Empowering your future

SUMITOMO LIFE

Financial Statements

Fiscal Year Ended March 31, 2026

Financial Statements

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Consolidated Balance Sheets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

As of March 31	Millions of Yen 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
ASSETS:			
Cash and deposits (Notes 3, 4 and 14)	¥ 1,326,363	**¥ 1,463,735**	**$ 9,155**
Call loans	1,152,304	**763,400**	**4,774**
Monetary claims bought (Note 4)	550,257	**549,312**	**3,435**
Money held in trust (Note 4)	62,022	**94,102**	**588**
Securities (Notes 4, 6, 14 and 15)	38,197,797	**40,951,784**	**256,140**
Loans (Notes 4, 14, 16 and 17)	3,559,146	**3,733,551**	**23,352**
Tangible fixed assets (Notes 5, 7, 8 and 18)	667,974	**654,049**	**4,090**
Land	436,865	**430,039**	**2,689**
Buildings	197,710	**203,424**	**1,272**
Lease assets	13,321	**9,427**	**58**
Construction in progress	10,811	**3,658**	**22**
Other tangible fixed assets	9,265	**7,499**	**46**
Intangible fixed assets	617,302	**676,799**	**4,233**
Software	56,301	**64,193**	**401**
Goodwill	335,193	**325,194**	**2,033**
Other intangible fixed assets	225,807	**287,411**	**1,797**
Due from agents	145	**253**	**1**
Reinsurance receivables (Note 25)	51,250	**77,027**	**481**
Other assets (Note 24)	2,062,225	**2,184,918**	**13,665**
Net defined benefit assets (Note 11)	182,882	**313,456**	**1,960**
Deferred tax assets (Notes 12 and 19)	436,981	**121,997**	**763**
Allowance for possible loan losses	(5,583)	**(6,963)**	**(43)**
Total assets	¥48,861,070	**¥51,577,425**	**$322,600**

As of March 31	Millions of Yen 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
LIABILITIES:			
Policy reserves and other reserves	¥39,468,291	**¥40,869,543**	**$255,626**
Reserve for outstanding claims	234,773	**273,312**	**1,709**
Policy reserves	39,022,438	**40,380,874**	**252,569**
Policyholders' dividend reserves (Note 10)	211,078	**215,356**	**1,346**
Reinsurance payables	73,582	**67,638**	**423**
Corporate bonds (Notes 4 and 20)	550,123	**850,410**	**5,319**
Other liabilities (Notes 21 and 24)	6,186,424	**6,140,866**	**38,409**
Payables under repurchase agreements	3,725,641	**3,254,870**	**20,358**
Other	2,460,782	**2,885,996**	**18,051**
Net defined benefit liabilities (Note 11)	2,731	**2,482**	**15**
Accrued retirement benefits for directors	1	**2**	**0**
Reserve for price fluctuation	931,700	**919,433**	**5,750**
Deferred tax liabilities (Notes 12 and 19)	21,246	**21,695**	**135**
Deferred tax liabilities for land revaluation	12,738	**12,660**	**79**
Total liabilities	47,246,838	**48,884,732**	**305,758**
NET ASSETS:			
Foundation funds (Note 13)	50,000	**50,000**	**312**
Reserve for redemption of foundation funds	639,000	**639,000**	**3,996**
Reserve for revaluation	2	**2**	**0**
Surplus	213,424	**170,089**	**1,063**
Total funds, reserve and surplus	902,427	**859,092**	**5,373**
Net unrealized gains (losses) on available-for-sale securities	561,899	**1,621,161**	**10,139**
Deferred gains (losses) on derivatives under hedge accounting	(65,609)	**(97,561)**	**(610)**
Land revaluation differences	(46,740)	**(43,190)**	**(270)**
Foreign currency translation adjustments	141,501	**161,780**	**1,011**
Remeasurements of defined benefit plans	99,680	**177,786**	**1,111**
Net unrealized gains (losses) on policy reserves and other reserves of foreign subsidiaries	21,692	**14,244**	**89**
Total accumulated other comprehensive income	712,424	**1,834,220**	**11,472**
Non-controlling interests	(619)	**(619)**	**(3)**
Total net assets	1,614,231	**2,692,693**	**16,841**
Total liabilities and net assets	¥48,861,070	**¥51,577,425**	**$322,600**

