi-Asset index options								
	Sold	59,801 [116]	—	20	96	399 [0]	—	0	0
	Bought	251,465 [5,603]	—	1,274	(4,328)	1,681 [37]	—	8	(28)
Total					(4,232)				(28)

*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, 2023, 2024, and 2025.

Note 5
Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥404,931 million, ¥469,084 million, and ¥482,695 million, (U.S. \$3,228 million), and their fair values were ¥555,699 million, ¥622,640 million, and ¥647,627 million, (U.S. \$4,331 million) as of March 31, 2023, 2024, and 2025, respectively. The Company owns office buildings and land in Tokyo and other areas and estimates the fair values primarily based on appraisals conducted by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were recorded as other liabilities in the amounts of ¥1,319 million, ¥1,436 million, and ¥1,453 million, (U.S. \$9 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 6
Securities Lending

Securities loaned under security lending agreements amounted to ¥3,991,231 million, ¥5,188,107 million, and ¥4,717,355 million, (U.S. \$31,549 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 7
Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥447,479 million, ¥423,931 million, and ¥439,148 million, (U.S. \$2,937 million) as of March 31, 2023, 2024, and 2025, 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 ¥16,601 million, nil, and nil for the fiscal years ended March 31, 2023, 2024, and 2025, respectively.

Note 9
Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥790,519 million, ¥881,798 million, and ¥847,107 million, (U.S. \$5,665 million) as of March 31, 2023, 2024, and 2025, 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, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
At the beginning of the fiscal year	¥216,226	¥215,667	¥213,538	\$1,428
Transfer from surplus in the previous fiscal year	58,310	57,067	58,355	390
Dividend payments to policyholders during the fiscal year	(58,895)	(59,221)	(61,018)	(408)
Interest accrued during the fiscal year	26	25	203	1
At the end of the fiscal year	¥215,667	¥213,538	¥211,078	\$1,411

Note 11

Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2023, 2024, and 2025 were primarily as follows:

	2023	2024	2025
	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	—	—

The following provides 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, 2023, 2024, and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
At the beginning of the fiscal year	¥306,541	¥308,660	¥309,005	\$2,066
Service costs	13,601	13,270	12,936	86
Interest costs on projected benefit obligations	1,740	1,752	1,825	12
Actuarial losses (gains)	2,702	(291)	(41,348)	(276)
Benefits paid	(16,045)	(14,478)	(17,370)	(116)
Others	119	91	158	1
At the end of the fiscal year	¥308,660	¥309,005	¥265,206	\$1,773

b) Changes in the plan assets for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
At the beginning of the fiscal year	¥325,333	¥340,364	¥414,875	\$2,774
Expected return on plan assets	3,286	2,282	2,636	17
Actuarial gains (losses)	13,084	72,523	30,531	204
Contribution by employer	5,528	5,655	5,839	39
Benefits paid	(6,870)	(6,002)	(8,512)	(56)
Others	1	51	(12)	0
At the end of the fiscal year	¥340,364	¥414,875	¥445,357	\$2,978

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheet as of March 31, 2023, 2024, and 2025 were determined as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Present value of funded obligations	¥ 306,097	¥ 306,564	¥ 262,474	\$ 1,755
Plan assets at fair value	(340,364)	(414,875)	(445,357)	(2,978)
Net present value of funded obligations	(34,266)	(108,311)	(182,882)	(1,223)
Present value of unfunded obligations	2,562	2,440	2,731	18
Net value on the balance sheet	(31,704)	(105,870)	(180,151)	(1,204)
Net defined benefit liabilities	4,133	2,440	2,731	18
Net defined benefit assets	(35,837)	(108,311)	(182,882)	(1,223)
Net value on the balance sheet	¥ (31,704)	¥(105,870)	¥(180,151)	\$ (1,204)

d) The amounts recognized in retirement benefit expenses in the consolidated statement of income for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Service costs	¥13,601	¥13,270	¥ 12,936	\$ 86
Interest costs on projected benefit obligations	1,740	1,752	1,825	12
Expected return on plan assets	(3,286)	(2,282)	(2,636)	(17)
Amortization of net actuarial losses (gains)	(1,710)	(322)	(11,136)	(74)
Amortization of net past service costs	(245)	—	—	—
Others	136	12	164	1
Retirement benefit expenses	¥10,235	¥12,430	¥ 1,153	\$ 7

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, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Actuarial gains (losses)	¥8,671	¥72,492	¥60,749	\$406
Past service costs	(245)	—	—	—
Total	¥8,425	¥72,492	¥60,749	\$406

Major components of accumulated other comprehensive income (before income tax effect adjustments) as of March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Unrecognized actuarial gains (losses)	¥6,942	¥79,434	¥140,182	\$937
Total	¥6,942	¥79,434	¥140,182	\$937

f) The plan assets

The plan assets as of March 31, 2023, 2024, and 2025 were comprised as follows:

	% of total fair value of plan assets		
	2023	2024	2025
Equity securities	41	50	52
General accounts of life insurance companies	34	28	26
Debt securities	5	5	4
Investment trusts	6	4	4
Others	14	13	14
Total	100	100	100

49%, 55% and 59% of the plan assets were the retirement benefit trusts as of March 31, 2023, 2024, and 2025, 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, 2023, 2024, and 2025 were as follows:

	2023	2024	2025
Discount rate	0.575%	0.575%	2.181%
Expected long-term rates of return on the plan assets			
Defined benefit pension plans	1.9%	1.3%	1.4%
Retirement benefit trusts	0.0%	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥3,064 million, ¥3,498 million, and ¥6,009 million, (U.S. \$40 million) for the fiscal years ended March 31, 2023, 2024, and 2025, 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 based on the enacted statutory rates to these temporary differences.

Note 13

Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar situations, the repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors, as well as insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserves for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company offered foundation funds in the amount of ¥50,000 million pursuant to Article 60 of the Insurance Business Act in the period ended March 31, 2024.

Note 14

Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥3,783,409 million, ¥5,429,574 million, and ¥4,564,559 million, (U.S. \$30,528 million), loans in the amounts of ¥617,078 million, ¥773,250 million, and ¥948,513 million, (U.S. \$6,343 million) and cash and deposits in the amounts of ¥1,313 million, ¥10,837 million, and ¥1,397 million, (U.S. \$9 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 15

Investments in Affiliates

Total amounts of investments in unconsolidated subsidiaries and affiliates were ¥180,840 million, ¥187,476 million, and ¥195,851 million, (U.S. \$1,309 million) as of March 31, 2023, 2024, and 2025, 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 ¥783 million, ¥585 million, and ¥4,286 million, (U.S. \$28 million) as of March 31, 2023, 2024, and 2025, 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 ¥783 million, ¥585 million, and ¥665 million, (U.S. \$4 million) as of March 31, 2023, 2024, and 2025, respectively.

The amounts of claims deemed uncollectible and directly deducted from the claims in the consolidated balance sheet were ¥16 million, ¥15 million, and ¥13 million, (U.S. \$0 million) as of March 31, 2023, 2024, and 2025, 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 nil, nil, and nil as of March 31, 2023, 2024, and 2025, respectively, which were 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 or 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 ¥221 million, (U.S. \$1 million) as of March 31, 2023, 2024, and 2025, 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 nil, nil, and ¥3,399 million, (U.S. \$22 million) as of March 31, 2023, 2024, and 2025, 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 ¥27,615 million, ¥22,331 million, and ¥28,593 million, (U.S. \$191 million) as of March 31, 2023, 2024, and 2025, respectively.

Impairment of Fixed Assets

The details of the Company's 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 each of real estate held 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, 2023, 2024, and 2025, the Company recognized impairment losses on real estates held for investment that experienced a deterioration in profitability, as well as on idle assets that experienced a decline in 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, 2023, 2024, and 2025

Asset Group	Asset Category	Millions of Yen			Millions of U.S. Dollars
		2023	2024	2025	2025
Real estates held for investment, etc.	Land and buildings, etc.	¥ 751	¥122	¥ —	\$—
Idle assets, etc.	Land and buildings, etc.	1,569	41	10,784	72
Total		¥2,320	¥163	¥10,784	\$72

4) The recoverable amounts

The recoverable amounts of real estates held 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 estimated selling value, appraisal value according to 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 Company and certain domestic consolidated subsidiaries, which adopt 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).

1) Deferred tax assets/liabilities as of March 31, 2023, 2024, and 2025 were recognized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Deferred tax assets	¥ 849,394	¥ 843,000	¥ 953,138	\$ 6,374
Valuation allowance for deferred tax assets	(23,264)	(17,412)	(19,847)	(132)
Subtotal	826,130	825,587	933,291	6,241
Deferred tax liabilities	(238,021)	(577,513)	(521,456)	(3,487)
Net deferred tax assets (liabilities)	588,109	250,074	411,834	2,754

Major components of deferred tax assets/liabilities as of March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Deferred tax assets:				
Policy reserves and other reserves	¥ 412,727	¥ 432,814	¥ 492,509	\$ 3,293
Reserve for price fluctuation	237,590	253,898	269,035	1,799
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	(116,594)	(380,593)	(308,330)	(2,062)

2) The statutory effective income tax rates were 27.96%, 27.96%, and 27.96% for the fiscal year ended March 31, 2023, 2024, and 2025, respectively. However, following the enactment of "Act for Partial Revision of the Income Tax Act, etc.". (Act No. 13 of 2025), the statutory effective tax rate applied in deferred tax accounting at the end of the fiscal year ended March 31, 2025 has been revised. Specifically, the rate of 27.96% is still applied to temporary differences expected to be reversed during the period from April 1, 2025 to March 31, 2026. But the rate of 28.88% is applied to temporary differences expected to be recovered or settled on or after April 1, 2026.

As a result of the tax rate revision, as of March 31, 2025, deferred tax assets increased by ¥9,389 million, (U.S. \$62 million) and income taxes – deferred and net unrealized gains on available-for-sale securities decreased by ¥19,795 million, (U.S. \$132 million) and ¥9,799 million, (U.S. \$65 million), respectively.

The actual effective income tax rates were 24.8%, 0.6%, and (64.8)% for the fiscal years ended March 31, 2023, 2024, and 2025, respectively. Major components of the differences from the statutory effective income tax rate of 27.96% for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	2023	2024	2025
Effects of changes in the statutory income tax rate	—	—	(66.7)%
Policyholders' dividend reserves	(9.9)%	(9.9)%	(61.5)%
Amortization of goodwill and related items	1.7 %	1.8 %	34.3 %
Change in valuation allowance	3.6 %	(2.9)%	(0.1)%
Gains on step acquisitions	—	(17.9)%	—

Note 20

Subordinated Bonds

The amounts of corporate bonds in liabilities included ¥396,510 million, ¥506,019 million, and ¥511,106 million, (U.S. \$3,418 million) of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of March 31, 2023, 2024, and 2025, respectively.

Note 21

Subordinated Loans

Other liabilities included subordinated debts of ¥170,000 million, ¥170,000 million, and ¥220,000 million, (U.S. \$1,471 million), the repayments of which are subordinated to other obligations, as of March 31, 2023, 2024, and 2025, respectively.