[Consolidated Statements of Income]

Years ended March 31	Millions of Yen 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
Ordinary income	¥5,209,036	**¥5,974,185**	**$37,366**
Insurance premiums and other	3,401,839	**3,760,326**	**23,519**
Investment income	1,709,574	**2,099,209**	**13,129**
Interest, dividends and other income	1,274,628	**1,330,234**	**8,320**
Gains on money held in trust	1,391	**3,692**	**23**
Gains on trading securities	129,391	**165,696**	**1,036**
Gains on sales of securities	273,733	**340,250**	**2,128**
Gains on redemption of securities	10,799	**10,302**	**64**
Foreign exchange gains	—	**128,231**	**802**
Other investment income	19,629	**23,923**	**149**
Investment gains on separate accounts	—	**96,877**	**605**
Other ordinary income	97,622	**114,649**	**717**
Ordinary expenses	5,141,399	**5,967,527**	**37,325**
Benefits and other payments	2,579,865	**3,206,309**	**20,054**
Claims paid	645,772	**698,173**	**4,366**
Annuity payments	477,362	**518,304**	**3,241**
Benefits payments	576,426	**633,782**	**3,964**
Surrender benefits	670,868	**787,081**	**4,922**
Other refunds	209,434	**568,967**	**3,558**
Provision for policy reserves and other reserves	940,779	**1,155,256**	**7,225**
Provision for reserves for outstanding claims	10,493	**32,323**	**202**
Provision for policy reserves	930,082	**1,122,335**	**7,019**
Provision for interest on policyholders' dividend reserves (Note 10)	203	**597**	**3**
Investment expenses	773,541	**708,762**	**4,433**
Interest expenses	71,186	**90,203**	**564**
Losses on sales of securities	260,581	**436,007**	**2,727**
Losses on valuation of securities	8,345	**26,486**	**165**
Losses on redemption of securities	701	**1,226**	**7**
Losses on derivative financial instruments	227,255	**24,161**	**151**
Foreign exchange losses	69,667	**—**	**—**
Provision for allowance for possible loan losses	801	**526**	**3**
Depreciation of real estate for investments	10,051	**10,465**	**65**
Other investment expenses	111,490	**119,683**	**748**
Investment losses on separate accounts	13,460	**—**	**—**
Operating expenses	654,260	**695,679**	**4,351**
Other ordinary expenses	192,952	**201,518**	**1,260**
Ordinary profit	¥ 67,637	**¥ 6,657**	**$ 41**

Comprehensive Income

Years ended March 31	Millions of Yen 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
Extraordinary gains	¥ 17	**¥ 16,419**	**$ 102**
Gains on disposals of fixed assets	17	**4,153**	**25**
Reversal of reserve for price fluctuation	—	**12,266**	**76**
Extraordinary losses	39,777	**2,339**	**14**
Losses on disposals of fixed assets	4,606	**954**	**5**
Impairment losses (Note 18)	10,839	**688**	**4**
Provision for reserve for price fluctuation	23,600	**—**	**—**
Payments to social responsibility reserve	731	**696**	**4**
Surplus (loss) before income taxes	27,877	**20,737**	**129**
Income taxes (Notes 12 and 19)			
Current	68,387	**62,471**	**390**
Deferred	(88,003)	**(67,437)**	**(421)**
Total income taxes	(19,616)	**(4,966)**	**(31)**
Net surplus (loss)	47,493	**25,704**	**160**
Net surplus (loss) attributable to non-controlling interests	(284)	**(144)**	**(0)**
Net surplus (loss) attributable to the Parent Company	¥ 47,778	**¥ 25,848**	**$ 161**