Note 22

Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

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

	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
Net unrealized gains (losses) on available-for-sale securities:				
Amount arising during the fiscal year	¥(1,411,681)	¥1,181,218	¥(370,049)	\$ (2,474)
Reclassification adjustments	67,340	(8,442)	24,690	165
Before income tax effect adjustments	(1,344,340)	1,172,776	(345,359)	(2,309)
Income taxes and Income tax effects	338,894	(317,545)	82,845	554
Net unrealized gains (losses) on available-for-sale securities	(1,005,446)	855,230	(262,513)	(1,755)
Deferred gains (losses) on derivatives under hedge accounting:				
Amount arising during the fiscal year	¥ (8,454)	¥ (35,141)	¥ (46,940)	\$ (313)
Reclassification adjustments	(4,935)	3,172	8,491	56
Before income tax effect adjustments	(13,390)	(31,968)	(38,449)	(257)
Income taxes and Income tax effects	3,328	8,671	9,200	61
Deferred gains (losses) on derivatives under hedge accounting	(10,061)	(23,297)	(29,249)	(195)
Land revaluation differences:				
Amount arising during the fiscal year	¥ —	¥ —	¥ —	\$ —
Reclassification adjustments	—	—	—	—
Before income tax effect adjustments	—	—	—	—
Income taxes and Income tax effects	—	—	(404)	(2)
Land revaluation differences	—	—	(404)	(2)
Foreign currency translation adjustments:				
Amount arising during the fiscal year	¥ 57,026	¥ 14,404	¥ 98,333	\$ 657
Reclassification adjustments	—	—	—	—
Before income tax effect adjustments	57,026	14,404	98,333	657
Income taxes and Income tax effects	—	—	—	—
Foreign currency translation adjustments	57,026	14,404	98,333	657
Remeasurements of defined benefit plans:				
Amount arising during the fiscal year	¥ 10,381	¥ 72,815	¥ 71,886	\$ 480
Reclassification adjustments	(1,956)	(322)	(11,136)	(74)
Before income tax effect adjustments	8,425	72,492	60,749	406
Income taxes and Income tax effects	(2,352)	(20,310)	(18,256)	(122)
Remeasurements of defined benefit plans	6,072	52,182	42,493	284
Share of other comprehensive income of associates under the equity method:				
Amount arising during the fiscal year	¥ 5,053	¥ 8,280	¥ 5,013	\$ 33
Reclassification adjustments	820	(8,696)	(57)	(0)
Share of other comprehensive income of associates under the equity method	5,873	(416)	4,956	33
Total other comprehensive income (loss)	¥ (946,534)	¥ 898,104	¥(146,383)	\$ (979)

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 ¥8,792 million, ¥37 million, and ¥921 million, (U.S. \$6 million), and none of the securities was pledged as collateral as of March 31, 2023, 2024, and 2025, respectively.

Note 24**Other assets and other liabilities**

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

Other assets and other liabilities included assets and liabilities related to the modified coinsurance in the U.S. subsidiary of ¥667,754 million and ¥609,211 million as of March 31, 2024, respectively.

Other assets and other liabilities included assets and liabilities related to the modified coinsurance in the U.S. subsidiary of ¥715,622 million, (U.S. \$4,786 million) and ¥642,748 million, (U.S. \$4,298 million) as of March 31, 2025, 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 to be 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 investing activities**

Others, net in Cash flows from investing activities primarily consist of net cash flows from short-term investing activities and settlements of derivative financial instruments.

Note 27**Others, net in Cash flows from financing activities**

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

Business Combination

1) Overview of business combination

a) Name and business of the acquired company

Company name: Singapore Life Holdings Pte. Ltd. ("Singlife")

Business: insurance and insurance related business *1

*1 Singlife is a holding company and its subsidiaries operate the business.

b) Purpose of the acquisition

The Company has prioritized Singapore as one of the most prospective markets in its business strategies in Asia, and supported Singlife's business expansion, as a strategic investor which has been involved in management in a long term since the Company's initial investment in 2019.

Singlife has had strength in its business model utilizing digital technologies since its establishment, successfully expanded its business as exemplified in its acquisition of Aviva's business in Singapore, and has grown into one of the major insurance companies in Singapore which currently offers variety of products with broad range of sales channels.

Singlife has also been developing business in Philippines as its business expansion in Asia. Based on both aspects of successful achievements and potential further growth and friendly relationships the Company and Singlife have built up, the Company has eventually decided to make Singlife a subsidiary.

c) Date of business combination

December 31, 2023 (Deemed acquisition date)

d) Legal form of business combination

Share purchases with cash contribution

e) Name of the acquired company after combination

Singapore Life Holdings Pte. Ltd.

f) The Company's ownership percentage after completion of the transaction

Ownership right before the combination	26.47%
Additional ownership acquired on the date of business combination	73.53%
Ownership after the acquisition	100.00%

g) Controlling company

The Company holds more than a 50% stake in Singlife and, therefore, controls the decision making body of Singlife.

2) Accounting period for which earnings of the acquired company are included in the consolidated statement of income

As the Company used the acquiree's consolidated balance sheet as of the date of business combination, the earnings of the acquired company are not included in the consolidated statement of income for the fiscal year ended March 31, 2024.

3) Acquisition cost and breakdown

Fair values of stocks owned right before business combination	¥126,937 million
Consideration paid in cash for additional acquisition	¥378,489 million
Total	¥505,426 million

4) Difference between acquisition cost and book value under equity method

Gains on step acquisitions ¥105,684 million

5) Cost related to acquisition

Fees to outside advisors, etc. ¥3,494 million

6) Allocation of acquisition cost

a) The amounts of assets acquired and liabilities assumed at the date of business combination

Total assets	¥1,403,653 million
Securities included in the above "Total assets"	¥1,213,740 million
Total liabilities	¥1,200,564 million
Policy reserves and others included in the above "Total liabilities"	¥1,068,338 million

b) Amount of recognized goodwill, reason to recognize goodwill, and amortization methods and amortization period

1. Amount of recognized goodwill

¥301,676 million

2. Reason to recognize goodwill

The acquisition cost calculated based on the acquiree's projected future profit as of the date of business acquisition exceeded the net amounts of assets acquired and liabilities assumed.

The business combination with Singapore Life Holdings Pte. Ltd. on December 31, 2023 was tentatively accounted for the fiscal year ended March 31, 2024, but was finalized in the period ended March 31, 2025. As a result, the provisional goodwill amount of ¥455,546 million decreased by ¥153,869 million to ¥301,676 million.

At the end of the previous fiscal year, goodwill and policy reserves decreased by ¥153,869 million and ¥108,058 million, respectively, and intangible assets increased by ¥77,326 million

3. Amortization period

15 years using the straight-line method

7) The pro forma effect on consolidated financial results on the assumption that the business combination had been completed at the beginning of the fiscal year ended March 31, 2024.

Ordinary income	¥417,594 million
Ordinary loss	¥2,918 million
Net loss attributable to the Parent Company	¥4,501 million

The ordinary income, ordinary loss and net loss attributable to the Parent Company above were calculated based on the amounts on the Singlife's FSs for the fiscal year ended December 31, 2023.

The calculation does not include amortization of goodwill and intangible assets, because allocation of the acquisition cost was not yet finalized.

These amounts do not represent the actual figures, which would have been calculated if the business combination had been completed at the beginning of the fiscal year ended March 31, 2024.

This pro forma financial information is unaudited.

Note 29

Adoption of IFRS17 for Singapore Life Holdings Pte. Ltd.

Singapore Life Holdings Pte. Ltd. applied International Financial Reporting Standards "Insurance Contracts" (IFRS 17) at the beginning of the fiscal year ended March 31, 2024 in the consolidated FSs.

The standards stipulate recognition, measurement, presentation etc., of the insurance contracts.

As the effects of adoption of IFRS 17 were retrospectively applied, the consolidated FSs for the year ended March 31, 2023 were restated.

Consequently, as compared to the original amounts before restatements, each of ordinary profit and surplus before income taxes decreased by ¥19,794 million on the revised consolidated income statement for the year ended March 31, 2023.

Also, on the consolidated statement of cash flows for the year ended March 31, 2023, surplus before income taxes decreased by ¥19,794 million, and investment losses under the equity method which was included in subtotal of cash flows from operating activities, increased by the same amount.

Further, as the accumulated effects were reflected to the net assets as of April 1, 2022, the beginning balance of surplus for the year ended March 31, 2023, decreased by ¥10,168 million.



Independent auditor's report

To the Board of Directors of Sumitomo Life Insurance Company:

Report on the Audit of the Consolidated Financial Statements

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, 2023, 2024 and 2025, 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, 2023, 2024 and 2025, 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 ¥39,071,703 million were recognized. Of this amount, the policy	In order to assess whether the amount of policy reserves of the Company was appropriate, we primarily performed the following audit procedures

<p>reserves of the Company (the parent company) amounted to ¥28,749,390 million, which accounted for a significant portion (approximately 61%) of 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 is required 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</p>	<p>with the assistance of actuarial specialists and IT system specialists within our firm:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls 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 examines whether 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 examine 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 in accordance with the statement of
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<p>determines the amount of policy reserves to be recognized by referencing the results of the future 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 one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>calculation procedures and examined whether 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; confirmed that the appointed actuary was given the appropriate authority by the board of directors to execute his/her duties as well as that 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 confirmed that 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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Appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated financial statements of the Company (the parent company), goodwill of ¥335,193 million was recognized. As described in Note 2, "Summary of Significant Accounting Policies, 18) Accounting estimates, a) Valuation of Goodwill" to the consolidated financial statements, this amount included goodwill of ¥305,220 million arising from the acquisition of Singapore Life Holdings Pte. Ltd. (hereinafter "SingLife Holdings") which is considered quantitatively material.</p> <p>When the initially assumed excess earnings potential of goodwill is deemed no longer achievable due to circumstances such as a significant deterioration in profitability, an impairment loss may be recognized on related goodwill. As described in Note 2, "Significant Accounting Policies, 16) Accounting estimates, a) Valuation of Goodwill" to the consolidated financial statements, the Company performs impairment testing on goodwill arising from the acquisition of SingLife Holdings in accordance with the Accounting Standard for Impairment of Fixed Assets and the related guidance. In identifying indications of triggering events impairment for goodwill, the Company comprehensively considered whether there were any deteriorations in the business environment surrounding SingLife Holdings, whether there were adverse changes in its operating results and future profit plans, and whether there was a significant decline in the fair value of the asset group including goodwill, as well as other relevant entity-specific events and circumstances. As a result of the assessment, the Company determined that there was no impairment indicator identified. The assessment of whether there were any triggering events and changes in circumstances that may indicate impairment involved significant management's judgments.</p> <p>We, therefore, determined that our assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill arising from the acquisition of SingLife Holdings was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit</p>	<p>We primarily performed the following audit procedures to assess the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill arising from the acquisition of SingLife Holdings:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company's internal controls over the process to determine whether an important loss should be recognized on goodwill, with a special focus on controls over the preparation of documents supporting such determination and controls over the approval of the conclusion.</p> <p>(2) Appropriateness of the judgment as to whether there were any impairment indications for goodwill</p> <p>We assessed the appropriateness of the Company's judgment as to whether there were any impairment indications on goodwill by performed the following procedures, among others:</p> <ul style="list-style-type: none"> assessed the achievement of the initial business plan and other performance targets by comparing the business plan and other relevant documents developed at the time of acquisition with actual financial results; assessed the actual financial results to date and the prospects for future achievement by inquiring of the Company's management and of SingLife Holdings' management and of several company officials regarding their views on the business plan and other performance targets including its business environment; assessed the appropriateness of management's comprehensive evaluation of whether there was a significant decline in the fair value of the asset group including goodwill as well as other relevant entity-specific events and circumstances by inspecting relevant documents; assessed the consistency of various internal documents related to the assessment of whether impairment indications existed for goodwill by inspecting those documents and tracing the amounts between the documents; and assessed the reliability of the actual financial results against the business plan and other

matter.	performance targets that were used for the impairment judgment by comparing them with the audited financial statements and other relevant documents.
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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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 691 million yen and 71 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 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, 2025

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	
	2023	2024	2025	2025
ASSETS:				
Cash and deposits (Note 3)	¥ 1,329,461	¥ 740,775	¥ 902,108	\$ 6,033
Cash	10	10	10	0
Deposits	1,329,451	740,765	902,098	6,033
Call loans	847,388	834,182	1,152,304	7,706
Monetary claims bought (Note 3)	407,646	479,404	550,257	3,680
Money held in trust (Note 3)	14,990	24,345	62,022	414
Securities (Notes 3, 5, 14 and 15)	28,829,411	32,471,386	30,338,695	202,907
National government bonds	11,686,665	11,314,158	11,216,638	75,017
Local government bonds	192,009	188,844	176,438	1,180
Corporate bonds	3,309,271	3,116,211	2,816,441	18,836
Domestic stocks	2,456,106	3,449,389	3,356,408	22,447
Foreign securities	10,831,959	13,858,843	12,282,344	82,145
Other securities	353,398	543,939	490,425	3,280
Loans (Notes 3, 16 and 17)	2,198,274	2,164,509	2,069,452	13,840
Policy loans	234,873	226,775	218,059	1,458
Industrial and consumer loans	1,963,401	1,937,734	1,851,393	12,382
Tangible fixed assets (Notes 4, 6, 7 and 22)	594,472	648,051	655,303	4,382
Land	385,086	432,329	436,862	2,921
Buildings	197,769	204,907	196,471	1,314
Lease assets	1,727	575	7,817	52
Construction in progress	5,169	6,331	10,798	72
Other tangible fixed assets	4,720	3,907	3,352	22
Intangible fixed assets	37,366	44,315	45,777	306
Software	30,677	30,469	35,829	239
Other intangible fixed assets	6,689	13,846	9,947	66
Due from agents	0	—	—	—
Reinsurance receivables	120	412	759	5
Other assets	520,127	557,635	548,638	3,669
Accounts receivable	51,984	33,862	26,771	179
Prepaid expenses	7,368	7,697	9,578	64
Accrued income	144,341	177,245	171,548	1,147
Money on deposit	4,988	5,031	5,013	33
Deposits for futures transactions	48,331	45,003	57,141	382
Derivative financial instruments (Note 3)	148,928	46,873	77,875	520
Cash collateral paid for financial instruments	91,238	183,905	127,355	851
Suspense	9,037	10,012	8,143	54
Other assets	13,908	48,003	65,211	436
Prepaid pension cost (Note 12)	26,764	28,479	41,743	279
Deferred tax assets (Notes 12 and 23)	493,008	208,307	356,340	2,383
Allowance for possible loan losses	(867)	(804)	(906)	(6)
Total assets	¥35,298,166	¥38,201,001	¥36,722,496	\$245,602

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
LIABILITIES:				
Policy reserves and other reserves	¥28,641,672	¥29,101,622	¥29,091,434	\$194,565
Reserve for outstanding claims (Note 18)	120,531	126,094	130,964	875
Policy reserves (Note 18)	28,305,473	28,761,989	28,749,390	192,277
Policyholders' dividend reserves (Note 10)	215,667	213,538	211,078	1,411
Reinsurance payables	120	3,230	1,872	12
Corporate bonds (Notes 3 and 25)	396,510	448,695	448,695	3,000
Other liabilities	4,209,470	5,745,603	4,475,419	29,931
Payables under repurchase agreements	3,110,297	4,760,283	3,725,641	24,917
Payables under securities borrowing transactions	67,438	—	—	—
Loans payable (Notes 3 and 26)	170,000	170,000	220,000	1,471
Income taxes payable	—	1,115	19,744	132
Accounts payable	73,741	31,091	61,651	412
Accrued expenses	43,804	45,335	51,732	345
Deferred income	845	863	819	5
Deposits received	71,007	70,202	66,415	444
Guarantee deposits received	29,668	32,815	33,963	227
Derivative financial instruments (Note 3)	590,475	550,699	183,414	1,226
Cash collateral received for financial instruments	34,091	68,808	88,659	592
Lease obligations	1,808	594	8,350	55
Asset retirement obligations	1,769	1,777	1,795	12
Suspense receipts	10,911	10,017	11,239	75
Rest of other liabilities	3,612	1,999	1,992	13
Reserve for price fluctuation	849,526	907,826	930,026	6,220
Deferred tax liabilities for land revaluation	12,466	12,430	12,738	85
Total liabilities	34,109,767	36,219,409	34,960,186	233,816
NET ASSETS:				
Foundation funds (Note 13)	—	50,000	50,000	334
Reserve for redemption of foundation funds	639,000	639,000	639,000	4,273
Reserve for revaluation	2	2	2	0
Surplus	320,951	332,785	349,875	2,339
Reserve for future losses	6,404	6,604	6,804	45
Other surplus	314,546	326,180	343,071	2,294
Reserve for fund redemption (Note 13)	—	—	10,000	66
Fund for price fluctuation allowance	165,000	255,000	255,000	1,705
Reserve for assisting social responsibility	1,355	1,344	1,313	8
Other reserves	223	223	223	1
Unappropriated surplus	147,967	69,612	76,534	511
Total funds, reserve and surplus	959,953	1,021,787	1,038,878	6,948
Net unrealized gains on available-for-sale securities	300,314	1,048,898	822,943	5,503
Deferred gains (losses) on derivatives under hedge accounting	(12,224)	(32,494)	(52,771)	(352)
Land revaluation differences	(59,645)	(56,600)	(46,740)	(312)
Total unrealized gains, revaluation reserve and adjustments	228,444	959,803	723,431	4,838
Total net assets	1,188,398	1,981,591	1,762,310	11,786
Total liabilities and net assets	¥35,298,166	¥38,201,001	¥36,722,496	\$245,602

Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
Ordinary income	¥3,495,347	¥3,564,941	¥3,427,936	\$22,926
Insurance premiums and other	2,216,429	2,182,842	2,129,556	14,242
Insurance premiums	2,213,957	2,178,902	2,121,125	14,186
Reinsurance revenue	491	1,627	6,320	42
Other income to policy reserves	1,980	2,311	2,109	14
Investment income (Note 20)	1,203,013	1,316,580	1,214,015	8,119
Interest, dividends and other income	761,129	859,455	930,690	6,224
Interest on deposits	9,883	18,623	16,644	111
Interest and dividends on securities	673,754	753,948	823,654	5,508
Interest on loans	27,127	32,512	33,258	222
Rent revenue from real estate	32,485	34,941	37,046	247
Other interest and dividend	17,878	19,429	20,086	134
Gains on money held in trust	287	2,861	1,391	9
Gains on sales of securities	358,718	144,673	270,230	1,807
Gains on redemption of securities	1,120	3,398	10,607	70
Foreign exchange gains	80,608	187,958	—	—
Reversal of allowance for possible loan losses	48	51	—	—
Other investment income	1,100	728	1,095	7
Investment gains on separate accounts	—	117,452	—	—
Other ordinary income	75,904	65,518	84,365	564
Annuity supplementary contract premiums	5,198	4,418	3,611	24
Proceeds from deferred insurance	33,529	26,152	20,238	135
Reversal of policy reserves	—	—	12,598	84
Reversal of accrued retirement benefits	4,614	1,714	13,264	88
Other ordinary income	32,562	33,233	34,652	231
Ordinary expenses	3,433,494	3,417,665	3,330,248	22,272
Benefits and other payments	1,963,119	2,031,101	2,113,013	14,131
Claims paid	547,393	541,534	546,587	3,655
Annuity payments	424,557	432,258	476,832	3,189
Benefits payments	388,804	322,738	335,743	2,245
Surrender benefits	551,624	554,615	627,295	4,195
Other refunds	49,718	53,411	55,277	369
Reinsurance premiums	1,021	126,542	71,277	476

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
Provision for policy reserves and other reserves	¥424,098	¥462,103	¥ 5,073	\$ 33
Provision for reserve for outstanding claims (Note 21)	2,853	5,562	4,870	32
Provision for policy reserves (Note 21)	421,218	456,515	—	—
Provision for interest on policyholders' dividend reserves (Note 10)	26	25	203	1
Investment expenses (Note 20)	594,954	469,848	735,142	4,916
Interest expenses	21,778	28,965	33,785	225
Losses on trading securities	—	22	147	0
Losses on sales of securities	344,998	115,774	252,111	1,686
Losses on valuation of securities	2,690	3,992	5,971	39
Losses on redemption of securities	75	5	127	0
Losses on derivative financial instruments	161,882	289,919	257,131	1,719
Foreign exchange losses	—	—	70,079	468
Provision for allowance for possible loan losses	—	—	117	0
Depreciation of real estate for investments	8,950	9,758	10,051	67
Other investment expenses	48,275	21,408	92,159	616
Investment losses on separate accounts	6,304	—	13,460	90
Operating expenses (Note 19)	336,414	332,573	348,273	2,329
Other ordinary expenses	114,906	122,038	128,744	861
Payments of benefits left to accumulate at interest	45,528	50,214	55,174	369
Taxes	28,253	28,111	28,933	193
Depreciation	18,932	18,498	18,787	125
Other ordinary expenses	22,192	25,213	25,848	172
Ordinary profit	61,852	147,276	97,688	653
Extraordinary gains	123,866	1,528	17	0
Gains on disposals of fixed assets	1,445	1,528	17	0
Reversal of reserve for price fluctuation	122,420	—	—	—
Extraordinary losses	3,723	69,652	36,939	247
Losses on disposals of fixed assets	703	521	3,223	21
Impairment losses (Note 22)	2,320	163	10,784	72
Losses on valuation of shares of subsidiaries and affiliates	—	9,956	—	—
Provision for reserve for price fluctuation	—	58,300	22,200	148
Payments to social responsibility reserve	699	711	731	4
Surplus before income taxes	181,995	79,151	60,766	406
Income taxes (Notes 13 and 23)				
Current	6,312	(20,773)	41,556	277
Deferred	28,477	27,978	(66,858)	(447)
Total income taxes	34,790	7,204	(25,301)	(169)
Net surplus	¥147,204	¥ 71,946	¥ 86,068	\$ 575

Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Year ended March 31, 2023

Millions of Yen

	Funds, reserve and surplus										
	Surplus										
	Other surplus										
	Foundation funds (Note 14)	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption (Note 14)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and 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					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	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, 2024