[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of Yen 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
Net surplus	¥ 47,493	**¥ 25,704**	**$ 160**
Other comprehensive income (loss) (Note 22)	(138,890)	**1,118,161**	**6,993**
Net unrealized gains (losses) on available-for-sale securities	(264,643)	**1,059,998**	**6,629**
Deferred gains (losses) on derivatives under hedge accounting	(29,249)	**(31,951)**	**(199)**
Land revaluation differences	(404)	**—**	**—**
Foreign currency translation adjustments	98,968	**22,869**	**143**
Remeasurements of defined benefit plans	42,493	**78,105**	**488**
Net unrealized gains (losses) on policy reserves and other reserves of foreign subsidiaries	8,988	**(5,697)**	**(35)**
Share of other comprehensive income (loss) of associates under the equity method	4,956	**(5,163)**	**(32)**
Comprehensive income (loss)	(91,396)	**1,143,865**	**7,154**
Comprehensive income (loss) attributable to the Parent Company	(91,030)	**1,144,095**	**7,155**
Comprehensive income (loss) attributable to non-controlling interests	(365)	**(229)**	**(1)**

Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

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	Remeasure-ments of defined benefit plans	Net unrealized gains (losses) on policy reserves and other reserves of foreign subsidiaries	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
Cumulative effect due to U.S. GAAP (ASU2018-12, ASU2022-05) used for U.S. subsidiaries				5,504	5,504	(38,963)					12,704	(26,259)		(20,755)
Beginning balance after reflecting U.S. GAAP (ASU2018-12, ASU2022-05) used for U.S. subsidiaries	50,000	639,000	2	234,624	923,626	825,296	(36,360)	(56,600)	38,740	57,188	12,704	840,968	(507)	1,764,087
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				47,778	47,778									47,778
Reversal of land revaluation differences				(10,264)	(10,264)									(10,264)
Net changes, excluding funds, reserve and surplus						(263,397)	(29,249)	9,860	102,760	42,492	8,988	(128,544)	(112)	(128,656)
Net changes in the fiscal year	—	—	—	(21,199)	(21,199)	(263,397)	(29,249)	9,860	102,760	42,492	8,988	(128,544)	(112)	(149,856)
Ending balance	50,000	639,000	2	213,424	902,427	561,899	(65,609)	(46,740)	141,501	99,680	21,692	712,424	(619)	1,614,231

Year ended March 31, 2026 — 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	Remeasure-ments of defined benefit plans	Net unrealized gains (losses) on policy reserves and other reserves of foreign subsidiaries	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	50,000	639,000	2	213,424	902,427	561,899	(65,609)	(46,740)	141,501	99,680	21,692	712,424	(619)	1,614,231
Changes in the fiscal year														
Additions to policyholders' dividend reserves (Note 10)				(65,282)	(65,282)									(65,282)
Payment of interest on foundation funds				(352)	(352)									(352)
Net surplus attributable to the Parent Company				25,848	25,848									25,848
Reversal of land revaluation differences				(3,549)	(3,549)									(3,549)
Net changes, excluding funds, reserve and surplus						1,059,262	(31,951)	3,549	20,278	78,105	(7,447)	1,121,796	(0)	1,121,796
Net changes in the fiscal year	—	—	—	(43,335)	(43,335)	1,059,262	(31,951)	3,549	20,278	78,105	(7,447)	1,121,796	(0)	1,078,461
Ending balance	50,000	639,000	2	170,089	859,092	1,621,161	(97,561)	(43,190)	161,780	177,786	14,244	1,834,220	(619)	2,692,693

Year ended March 31, 2026 — 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	Remeasure-ments of defined benefit plans	Net unrealized gains (losses) on policy reserves and other reserves of foreign subsidiaries	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	312	3,996	0	1,334	5,644	3,514	(410)	(292)	885	623	135	4,455	(3)	10,096
Changes in the fiscal year														
Additions to policyholders' dividend reserves (Note 10)				(408)	(408)									(408)
Payment of interest on foundation funds				(2)	(2)									(2)
Net surplus attributable to the Parent Company				161	161									161
Reversal of land revaluation differences				(22)	(22)									(22)
Net changes, excluding funds, reserve and surplus						6,625	(199)	22	126	488	(46)	7,016	(0)	7,016
Net changes in the fiscal year	—	—	—	(271)	(271)	6,625	(199)	22	126	488	(46)	7,016	(0)	6,745
Ending balance	312	3,996	0	1,063	5,373	10,139	(610)	(270)	1,011	1,111	89	11,472	(3)	16,841

Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of Yen 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
I Cash flows from operating activities			
Surplus (loss) before income taxes	¥ 27,877	**¥ 20,737**	**$ 129**
Depreciation of real estate for investments	10,051	**10,465**	**65**
Depreciation	47,664	**50,142**	**313**
Impairment losses	10,839	**688**	**4**
Amortization of goodwill	30,706	**31,809**	**198**
Increase (Decrease) in reserve for outstanding claims	2,285	**26,901**	**168**
Increase (Decrease) in policy reserves	909,315	**1,304,174**	**8,157**
Provision for interest on policyholders' dividend reserves	203	**597**	**3**
Increase (Decrease) in allowance for possible loan losses	673	**1,426**	**8**
Increase (Decrease) in net defined benefit liabilities	(13,533)	**(20,950)**	**(131)**
Increase (Decrease) in reserve for price fluctuation	23,600	**(12,266)**	**(76)**
Interest, dividends, and other income	(1,274,628)	**(1,330,234)**	**(8,320)**
Losses (Gains) on securities	(93,117)	**(90,437)**	**(565)**
Interest expenses	71,186	**90,203**	**564**
Foreign exchange losses (gains)	70,723	**(124,346)**	**(777)**
Losses (Gains) on tangible fixed assets	592	**(3,387)**	**(21)**
Investment losses (gains) under the equity method	(3,180)	**(1,262)**	**(7)**
Decrease (Increase) in due from agents	(19)	**(108)**	**(0)**
Decrease (Increase) in reinsurance receivables	(18,501)	**(25,794)**	**(161)**
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	35,846	**(35,278)**	**(220)**
Increase (Decrease) in reinsurance payables	(6,896)	**(5,221)**	**(32)**
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	(156,799)	**(20,156)**	**(126)**
Others, net	272,961	**28,744**	**179**
Subtotal	(52,148)	**(103,552)**	**(647)**
Interest, dividends, and other income received	1,339,209	**1,365,699**	**8,542**
Interest paid	(72,163)	**(86,593)**	**(541)**
Policyholders' dividends paid	(61,018)	**(61,601)**	**(385)**
Others, net	(731)	**(696)**	**(4)**
Income taxes refund (paid)	(29,940)	**(56,847)**	**(355)**
Net cash provided by operating activities	¥ 1,123,207	**¥ 1,056,409**	**$ 6,607**

		Millions of Yen		Millions of U.S. Dollars
		2025	2026	2026
II	**Cash flows from investing activities**			
	Net decrease (increase) in deposits	¥ (187,624)	**¥ (65,094)**	**$ (407)**
	Purchase of monetary claims bought	(3,614,957)	**(2,995,953)**	**(18,738)**
	Proceeds from sales and redemption of monetary claims bought	3,539,990	**2,990,714**	**18,705**
	Purchase of money held in trust	(39,957)	**(32,835)**	**(205)**
	Proceeds from sales of money held in trust	3,368	**4,076**	**25**
	Purchase of securities	(10,135,479)	**(11,233,032)**	**(70,259)**
	Proceeds from sales and redemption of securities	11,265,618	**10,403,514**	**65,070**
	Loans made	(576,877)	**(611,404)**	**(3,824)**
	Proceeds from collection of loans	489,420	**423,435**	**2,648**
	Others, net (Note 26)	(1,939,730)	**(195,080)**	**(1,220)**
	Total investment activities (IIa)	(1,196,227)	**(1,311,659)**	**(8,204)**
	[I+IIa]	[(73,020)]	**[(255,250)]**	**[(1,596)]**
	Purchase of tangible fixed assets	(29,897)	**(25,507)**	**(159)**
	Proceeds from sales of tangible fixed assets	148	**18,488**	**115**
	Acquisition of businesses	—	**(12,810)**	**(80)**
	Others, net	(12,393)	**(23,207)**	**(145)**
	Net cash used in investing activities	(1,238,369)	**(1,354,696)**	**(8,473)**
III	**Cash flows from financing activities**			
	Proceeds from issuance of debt	105,056	**16,928**	**105**
	Repayments of debt	(50,011)	**(21,236)**	**(132)**
	Proceeds from issuance of corporate bonds	39,545	**298,556**	**1,867**
	Redemption of corporate bonds	(39,545)	**—**	**—**
	Payment of interest on foundation funds	(357)	**(352)**	**(2)**
	Others, net (Note 27)	64,855	**69,760**	**436**
	Net cash provided by (used in) financing activities	119,543	**363,655**	**2,274**
IV	**Effect of foreign exchange rate changes on cash and cash equivalents**	31,421	**6,983**	**43**
V	**Net increase (decrease) in cash and cash equivalents**	35,801	**72,352**	**452**
VI	**Cash and cash equivalents at the beginning of the year**	419,835	**455,636**	**2,849**
VII	**Cash and cash equivalents at the end of the year (Note 3)**	¥ 455,636	**¥ 527,989**	**$ 3,302**