Millions of Yen

	Funds, reserve and surplus											
					Surplus							
							Other surplus					
	Foundation funds (Note 14)	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption (Note 14)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and surplus	
Beginning balance	—	639,000	2	6,404	—	165,000	1,355	223	147,967	320,951	959,953	
Changes in the fiscal year												
Issuance of foundation funds	50,000										50,000	
Additions to policyholders' dividend reserves (Note 10)									(57,067)	(57,067)	(57,067)	
Additions to reserve for future losses				200					(200)	—	—	
Net surplus									71,946	71,946	71,946	
Additions to reserve for price fluctuation						90,000			(90,000)	—	—	
Additions to reserve for assisting social responsibility							700		(700)	—	—	
Reversal of reserve for assisting social responsibility							(711)		711	—	—	
Reversal of land revaluation differences									(3,045)	(3,045)	(3,045)	
Net changes, excluding funds, reserve and surplus												
Net changes in the fiscal year	50,000	—	—	200	—	90,000	(11)	—	(78,354)	11,833	61,833	
Ending balance	50,000	639,000	2	6,604	—	255,000	1,344	223	69,612	332,785	1,021,787	

	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	300,314	(12,224)	(59,645)	228,444	1,188,398
Changes in the fiscal year					
Issuance of foundation funds					50,000
Additions to policyholders' dividend reserves (Note 10)					(57,067)
Additions to reserve for future losses					—
Net surplus					71,946
Additions to reserve for price fluctuation					—
Additions to reserve for assisting social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of land revaluation differences					(3,045)
Net changes, excluding funds, reserve and surplus	748,583	(20,269)	3,045	731,359	731,359
Net changes in the fiscal year	748,583	(20,269)	3,045	731,359	793,193
Ending balance	1,048,898	(32,494)	(56,600)	959,803	1,981,591

Year ended March 31, 2025

Millions of Yen

	Funds, reserve and surplus										
	Surplus										Total funds, reserve and surplus
	Other surplus								Total surplus		
	Foundation funds (Note 14)	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption (Note 14)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves		Unappropriated surplus	
Beginning balance	50,000	639,000	2	6,604	—	255,000	1,344	223	69,612	332,785	1,021,787
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 10)									(58,355)	(58,355)	(58,355)
Additions to reserve for future losses				200					(200)	—	—
Payment of interest on foundation funds									(357)	(357)	(357)
Net surplus									86,068	86,068	86,068
Additions to reserve for fund redemption					10,000				(10,000)	—	—
Additions to reserve for assisting social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(731)		731	—	—
Reversal of land revaluation differences									(10,264)	(10,264)	(10,264)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	200	10,000	—	(31)	—	6,921	17,090	17,090
Ending balance	50,000	639,000	2	6,804	10,000	255,000	1,313	223	76,534	349,875	1,038,878

	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	1,048,898	(32,494)	(56,600)	959,803	1,981,591
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 10)					(58,355)
Additions to reserve for future losses					—
Payment of interest on foundation funds					(357)
Net surplus					86,068
Additions to reserve for fund redemption					—
Additions to reserve for assisting social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of land revaluation differences					(10,264)
Net changes, excluding funds, reserve and surplus	(225,954)	(20,277)	9,860	(236,372)	(236,372)
Net changes in the fiscal year	(225,954)	(20,277)	9,860	(236,372)	(219,281)
Ending balance	822,943	(52,771)	(46,740)	723,431	1,762,310

Year ended March 31, 2025

Millions of U.S. dollars

	Funds, reserve and surplus										
	Surplus										
	Other surplus										
	Foundation funds (Note 14)	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption (Note 14)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserve and surplus
Beginning balance	334	4,273	0	44	—	1,705	8	1	465	2,225	6,833
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 10)									(390)	(390)	(390)
Additions to reserve for future losses				1					(1)	—	—
Payment of interest on foundation funds									(2)	(2)	(2)
Net surplus									575	575	575
Additions to reserve for fund redemption					66				(66)	—	—
Additions to reserve for assisting social responsibility							4		(4)	—	—
Reversal of reserve for assisting social responsibility							(4)		4	—	—
Reversal of land revaluation differences									(68)	(68)	(68)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	1	66	—	(0)	—	46	114	114
Ending balance	334	4,273	0	45	66	1,705	8	1	511	2,339	6,948

	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	7,015	(217)	(378)	6,419	13,253
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 10)					(390)
Additions to reserve for future losses					—
Payment of interest on foundation funds					(2)
Net surplus					575
Additions to reserve for fund redemption					—
Additions to reserve for assisting social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of land revaluation differences					(68)
Net changes, excluding funds, reserve and surplus	(1,511)	(135)	65	(1,580)	(1,580)
Net changes in the fiscal year	(1,511)	(135)	65	(1,580)	(1,466)
Ending balance	5,503	(352)	(312)	4,838	11,786

Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
Unappropriated surplus	¥147,967	¥69,612	¥76,534	\$511
Appropriation of surplus	147,967	69,612	76,534	511
Policyholders' dividend reserves	57,067	58,355	65,282	436
Net surplus	90,900	11,257	11,252	75
Reserve for future losses	200	200	200	1
Interest on foundation funds	—	357	352	2
Voluntary surplus reserves	90,700	10,700	10,700	71
Reserve for fund redemption	—	10,000	10,000	66
Fund for price fluctuation allowance	90,000	—	—	—
Reserve for assisting social responsibility	700	700	700	4

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 ("FSs") 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"). These principles may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions outside of Japan.

In preparing the accompanying non-consolidated FSs, certain reclassifications have been made to align them with a format that is more familiar to readers outside Japan. Additionally, the notes to the consolidated FSs include information that is not required under Japanese GAAP but is presented here as supplementary information.

Japanese yen ("JPY") amounts are rounded down to the nearest million yen. Consequently, the totals may not sum accurately. The translation of JPY amounts into U.S. dollars ("USD") is provided solely for the convenience of readers outside Japan, using the exchange rate as of March 31, 2025, which was ¥149.52 to U.S. \$1. This convenience translation should not be construed as a representation that JPY amounts were, have been, or may in the future be converted into USD 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) below) 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 primarily 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 investments 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 primarily adopts the fair value hedge method and the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies.

In addition, 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.

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 the 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 JPY at the exchange rate on the balance sheet date. Investments in subsidiaries and affiliates are translated into JPY 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 business 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 sheet.

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 owned by the Company (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, 2023, 2024, and 2025, amounted to ¥29 million, ¥28 million, and ¥27 million, (U.S. \$0 million), respectively.

An allowance for possible loan losses of the consolidated subsidiaries is provided primarily 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.

7) Accrued retirement benefits

Accrued retirement benefits are provided based on the projected benefit obligations and plan assets as of March 31, 2023, 2024, and 2025, respectively, 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 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 performance of future 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 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 generally recognizes insurance premiums when they are received, measured at the amounts collected, and when the obligations under the insurance contract commence.

The Company recognizes claims paid (excluding reinsurance premiums) when incidents specified in the policy clauses occur, and these claims are paid at the amounts due. The Company also recognizes outstanding claims for the amount of unpaid claims related to contracts for which a payment obligation exists as of year-end or for incidents specified in the policy clauses that have already occurred but have not yet been reported to the Company, in accordance with Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

12) IBNR claims

Regarding reserve for incurred but not reported (IBNR) claims for individual life insurance and individual annuity contracts, the Company recognized claims with which incidents prescribed in policy clauses already incurred but were not reported to the Company. After May 8, 2023, the Company ceased the special treatment of paying hospitalized benefits to 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 using the proviso, instead of the main clause of Article 1, Paragraph 1 of Ministry of Finance Notification No. 234 in 1998 (hereafter "IBNR Notification"), because the reserve amount could not be calculated at an appropriate level based on the main clause of that article due to ending of the special treatment described above.

The Company excluded the amounts which were related to deemed hospitalization from the reserve for IBNR claims and benefit payments for all fiscal years stipulated by the main clause of Article 1, Paragraph 1 of the IBNR Notification, 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.

For the fiscal year ended March 31, 2023, the Company excluded the amounts of the reserve for IBNR claims and benefit payments related to deemed hospitalization, except for those with a high risk of severity. However, due to the cessation of the special treatment for hospitalization benefits for deemed hospitalization for the fiscal year ended March 31, 2024, the Company revised the calculation method to exclude all amounts related to deemed hospitalization.

13) Policy acquisition costs

The Company recognizes policy acquisition costs when they are incurred.

14) New Accounting Standards

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 (revised on June 17, 2021)). 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 Company applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) at the beginning of the fiscal year ended March 31, 2024, with the transition method stipulated in the proviso, Article 20-3 of "Accounting Standard for Current Income Taxes".

Regarding corporation tax/inhabitant tax etc. which are taxable on incomes, although the Company had recognized amounts calculated according to tax laws in net surplus, with the application of the standard, the Company has recognized such taxes in net surplus, funds/reserves etc., and accumulated other comprehensive income, depending on the transactions which are sources of the taxes. Especially, regarding taxes recognized in accumulated other comprehensive income, when the attributable transactions are recycled to net surplus, the Company recycles the taxes to net surplus.

When transactions which are sources of taxes are related to funds/reserves etc. or accumulated other comprehensive income, in addition to net surplus, and the calculation of the taxes imposed on funds/reserve etc. or accumulated other comprehensive income is practically difficult, the Company recognizes the taxes in net surplus.

Consequently, for the fiscal year ended March 31, 2024, "Income taxes" decreased by ¥25,985 million, "Net surplus attributable to the Parent Company" increased by the equal amount, and "Net unrealized gains on available-for-sale securities" in "Accumulated other comprehensive income" decreased by the equal amount.

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 tables show the balance sheet amounts in the non-consolidated balance sheet, the fair values and their differences of financial instruments as of March 31, 2023, 2024, and 2025.