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, 2026, which was ¥159.88 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 38 and 40 as of March 31, 2025 and 2026, respectively.
The major subsidiaries as of March 31, 2026 are listed as follows:

Medicare Life Insurance Co., Ltd. (Japan)
AIARU Small Amount & Short Term Insurance Co., Ltd. (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, 2026.

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 7 and 7 as of March 31, 2025 and 2026, respectively.
The major affiliates as of March 31, 2026 are listed as follows:

Baoviet Holdings (Vietnam)
PT BNI Life Insurance (Indonesia)

Agent Insurance Group, Inc. was excluded from the scope of affiliates under the equity method, while Agent IG Holdings, Inc. was included in the scope of affiliates under the equity method, as a result of the establishment of a holding company by Agent Insurance Group, Inc. from the period ended March 31, 2026.

The unconsolidated subsidiaries (SUMISEI-SBI Limited Partnership and others) are excluded from the scope of affiliates under 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.

Due to a decrease in the balance of the corresponding policy reserves, the previous subsection “Single premium endowment insurance (certain types of insurance are excluded)” has been merged into “Individual life insurance and individual annuity (certain types of insurance and a certain percentage of cash flows are excluded)” effective from the fiscal year ended March 31, 2026. There is no effect on profit or loss arising from this change in subsections.

The subsections after the change 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
- 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, 2025 and 2026, amounted to ¥27 million and ¥26 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, 2025 and 2026, 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 future 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.

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 accordance with these requirements, the amount of policy reserves at the end of the fiscal year ended March 31, 2026, includes additional policy reserves that are provided as follows.

For certain individual annuity contracts for which annuity payments commenced on or after April 1, 2006, the Company has deemed the commencement dates of annuity payments, etc. to be the dates of policy inception, and applied the calculation basis stipulated by the Commissioner of the 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 (after annuitization) have been used.) Accordingly, the Company has provided additional policy reserves for the difference arising from such recalculations.

From the fiscal year ended March 31, 2026, for certain whole life insurance contracts entered into before April 1, 1996, the Company has provided additional policy reserves for the difference arising from the application of an assumed interest rate of 2.75% and the 2018 life insurance standard life table (for life insurance) as the assumed mortality rate in the calculation. There is no effect on provision for policy reserves, ordinary profit, or surplus before income taxes, as the Company has reversed ¥379,275 million, an amount equal to the provision of the additional policy reserves, and appropriated from the contingency reserve to fund the additional policy reserves.

In determining the amount of policy reserves to be recorded, the Company refers to the result of the future cash flow analysis performed by the Appointed Actuary in accordance with applicable laws and regulations to confirm adequacy of policy reserves.

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 reclassifies 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.

15) Policy acquisition costs

The Company recognizes policy acquisition costs when they are incurred.

16) New Accounting Standards

Symetra Financial Corporation applied FASB Accounting Standards Codification Topic 944, "Financial Services—Insurance," (ASU No. 2018-12, ASU No. 2022-05) from the beginning of the fiscal year ended March 31, 2026.

As a result of the application, the accounting treatment for liabilities for future policy benefits, the fair value measurement of market risk benefits, and the amortization method of deferred policy acquisition costs, among others, have been changed. In addition, certain contracts have been reclassified in connection with the application of this accounting standard.