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 excluded 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			Millions of Yen		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 542,253	¥ 542,253	¥ —	¥ 254,952	¥ 254,952	¥ —
[Available-for-sale securities]* ¹	[542,253]	[542,253]	—	[254,952]	[254,952]	—
Monetary claims bought	407,646	407,470	(175)	479,404	475,173	(4,231)
[Available-for-sale securities]* ¹	[296,712]	[296,712]	—	[377,300]	[377,300]	—
Money held in trust	14,990	14,990	—	24,345	24,345	—
Securities	27,792,495	28,401,165	608,669	30,933,203	30,827,726	(105,476)
Trading securities	604,171	604,171	—	682,316	682,316	—
Held-to-maturity debt securities	1,531,156	1,729,570	198,413	1,926,606	2,092,804	166,198
Policy-reserve-matching bonds	13,192,905	13,610,612	417,707	13,799,326	13,527,225	(272,100)
Investments in subsidiaries and affiliated companies	53,077	45,626	(7,451)	43,624	44,050	425
Available-for-sale securities * ²	12,411,184	12,411,184	—	14,481,329	14,481,329	—
Loans	2,198,274			2,164,509		
Allowance for possible loan losses * ³	(621)			(542)		
	2,197,653	2,151,462	(46,190)	2,163,967	2,105,204	(58,762)
Corporate bonds	396,510	384,730	(11,780)	448,695	439,871	(8,824)
Loans payable	170,000	165,240	(4,760)	170,000	167,646	(2,354)
Derivative transactions * ⁴	(441,546)	(441,546)	—	(503,825)	(503,825)	—
Hedge accounting not applied	(194,778)	(194,778)	—	(102,320)	(102,320)	—
Hedge accounting applied	(246,768)	(246,768)	—	(401,505)	(401,505)	—

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)	¥ 358,799	¥ 358,799	¥ —	\$ 2,399	\$ 2,399	\$ —
[Available-for-sale securities]* ¹	[358,799]	[358,799]	—	[2,399]	[2,399]	—
Monetary claims bought	550,257	543,828	(6,429)	3,680	3,637	(42)
[Available-for-sale securities]* ¹	[454,936]	[454,936]	—	[3,042]	[3,042]	—
Money held in trust	62,022	62,022	—	414	414	—
Securities	28,639,277	27,426,048	(1,213,229)	191,541	183,427	(8,114)
Trading securities	632,209	632,209	—	4,228	4,228	—
Held-to-maturity debt securities	1,855,593	1,858,670	3,076	12,410	12,430	20
Policy-reserve-matching bonds	13,840,880	12,616,182	(1,224,698)	92,568	84,377	(8,190)
Investments in subsidiaries and affiliated companies	43,459	51,851	8,392	290	346	56
Available-for-sale securities * ²	12,267,134	12,267,134	—	82,043	82,043	—
Loans	2,069,452			13,840		
Allowance for possible loan losses * ³	(666)			(4)		
	2,068,785	1,945,086	(123,699)	13,836	13,008	(827)
Corporate bonds	448,695	426,463	(22,232)	3,000	2,852	(148)
Loans payable	220,000	213,723	(6,277)	1,471	1,429	(41)
Derivative transactions * ⁴	(105,539)	(105,539)	—	(705)	(705)	—
Hedge accounting not applied	(24,327)	(24,327)	—	(162)	(162)	—
Hedge accounting applied	(81,211)	(81,211)	—	(543)	(543)	—

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

*2 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) are included in the above table.

*3 The allowance for possible loan losses earmarked for loans is deducted from the balance sheet 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 balance sheet amounts in the non-consolidated balance sheet, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2023, 2024, and 2025.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen			Millions of Yen		
	2023			2024		
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	¥ 162,180	¥ 170,468	¥ 8,288
Foreign securities (bonds)	1,292,200	1,478,302	186,102	1,315,800	1,492,302	176,502
Fair value does not exceed the balance sheet amount						
Bonds	15,731	15,607	(124)	58,625	57,799	(826)
Foreign securities (bonds)	—	—	—	390,000	372,233	(17,766)
Total	1,531,156	1,729,570	198,413	1,926,606	2,092,804	166,198

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2025			2025		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 73,464	¥ 76,727	¥ 3,263	\$ 491	\$ 513	\$ 21
Foreign securities (bonds)	1,061,500	1,162,411	100,911	7,099	7,774	674
Fair value does not exceed the balance sheet amount						
Bonds	155,629	150,234	(5,395)	1,040	1,004	(36)
Foreign securities (bonds)	565,000	469,296	(95,703)	3,778	3,138	(640)
Total	1,855,593	1,858,670	3,076	12,410	12,430	20

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen			Millions of Yen		
	2023			2024		
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	¥ 7,553,241	¥ 8,211,639	¥ 658,397
Foreign securities (bonds)	169,561	175,065	5,504	309,190	318,600	9,410
Fair value does not exceed the balance sheet amount						
Bonds	3,645,235	3,222,896	(422,338)	4,471,948	3,700,599	(771,348)
Foreign securities (bonds)	1,119,669	984,647	(135,021)	1,464,946	1,296,385	(168,560)
Total	13,192,905	13,610,612	417,707	13,799,326	13,527,225	(272,100)

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2025			2025		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 6,184,104	¥ 6,432,999	¥ 248,894	\$41,359	\$43,024	\$ 1,664
Foreign securities (bonds)	194,629	199,033	4,403	1,301	1,331	29
Fair value does not exceed the balance sheet amount						
Bonds	5,793,099	4,480,722	(1,312,376)	38,744	29,967	(8,777)
Foreign securities (bonds)	1,669,047	1,503,426	(165,620)	11,162	10,055	(1,107)
Total	13,840,880	12,616,182	(1,224,698)	92,568	84,377	(8,190)

The following table shows the acquisition costs or amortized costs, the balance sheet amounts in the non-consolidated balance sheet and their differences of available-for-sale securities as of March 31, 2023, 2024, and 2025.

3) Available-for-sale securities

As of March 31	Millions of Yen						Millions of Yen					
	2023			2024			2023			2024		
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 cost												
Negotiable certificates of deposit	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	60,329	63,565	3,236	38,221	39,199	978	38,221	39,199	978	38,221	39,199	978
Bonds	461,287	496,190	34,902	399,842	427,415	27,573	399,842	427,415	27,573	399,842	427,415	27,573
Stocks	833,642	1,918,495	1,084,853	1,167,911	2,942,875	1,774,963	1,167,911	2,942,875	1,774,963	1,167,911	2,942,875	1,774,963
Foreign securities	2,058,172	2,218,554	160,382	4,407,634	4,816,363	408,729	4,407,634	4,816,363	408,729	4,407,634	4,816,363	408,729
Foreign bonds	1,757,317	1,853,231	95,914	3,303,358	3,518,034	214,675	3,303,358	3,518,034	214,675	3,303,358	3,518,034	214,675
Other foreign securities	300,854	365,322	64,468	1,104,275	1,298,329	194,053	1,104,275	1,298,329	194,053	1,104,275	1,298,329	194,053
Other securities	91,605	111,263	19,658	202,671	259,734	57,063	202,671	259,734	57,063	202,671	259,734	57,063
Balance sheet amount does not exceed acquisition costs or amortized cost												
Negotiable certificates of deposit	542,300	542,253	(46)	255,000	254,952	(47)	255,000	254,952	(47)	255,000	254,952	(47)
Monetary claims bought	236,181	233,146	(3,034)	348,822	338,101	(10,721)	348,822	338,101	(10,721)	348,822	338,101	(10,721)
Bonds	2,564,593	2,337,680	(226,913)	2,068,919	1,746,765	(322,154)	2,068,919	1,746,765	(322,154)	2,068,919	1,746,765	(322,154)
Stocks	231,482	199,909	(31,573)	155,360	129,502	(25,857)	155,360	129,502	(25,857)	155,360	129,502	(25,857)
Foreign securities	5,645,575	4,988,934	(656,640)	4,542,111	4,019,479	(522,632)	4,542,111	4,019,479	(522,632)	4,542,111	4,019,479	(522,632)
Foreign bonds	4,402,169	3,935,432	(466,736)	3,354,425	3,022,906	(331,518)	3,354,425	3,022,906	(331,518)	3,354,425	3,022,906	(331,518)
Other foreign securities	1,243,405	1,053,502	(189,903)	1,187,686	996,572	(191,113)	1,187,686	996,572	(191,113)	1,187,686	996,572	(191,113)
Other securities	156,552	140,156	(16,396)	153,005	139,194	(13,811)	153,005	139,194	(13,811)	153,005	139,194	(13,811)
Total	12,881,722	13,250,150	368,428	13,739,500	15,113,583	1,374,083	13,739,500	15,113,583	1,374,083	13,739,500	15,113,583	1,374,083

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2025			2025			2025			2025		
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 cost												
Negotiable certificates of deposit	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	18,006	18,264	257	120	122	1	120	122	1	120	122	1
Bonds	224,587	226,654	2,066	1,502	1,515	13	1,502	1,515	13	1,502	1,515	13
Stocks	1,188,275	2,855,398	1,667,123	7,947	19,097	11,149	7,947	19,097	11,149	7,947	19,097	11,149
Foreign securities	3,369,192	3,636,584	267,391	22,533	24,321	1,788	22,533	24,321	1,788	22,533	24,321	1,788
Foreign bonds	2,449,699	2,547,422	97,722	16,383	17,037	653	16,383	17,037	653	16,383	17,037	653
Other foreign securities	919,493	1,089,161	169,668	6,149	7,284	1,134	6,149	7,284	1,134	6,149	7,284	1,134
Other securities	111,361	161,962	50,601	744	1,083	338	744	1,083	338	744	1,083	338
Balance sheet amount does not exceed acquisition costs or amortized cost												
Negotiable certificates of deposit	359,000	358,799	(200)	2,401	2,399	(1)	2,401	2,399	(1)	2,401	2,399	(1)
Monetary claims bought	450,885	436,672	(14,213)	3,015	2,920	(95)	3,015	2,920	(95)	3,015	2,920	(95)
Bonds	2,044,098	1,589,193	(454,905)	13,671	10,628	(3,042)	13,671	10,628	(3,042)	13,671	10,628	(3,042)
Stocks	185,894	153,555	(32,338)	1,243	1,026	(216)	1,243	1,026	(216)	1,243	1,026	(216)
Foreign securities	3,899,260	3,500,111	(399,149)	26,078	23,408	(2,669)	26,078	23,408	(2,669)	26,078	23,408	(2,669)
Foreign bonds	2,964,744	2,706,975	(257,769)	19,828	18,104	(1,723)	19,828	18,104	(1,723)	19,828	18,104	(1,723)
Other foreign securities	934,516	793,136	(141,380)	6,250	5,304	(945)	6,250	5,304	(945)	6,250	5,304	(945)
Other securities	156,185	143,673	(12,512)	1,044	960	(83)	1,044	960	(83)	1,044	960	(83)
Total	12,006,749	13,080,871	1,074,121	80,301	87,485	7,183	80,301	87,485	7,183	80,301	87,485	7,183

Note 2: Non-consolidated balance sheet amounts of stocks with no market prices and investments in partnerships are as follows. The amounts are excluded in the table in “2) Fair value of financial instruments”:

As of March 31	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
	Balance sheet amount	Balance sheet amount	Balance sheet amount	Balance sheet amount
Stocks with no market prices* ¹	¥777,195	¥1,176,653	¥1,274,412	\$8,523
Investments in partnership* ²	259,720	361,529	425,006	2,842

*1 Stocks with no market prices includes unlisted securities.

*2 Investments in partnership includes those for Limited Partnerships. In accordance with Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Application Guidance of Corporate Accounting standards, No. 31), 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, 2023, 2024, and 2025.

As of March 31	Millions of Yen				Millions of Yen			
	2023				2024			
	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	¥ —	¥ —	¥ —	¥255,000	¥ —	¥ —	¥ —
Monetary claims bought	143,051	218	302	263,839	236,052	223	309	252,543
Securities	641,396	3,825,396	7,079,374	12,234,988	560,613	3,326,020	7,820,294	13,295,073
Held-to-maturity debt securities	43,098	595,915	174,800	716,812	215,741	380,300	440,700	889,524
Policy-reserve-matching bonds	84,411	1,309,990	4,668,529	7,093,128	121,447	1,672,357	4,429,210	7,592,579
Available-for-sale securities	513,887	1,919,491	2,236,044	4,425,046	223,424	1,273,362	2,950,384	4,812,969
Loans*	324,694	545,179	491,765	595,761	276,792	513,047	525,931	581,962
Corporate bonds*	—	—	—	396,510	—	—	—	297,030
Loans payable	—	—	—	170,000	—	—	—	170,000

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	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	¥359,000	¥ —	¥ —	¥ —	\$2,401	\$ —	\$ —	\$ —
Monetary claims bought	320,053	228	316	243,642	2,140	1	2	1,629
Securities	654,740	3,897,648	5,892,930	12,897,299	4,378	26,067	39,412	86,258
Held-to-maturity debt securities	311,895	88,700	594,300	820,461	2,085	593	3,974	5,487
Policy-reserve-matching bonds	240,628	2,704,079	3,331,967	7,719,784	1,609	18,085	22,284	51,630
Available-for-sale securities	102,216	1,104,869	1,966,662	4,357,054	683	7,389	13,153	29,140
Loans*	199,407	458,321	528,384	585,279	1,333	3,065	3,533	3,914
Corporate bonds*	—	—	—	297,030	—	—	—	1,986
Loans payable	—	—	—	120,000	—	—	—	802

* The table above excludes certain financial instruments for which estimation of the value of recovery 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					Millions of Yen				
					2023					2024
	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		¥ —	¥ 254,952	¥ —	¥ 254,952	
Monetary claims bought	—	142,995	153,716	296,712		—	235,977	141,323	377,300	
Money held in trust	—	—	14,990	14,990		—	—	24,345	24,345	
Securities	5,741,537	5,882,967	1,055,717	12,680,223		6,909,309	6,245,604	1,418,287	14,573,202	
Trading securities	504,111	100,060	—	604,171		566,436	115,879	—	682,316	
Available-for-sale securities	5,237,426	5,782,907	1,055,717	12,076,051		6,342,873	6,129,724	1,418,287	13,890,885	
National government bonds	1,539,739	—	—	1,539,739		973,547	—	—	973,547	
Local government bonds	—	42,428	—	42,428		—	39,461	—	39,461	
Corporate bonds	—	1,251,351	350	1,251,702		—	1,161,172	—	1,161,172	
Domestic stocks	2,118,310	94	—	2,118,405		3,067,828	4,548	—	3,072,377	
Foreign securities	1,526,830	4,299,967	1,055,367	6,882,164		2,140,240	4,700,865	1,418,287	8,259,393	
Foreign bonds	1,506,057	3,407,558	875,049	5,788,664		1,679,300	3,699,544	1,162,096	6,540,941	
Other foreign securities	20,773	892,409	180,318	1,093,500		460,939	1,001,320	256,191	1,718,452	
Other securities	52,546	189,064	—	241,610		161,256	223,676	—	384,933	
Derivative transactions	2,053	144,796	2,078	148,928		1,840	44,861	171	46,873	
Currency-related	—	137,790	1,632	139,422		—	31,093	171	31,265	
Interest-rate-related	—	4,100	—	4,100		—	2,405	—	2,405	
Stock-related	1,276	—	446	1,723		1,639	—	0	1,639	
Other	776	2,905	—	3,682		201	11,362	—	11,563	
Total Assets	5,743,591	6,713,013	1,226,503	13,683,108		6,911,150	6,781,396	1,584,127	15,276,674	
Derivative transactions	249	589,578	646	590,475		231	549,568	899	550,699	
Currency-related	—	573,261	256	573,517		—	512,592	899	513,492	
Interest-rate-related	—	16,135	—	16,135		—	36,365	—	36,365	
Stock-related	249	—	390	639		231	—	—	231	
Other	—	182	—	182		—	610	—	610	
Total Liabilities	249	589,578	646	590,475		231	549,568	899	550,699	

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 358,799	¥ —	¥ 358,799	\$ —	\$ 2,399	\$ —	\$ 2,399
Monetary claims bought	—	319,935	135,001	454,936	—	2,139	902	3,042
Money held in trust	—	—	62,022	62,022	—	—	414	414
Securities	5,686,816	5,052,199	1,356,504	12,095,519	38,033	33,789	9,072	80,895
Trading securities	503,640	128,568	—	632,209	3,368	859	—	4,228
Available-for-sale securities	5,183,175	4,923,630	1,356,504	11,463,310	34,665	32,929	9,072	76,667
National government bonds	823,974	—	—	823,974	5,510	—	—	5,510
Local government bonds	—	29,026	—	29,026	—	194	—	194
Corporate bonds	—	962,847	—	962,847	—	6,439	—	6,439
Domestic stocks	3,008,954	—	—	3,008,954	20,124	—	—	20,124
Foreign securities	1,266,087	3,728,780	1,356,504	6,351,372	8,467	24,938	9,072	42,478
Foreign bonds	989,289	3,097,714	1,167,393	5,254,397	6,616	20,717	7,807	35,141
Other foreign securities	276,798	631,065	189,110	1,096,975	1,851	4,220	1,264	7,336
Other securities	84,159	202,976	—	287,135	562	1,357	—	1,920
Derivative transactions	619	68,584	8,670	77,875	4	458	57	520
Currency-related	—	65,632	4,563	70,195	—	438	30	469
Interest-rate-related	—	1,678	—	1,678	—	11	—	11
Stock-related	467	—	4,107	4,574	3	—	27	30
Other	151	1,274	—	1,426	1	8	—	9
Total Assets	5,687,435	5,799,519	1,562,199	13,049,154	38,037	38,787	10,448	87,273
Derivative transactions	2,143	181,270	—	183,414	14	1,212	—	1,226
Currency-related	—	116,618	—	116,618	—	779	—	779
Interest-rate-related	—	64,631	—	64,631	—	432	—	432
Stock-related	1,721	—	—	1,721	11	—	—	11
Other	422	20	—	442	2	0	—	2
Total Liabilities	2,143	181,270	—	183,414	14	1,212	—	1,226

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) are not included in the above table.

The non-consolidated balance sheet amount of these investment trusts was ¥335,133 million, ¥590,444 million, and ¥803,823 million, (U.S. \$5,376 million) as of March 31, 2023, 2024, and 2025.

The reconciliation between the beginning and ending balances is below:

For the fiscal year ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
	Net asset value of investment trusts			
Beginning balance	¥228,914	¥335,133	¥590,444	\$3,948
Gains (losses) for the period/ other comprehensive income	21,135	61,852	9,841	65
Recorded to gains (losses) for the period *1	1,495	4,431	(1,972)	(13)
Recorded to other comprehensive income	19,640	57,421	11,813	79
Net amount of purchase, sale, issuance and settlement, etc.	85,083	193,458	203,538	1,361
The amount of the investment trusts applied net asset value as fair value in the earnings of the period	—	—	—	—
The amount of the investment trusts not applied net asset value as fair value in the earnings of the period	—	—	—	—
Ending balance	335,133	590,444	803,823	5,376
Net unrealized gains (losses) on financial assets and liabilities held at non-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, ¥408,797 million, and ¥566,225 million, (U.S. \$3,786 million) as of March 31, 2023, 2024, and 2025.

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				Millions of Yen			
	2023				2024			
	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	¥ —	¥ —	¥ 97,872	¥ 97,872
Securities	10,578,727	4,805,066	2,015	15,385,809	10,230,934	5,431,139	2,006	15,664,079
Held-to-maturity debt securities	104,882	1,624,687	—	1,729,570	100,875	1,991,928	—	2,092,804
National government bonds	104,882	—	—	104,882	100,875	—	—	100,875
Corporate bonds	—	146,385	—	146,385	—	127,392	—	127,392
Foreign securities	—	1,478,302	—	1,478,302	—	1,864,536	—	1,864,536
Foreign bonds	—	1,478,302	—	1,478,302	—	1,864,536	—	1,864,536
Policy-reserve-matching bonds	10,473,291	3,135,305	2,015	13,610,612	10,128,793	3,396,425	2,006	13,527,225
National government bonds	10,473,291	—	—	10,473,291	10,128,793	—	—	10,128,793
Local government bonds	—	131,436	—	131,436	—	127,064	—	127,064
Corporate bonds	—	1,846,171	—	1,846,171	—	1,656,381	—	1,656,381
Foreign securities	—	1,157,697	2,015	1,159,713	—	1,612,980	2,006	1,614,986
Foreign bonds	—	1,157,697	2,015	1,159,713	—	1,612,980	2,006	1,614,986
Investments in subsidiaries and affiliated companies	553	45,072	—	45,626	1,264	42,785	—	44,050
Loans	—	17,690	2,133,772	2,151,462	—	15,965	2,089,238	2,105,204
Total Assets	10,578,727	4,822,756	2,246,546	17,648,030	10,230,934	5,447,105	2,189,117	17,867,156
Corporate Bonds	—	384,730	—	384,730	—	439,871	—	439,871
Loans payables	—	165,240	—	165,240	—	167,646	—	167,646
Total Liabilities	—	549,970	—	549,970	—	607,517	—	607,517

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 88,891	¥ 88,891	\$ —	\$ —	\$ 594	\$ 594
Securities	9,477,281	5,047,424	1,999	14,526,704	63,384	33,757	13	97,155
Held-to-maturity debt securities	79,825	1,778,845	—	1,858,670	533	11,897	—	12,430
National government bonds	79,825	—	—	79,825	533	—	—	533
Corporate bonds	—	147,136	—	147,136	—	984	—	984
Foreign securities	—	1,631,708	—	1,631,708	—	10,912	—	10,912
Foreign bonds	—	1,631,708	—	1,631,708	—	10,912	—	10,912
Policy-reserve-matching bonds	9,396,663	3,217,519	1,999	12,616,182	62,845	21,518	13	84,377
National government bonds	9,396,663	—	—	9,396,663	62,845	—	—	62,845
Local government bonds	—	113,546	—	113,546	—	759	—	759
Corporate bonds	—	1,403,511	—	1,403,511	—	9,386	—	9,386
Foreign securities	—	1,700,461	1,999	1,702,460	—	11,372	13	11,386
Foreign bonds	—	1,700,461	1,999	1,702,460	—	11,372	13	11,386
Investments in subsidiaries and affiliated companies	792	51,059	—	51,851	5	341	—	346
Loans	—	15,333	1,929,752	1,945,086	—	102	12,906	13,008
Total Assets	9,477,281	5,062,758	2,020,643	16,560,682	63,384	33,860	13,514	110,758
Corporate Bonds	—	426,463	—	426,463	—	2,852	—	2,852
Loans payables	—	213,723	—	213,723	—	1,429	—	1,429
Total Liabilities	—	640,186	—	640,186	—	4,281	—	4,281

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, the present values of the expected future cash flows are considered to be fair values, and those other monetary claims bought are categorized as Level 3 when 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, market 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 such as 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 as the company is required to compensate market participant for the cancellation.

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, market 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 tables above. In addition, since interest rate swaps subject to the special hedge accounting 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, 2023, 2024, and 2025

As of March 31	Millions of Yen					Millions of Yen				
	2023					2024				
	Monetary claims bought	Money held in trust	Securities	Derivative transactions ¹²	Total	Monetary claims bought	Money held in trust	Securities	Derivative transactions ¹²	Total
Beginning balance	¥157,630	¥ 4,914	¥ 615,092	¥ (2,169)	¥ 775,467	¥153,716	¥14,990	¥1,055,717	¥ 1,431	¥1,225,856
Gains (losses) for the period/ other comprehensive income	(3,816)	316	29,075	(5,362)	20,213	(9,933)	2,868	139,375	(9,962)	122,349
Recorded to gains (losses) for the period ¹¹	4	316	46,580	(5,362)	41,538	2	2,868	124,094	(9,962)	117,003
Recorded to other comprehensive income	(3,820)	—	(17,504)	—	(21,325)	(9,935)	—	15,281	—	5,345
Net amount of purchase, sale, issuance and settlement, etc.	(97)	9,760	411,548	8,963	430,175	(2,460)	6,485	223,193	7,801	235,021
Transfer to Level 3	—	—	—	—	—	—	—	—	—	—
Transfer from Level 3	—	—	—	—	—	—	—	—	—	—
Ending balance	153,716	14,990	1,055,717	1,431	1,225,856	141,323	24,345	1,418,287	(728)	1,583,227
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)	—	—	—	(5,602)	(5,602)

As of March 31	Millions of Yen					Millions of U.S. Dollars				
	2025					2025				
	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	¥141,323	¥24,345	¥1,418,287	¥ (728)	¥1,583,227	\$945	\$162	\$9,485	\$ (4)	\$10,588
Gains (losses) for the period/ other comprehensive income	(4,219)	480	(31,927)	(7,988)	(43,655)	(28)	3	(213)	(53)	(291)
Recorded to gains (losses) for the period *1	0	480	(5,769)	(7,988)	(13,278)	0	3	(38)	(53)	(88)
Recorded to other comprehensive income	(4,219)	—	(26,157)	—	(30,377)	(28)	—	(174)	—	(203)
Net amount of purchase, sale, issuance and settlement, etc.	(2,102)	37,197	(29,855)	17,387	22,626	(14)	248	(199)	116	151
Transfer to Level 3	—	—	—	—	—	—	—	—	—	—
Transfer from Level 3	—	—	—	—	—	—	—	—	—	—
Ending balance	135,001	62,022	1,356,504	8,670	1,562,199	902	414	9,072	57	10,448
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	—	—	—	(5,480)	(5,480)	—	—	—	(36)	(36)

*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) Explanation about the fair value valuation process

The company has implemented policies and procedures regarding the fair value measurement by the risk management department and the front divisions and others obtain and measure the fair values. 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 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 regarding the fair value measurement.

When measuring the fair values, the Company applies 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			
	2023				2024			
	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	¥32,500	¥32,500	¥56	¥56
Total				1,147				56

Type	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	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	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—

*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		
			2023			2024		
			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	¥ 710	¥ 700	¥ (4)
	Receipts floating, payments fixed	Loans	100,147	100,147	17,173	113,557	113,557	20,124
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	13,500	2,500	(11)	2,500	2,500	(16)
	Receipts fixed, payments floating	Insurance Liabilities	217,500	217,500	(13,146)	342,500	342,500	(33,908)
Total					4,015			(13,805)

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars		
			2025			2025		
			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	¥ 700	¥ 700	¥ (24)	\$ 4	\$ 4	\$ 0
	Receipts floating, payments fixed	Loans	112,140	112,140	15,137	750	750	101
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	5,500	5,000	(145)	36	33	0
	Receipts fixed, payments floating	Insurance Liabilities	375,000	375,000	(62,636)	2,508	2,508	(418)
Total					(47,668)			(318)

*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			
	2023				2024			
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)	¥1,554,771	¥1,616	¥(139,586)	¥(139,586)
(U.S. dollar)	1,829,812	—	(123,913)	(123,913)	1,130,673	1,616	(94,938)	(94,938)
(Euro)	1,280,422	—	(124,993)	(124,993)	239,423	—	(28,022)	(28,022)
(Australian dollar)	401,852	—	(4,138)	(4,138)	125,955	—	(12,520)	(12,520)
Bought	3,524,394	—	54,022	54,022	1,384,308	1,614	30,257	30,257
(U.S. dollar)	1,697,932	—	10,414	10,414	982,764	1,614	22,018	22,018
(Euro)	1,337,349	—	47,940	47,940	235,016	—	7,269	7,269
(Australian dollar)	396,207	—	(5,848)	(5,848)	114,029	—	1,298	1,298
Currency options								
Sold								
Call	83,200	—	—	—	407,720	—	—	—
	[678]	—	256	422	[944]	—	895	49
(U.S. dollar)	83,200	—	—	—	407,720	—	—	—
	[678]	—	256	422	[944]	—	895	49
Put	—	—	—	—	130,000	—	—	—
	—	—	—	—	[392]	—	4	387
(U.S. dollar)	—	—	—	—	130,000	—	—	—
	—	—	—	—	[392]	—	4	387
Bought								
Put	914,650	—	—	—	699,040	—	—	—
	[3,933]	—	1,632	(2,301)	[3,869]	—	171	(3,697)
(U.S. dollar)	914,650	—	—	—	699,040	—	—	—
	[3,933]	—	1,632	(2,301)	[3,869]	—	171	(3,697)
(Peso mexicano)	—	—	—	—	—	—	—	—
Currency swaps	—	—	—	—	5,156	5,156	(2,339)	(2,339)
(U.S. dollar)	—	—	—	—	5,156	5,156	(2,339)	(2,339)
Total				(200,355)				(114,929)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
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	¥1,281,382	¥118,597	¥(29,762)	¥(29,762)	\$8,569	\$ 793	\$(199)	\$(199)
(U.S. dollar)	1,109,847	118,597	(30,244)	(30,244)	7,422	793	(202)	(202)
(Euro)	84,023	—	(783)	(783)	561	—	(5)	(5)
(Australian dollar)	67,967	—	1,260	1,260	454	—	8	8
Bought	991,146	125,599	1,752	1,752	6,628	840	11	11
(U.S. dollar)	884,161	125,599	1,962	1,962	5,913	840	13	13
(Euro)	57,628	—	781	781	385	—	5	5
(Australian dollar)	49,355	—	(991)	(991)	330	—	(6)	(6)
Currency options								
Sold								
Call	—	—	—	—	—	—	—	—
(U.S. dollar)	—	—	—	—	—	—	—	—
Put	—	—	—	—	—	—	—	—
(U.S. dollar)	—	—	—	—	—	—	—	—
Bought								
Put	797,500	260,000	—	—	5,333	1,738	—	—
(U.S. dollar)	[7,385]	—	4,563	(2,822)	[49]	—	30	(18)
(U.S. dollar)	760,000	260,000	—	—	5,082	1,738	—	—
(U.S. dollar)	[5,492]	—	3,283	(2,208)	[36]	—	21	(14)
(Peso mexicano)	37,500	—	—	—	250	—	—	—
(Peso mexicano)	[1,893]	—	1,279	(614)	[12]	—	8	(4)
Currency swaps	5,156	5,156	(2,353)	(2,353)	34	34	(15)	(15)
(U.S. dollar)	5,156	5,156	(2,353)	(2,353)	34	34	(15)	(15)
Total				(33,185)				(221)

*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			Millions of Yen			Millions of Yen		
			2023			2024		
			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
Hedge accounting model	Type	Main hedged items						
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets						
	Sold		¥4,762,898	¥702,883	¥(229,955)	¥4,457,128	¥447,631	¥(357,149)
	(U.S. dollar)		3,181,135	663,063	(168,052)	3,559,006	435,667	(287,124)
	(Euro)		872,598	—	(51,356)	560,699	—	(27,932)
	(Australian dollar)		524,937	27,290	(10,483)	313,784	—	(39,024)
Allocation method	Currency swaps	Foreign-currency-denominated assets	236,846	230,642	(29,226)	232,867	199,346	(65,472)
	(U.S. dollar)		236,846	230,642	(29,226)	232,867	199,346	(65,472)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	345,510	246,030	65,546	397,695	397,695	79,562
	(U.S. dollar)		345,510	246,030	65,546	397,695	397,695	79,562
Deferred hedge method	Currency swaps	Foreign-currency-denominated assets	37,806	35,351	(7,039)	35,351	35,351	(12,680)
	(U.S. dollar)		35,351	35,351	(6,634)	35,351	35,351	(12,680)
	(Euro)		2,454	—	(405)	—	—	—
Total					(200,674)			(355,739)

As of March 31			Millions of Yen			Millions of U.S. Dollars		
			2025			2025		
			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
Hedge accounting model	Type	Main hedged items						
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets						
	Sold		¥4,017,144	¥523,723	¥ (7,387)	\$26,866	\$3,502	\$ (49)
	(U.S. dollar)		3,165,243	523,723	(1,957)	21,169	3,502	(13)
	(Euro)		678,941	—	(7,453)	4,540	—	(49)
	(Australian dollar)		148,649	—	3,009	994	—	20
Allocation method	Currency swaps	Foreign-currency-denominated assets	199,346	162,975	(56,727)	1,333	1,089	(379)
	(U.S. dollar)		199,346	162,975	(56,727)	1,333	1,089	(379)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	397,695	397,695	96,442	2,659	2,659	645
	(U.S. dollar)		397,695	397,695	96,442	2,659	2,659	645
Deferred hedge method	Currency swaps	Foreign-currency-denominated assets	35,351	26,328	(13,235)	236	176	(88)
	(U.S. dollar)		35,351	26,328	(13,235)	236	176	(88)
	(Euro)		—	—	—	—	—	—
Total					19,092			127

*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			
		2023				2024			
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)	¥ 8,940	¥ —	¥ (220)	¥ (220)
	Bought	68,783	—	1,104	1,104	76,971	—	1,628	1,628
Over-the counter transactions	Stock index options								
	Sold								
	Call	40,000	—			—	—		
		[1,046]		390	656			—	—
	Bought								
	Put	547,130	—			550,000	—		
		[4,936]		446	(4,489)	[2,342]		0	(2,342)
Total					(2,806)				(934)

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2025				2025			
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	¥ 7,082	¥ —	¥ (24)	¥ (24)	\$ 47	\$ —	\$ (0)	\$ (0)
	Bought	100,255	—	(1,228)	(1,228)	670	—	(8)	(8)
Over-the counter transactions	Stock index options								
	Sold								
	Call	—	—			—	—		
				—	—			—	—
	Bought								
	Put	599,988	200,000			4,012	1,337		
		[6,765]		4,107	(2,658)	[45]		27	(17)
Total					(3,912)				(26)

*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, 2023, 2024, and 2025.

4) Bond-related

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2023				2024			
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	42,179	—	201	201
Total					776				201

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2025				2025			
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	36,865	—	(270)	(270)	246	—	(1)	(1)
Total					(270)				(1)

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

b) Hedge accounting applied

No ending balances as of March 31, 2023, 2024, and 2025.

5) Other

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2023				2024			
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 [291]	¥ —	¥ 182	¥ 108	¥ 90,352 [219]	¥ —	¥ 610	¥ (391)
	Bought								
	Call	186,144 [4,144]	—	2,905	(1,238)	264,444 [5,520]	—	11,362	5,842
Total					(1,129)				5,450

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2025				2025			
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	¥ 59,801 [116]	¥ —	¥ 20	¥ 96	\$ 399 [0]	\$ —	\$ 0	\$ 0
	Bought								
	Call	251,465 [5,603]	—	1,274	(4,328)	1,681 [37]	—	8	(28)
Total					(4,232)				(28)

*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, 2023, 2024, and 2025.

Note 4

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥404,931 million, ¥469,084 million, and ¥482,695 million, (U.S. \$3,228 million), and their fair values were ¥555,699 million, ¥622,640 million, and ¥647,627 million, (U.S. \$4,331 million) as of March 31, 2023, 2024, and 2025, respectively. The Company owns office buildings and land in Tokyo and other areas and estimates the fair values primarily based on appraisals conducted by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were recorded as other liabilities in the amounts of ¥1,319 million, ¥1,436 million, and ¥1,453 million, (U.S. \$9 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 5

Securities Lending

Securities loaned under security lending agreements amounted to ¥3,991,231 million, ¥5,188,107 million, and ¥4,717,355 million, (U.S. \$31,549 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 6

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥440,324 million, ¥413,933 million, and ¥421,005 million, (U.S. \$2,815 million) as of March 31, 2023, 2024, and 2025, 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 ¥16,601 million, nil, and nil for the fiscal years ended March 31, 2023, 2024, and 2025, respectively.

Note 8

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥790,519 million, ¥881,798 million, and ¥847,107 million, (U.S. \$5,665 million) as of March 31, 2023, 2024, and 2025, 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, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Monetary receivable	¥142,554	¥185,272	¥184,354	\$1,232
Monetary payable	11,216	12,049	7,182	48

Note 10

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
At the beginning of the fiscal year	¥216,226	¥215,667	¥213,538	\$1,428
Transfer from surplus in the previous fiscal year	58,310	57,067	58,355	390
Dividend payments to policyholders during the fiscal year	(58,895)	(59,221)	(61,018)	(408)
Interest accrued during the fiscal year	26	25	203	1
At the end of the fiscal year	¥215,667	¥213,538	¥211,078	\$1,411

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 ¥288,092 million, ¥1,016,406 million, and ¥770,174 million, (U.S. \$5,150 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 12

Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2023, 2024, and 2025 were primarily as follows:

	2023	2024	2025
	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	—	—

The following provides 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, 2023, 2024, and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
At the beginning of the fiscal year	¥297,663	¥299,457	¥300,669	\$2,010
Service costs	13,148	12,802	12,526	83
Interest costs on projected benefit obligations	1,711	1,721	1,728	11
Actuarial losses (gains)	2,746	899	(41,295)	(276)
Benefits paid	(15,812)	(14,211)	(17,109)	(114)
At the end of the fiscal year	¥299,457	¥300,669	¥256,519	\$1,715

b) Changes in the plan assets for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2023	2024	2025	2025
At the beginning of the fiscal year	¥318,380	¥333,368	¥407,078	\$2,722
Expected return on plan assets	3,158	2,153	2,491	16
Actuarial gains (losses)	13,300	72,035	30,761	205
Contribution by employer	5,280	5,410	5,587	37
Benefits paid	(6,751)	(5,889)	(8,374)	(56)
At the end of the fiscal year	¥333,368	¥407,078	¥437,544	\$2,926

c) The amounts of the defined benefit liabilities and the defined benefit assets in the non-consolidated balance sheet as of March 31, 2023, 2024, and 2025 were determined as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Present value of funded obligations	¥ 299,457	¥ 300,669	¥ 256,519	\$ 1,715
Plan assets at fair value	(333,368)	(407,078)	(437,544)	(2,926)
Net present value of funded obligations	(33,910)	(106,408)	(181,024)	(1,210)
Unrecognized actuarial gains (losses)	7,145	77,929	139,280	931
Net value on the balance sheet	(26,764)	(28,479)	(41,743)	(279)
Prepaid pension cost	(26,764)	(28,479)	(41,743)	(279)
Net value on the balance sheet	¥ (26,764)	¥ (28,479)	¥ (41,743)	\$ (279)

d) The amounts recognized in retirement benefit expenses in the non-consolidated statement of income for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Service costs	¥13,148	¥12,802	¥ 12,526	\$ 83
Interest costs on projected benefit obligations	1,711	1,721	1,728	11
Expected return on plan assets	(3,158)	(2,153)	(2,491)	(16)
Amortization of net actuarial losses (gains)	(1,727)	(352)	(10,704)	(71)
Amortization of net past service costs	(245)	—	—	—
Retirement benefit expenses	¥9,727	¥12,018	¥ 1,058	\$ 7

e) The plan assets

The plan assets as of March 31, 2023, 2024, and 2025 were comprised as follows:

	% of total fair value of plan assets		
	2023	2024	2025
Equity securities	42	50	52
General accounts of life insurance companies	34	28	26
Debt securities	5	5	4
Investment trusts	5	4	4
Others	14	13	14
Total	100	100	100

50%, 56% and 60% of the plan assets were the retirement benefit trusts as of March 31, 2023, 2024, and 2025, 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, 2023, 2024, and 2025 were as follows:

	2023	2024	2025
Discount rate	0.575%	0.575%	2.181%
Expected long-term rates of return on the plan assets			
Defined benefit pension plans	1.9%	1.3%	1.4%
Retirement benefit trusts	0.0%	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥1,271 million, ¥1,328 million, and ¥1,373 million, (U.S. \$9 million) for the fiscal years ended March 31, 2023, 2024, and 2025, 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 based on the enacted statutory rates to these temporary differences.

Note 14**Foundation Funds**

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar situations, the repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors, as well as insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserves for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company offered foundation funds in the amount of ¥50,000 million pursuant to Article 60 of the Insurance Business Act in the period ended March 31, 2024.

Note 15**Pledged Assets**

Assets pledged as collateral were securities in the amounts of ¥3,726,745 million, and ¥5,387,434 million, and ¥4,489,493 million, (U.S. \$30,026 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 16**Equity Investments in Subsidiaries**

Total amounts of equity investments in subsidiaries were ¥858,010 million, ¥1,256,296 million, and ¥1,362,561 million, (U.S. \$9,112 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 17**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 ¥783 million, ¥585 million, and ¥4,065 million, (U.S. \$27 million) as of March 31, 2023, 2024, and 2025, 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 ¥783 million, ¥585 million, and ¥665 million, (U.S. \$4 million) as of March 31, 2023, 2024, and 2025, respectively.

The amounts of claims deemed uncollectible and directly deducted from the claims in the non-consolidated balance sheet were ¥16 million, ¥15 million, and ¥13 million, (U.S. \$0 million) as of March 31, 2023, 2024, and 2025, 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 nil, nil, and nil as of March 31, 2023, 2024, and 2025, respectively, which were 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 or 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, 2023, 2024, and 2025, 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 nil, nil, and ¥3,399 million, (U.S. \$22 million) as of March 31, 2023, 2024, and 2025, 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 18

Loan Commitments

The amounts of loan commitments outstanding were ¥16,561 million, ¥7,789 million, and ¥5,791 million, (U.S. \$38 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 19

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 ¥24 million, ¥21 million, and ¥17 million, (U.S. \$0 million) as of March 31, 2023, 2024, and 2025, 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 ¥2,127 million, ¥134,319 million, and ¥202,199 million, (U.S. \$1,352 million) as of March 31, 2023, 2024, and 2025, respectively.

Note 20

Investment Income and Expenses

Major components of gains on sales of securities for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Domestic bonds including national government bonds	¥ 9,971	¥20,322	¥ 18,338	\$ 122
Domestic stocks	142,723	35,820	65,358	437
Foreign securities	206,023	88,531	186,533	1,247

Major components of losses on sales of securities for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Domestic bonds including national government bonds	¥ 15,206	¥ 6,430	¥ 61,728	\$ 412
Domestic stocks	5,896	10,857	16,930	113
Foreign securities	323,894	98,486	173,452	1,160

Major components of losses on valuation of securities for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Foreign securities	¥ 65	¥ —	¥4,564	\$30
Domestic stocks	2,625	3,992	1,406	9

Gains or losses on derivative financial instruments, net, included net valuation losses of ¥194,915 million, gains of ¥17,240 million, and gains of ¥90,068 million, (U.S. \$602 million) for the fiscal years ended March 31, 2023, 2024, and 2025, 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, 2023, 2024, and 2025, 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, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ 9	¥ (3)	¥ (3)	\$ (0)
Provision for (reversal of) reinsurance recoverable on policy reserves	799	132,191	67,879	453

Impairment of Fixed Assets

The details of the Company's 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 each of real estate held 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, 2023, 2024, and 2025, the Company recognized impairment losses on real estates held for investment that experienced a deterioration in profitability, as well as on idle assets that experienced a decline in 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, 2023, 2024, and 2025

Asset Group	Asset Category	Millions of Yen			Millions of U.S. Dollars
		2023	2024	2025	2025
Real estates held for investment, etc.	Land and buildings, etc.	¥ 751	¥122	¥ —	\$—
Idle assets, etc.	Land and buildings, etc.	1,569	41	10,784	72
Total		¥2,320	¥163	¥10,784	\$72

4) The recoverable amounts

The recoverable amounts of real estates held 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 estimated selling value, appraisal value according to 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 Company and certain domestic consolidated subsidiaries, which adopt 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).

1) Deferred tax assets/liabilities as of March 31, 2023, 2024, and 2025 were recognized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Deferred tax assets	¥ 679,739	¥ 710,268	¥ 770,723	\$ 5,154
Valuation allowance for deferred tax assets	(19,012)	(21,941)	(22,763)	(152)
Subtotal	660,726	688,326	747,960	5,002
Deferred tax liabilities	(167,717)	(480,018)	(391,620)	(2,619)
Net deferred tax assets (liabilities)	493,008	208,307	356,340	2,383

Major components of deferred tax assets/liabilities as of March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Deferred tax assets:				
Policy reserves and other reserves	¥336,763	¥343,668	¥371,401	\$2,483
Reserve for price fluctuation	237,527	253,828	268,591	1,796
Accrued retirement benefits	25,039	24,560	21,407	143
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	116,557	381,110	308,657	2,064

2) The statutory effective income tax rates were 27.96%, 27.96%, and 27.96% for the fiscal year ended March 31, 2023, 2024, and 2025, respectively. However, following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025), the statutory effective tax rate applied in deferred tax accounting at the end of the fiscal year ended March 31, 2025 has been revised. Specifically, the rate of 27.96% is still applied to temporary differences expected to be reversed during the period from April 1, 2025 to March 31, 2026. But the rate of 28.88% is applied to temporary differences expected to be recovered or settled on or after April 1, 2026.

The actual effective income tax rates were 19.1%, 9.1%, and (41.6)%, for the fiscal years ended March 31, 2023, 2024, and 2025, respectively. Major components of the differences from the statutory effective income tax rates for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	2023	2024	2025
Effects of changes in the statutory income tax rate	—	—	(32.6)%
Policyholders' dividend reserves	(8.7)%	(20.6)%	(30.0)%
Reversal of land revaluation differences	(0.0)%	(1.1)%	(4.8)%

Note 24

Transactions with Subsidiaries

The total amounts of income and expenses resulting from transactions with subsidiaries for the fiscal years ended March 31, 2023, 2024, and 2025 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2023	2024	2025	2025
Total income	¥ 9,753	¥12,265	¥19,688	\$131
Total expenses	21,076	21,518	22,143	148

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 Loans**

Loan payables are subordinated loans, 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 ¥8,792 million, ¥37 million, and ¥921 million, (U.S. \$6 million), and none of the securities was pledged as collateral as of March 31, 2023, 2024, and 2025, respectively.



Independent auditor's report

To the Board of Directors of Sumitomo Life Insurance Company:

Report on the Audit of the Financial Statements

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, 2023, 2024, and 2025, 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, 2023, 2024 and 2025, 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.

Fee-related Information

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

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2025 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, 2025

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.

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