The impact of applying the standards and guidance has been applied retrospectively, and the cumulative effect of the change in accounting policies has been reflected in the carrying amount of net assets as of the beginning of the fiscal year ended March 31, 2025.

Consequently, compared with the amounts before the retrospective application, for the year ended March 31, 2025, each of ordinary profit and surplus (loss) before income taxes decreased by ¥1,785 million (U.S. $11 million).

In addition, intangible fixed assets decreased by ¥5,454 million (U.S. $34 million), other assets decreased by ¥6,198 million (U.S. $38 million), policy reserves and other reserves decreased by ¥46,610 million (U.S. $291 million), reinsurance payables increased by ¥53,531 million (U.S. $334 million), retained earnings increased by ¥4,093 million (U.S. $25 million), net unrealized gains (losses) on available-for-sale securities decreased by ¥41,093 million (U.S. $257 million), and net unrealized gains (losses) on policy reserves and other reserves of foreign subsidiaries increased by ¥21,692 million (U.S. $135 million), as of the end of the fiscal year ended March 31, 2025.

17) 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, 2025 and 2026, includes goodwill of ¥29,972 million and ¥20,851 million (U.S. $130 million) associated with the acquisition of the U.S. subsidiaries and ¥305,220 million, and ¥296,239 million (U.S. $1,852 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 macroeconomic 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 circumstances.

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, 2025 and 2026.

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 performing the identification of triggering events, the Company considers the business environment surrounding the Singapore subsidiaries, the operating results and future profit plans of the Singapore subsidiaries including whether there is any deterioration in such plans, whether there has been a significant decline in the fair value of the asset group including goodwill, and 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 newly acquired contracts, 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, 2025, and 2026.

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, 2025 and 2026, include the Value of Business Acquired (VOBA) amounting to ¥17,578 million and ¥15,214 million (U.S. $95 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, 2025 and 2026, include Deferred Policy Acquisition Costs (DAC), amounting to ¥304,704 million and ¥335,405 million (U.S. $2,097 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. To estimate the lives of the associated insurance contracts, the U.S. subsidiaries set assumptions regarding persistency rates, mortality rates and other relevant factors.

Additionally, 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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Cash and deposits	¥1,326,363	**¥1,463,735**	**$ 9,155**
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(870,726)	**(935,746)**	**(5,852)**
Cash and cash equivalents	¥ 455,636	**¥ 527,989**	**$ 3,302**

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 market by measuring Value-at-Risk (VaR) as integrated risk exposure.

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 measuring Value-at-Risk (VaR) calculated with Monte Carlo simulations, which is based on the assumptions such as probability of transition for each internal credit rating and expected recovery rate of investment and loan principal at default.

The Company manages market risk and credit risk by comparing Value-at-Risk (VaR), which is measured as integrated asset management risk exposure that combines market risk and credit risk, with the risk limit, which is calculated with consideration given to unrealized gains (losses) and realized gains (losses) on sales.

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, 2025 and 2026.

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		
	2025		
	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 358,799	¥ 358,799	¥ —
[Available-for-sale securities]*1	[358,799]	[358,799]	—
Monetary claims bought	550,257	543,828	(6,429)
[Available-for-sale securities]*1	[454,936]	[454,936]	—
Money held in trust	62,022	62,022	—
Securities	37,524,949	36,284,194	(1,240,754)
Trading securities	2,932,785	2,932,785	—
Held-to-maturity debt securities	1,984,527	1,970,692	(13,835)
Policy-reserve-matching bonds	13,915,721	12,682,565	(1,233,156)
Investments in subsidiaries and affiliated companies	45,614	51,851	6,237
Available-for-sale securities*2	18,646,299	18,646,299	—
Loans	3,559,146		
Allowance for possible loan losses*3	(5,064)		
	3,554,081	3,345,092	(208,989)
Corporate bonds	550,123	530,524	(19,598)
Derivative transactions*4	40,808	40,808	—
Hedge accounting not applied	132,632	132,632	—
Hedge accounting applied	(91,824)	(91,824)	—

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2026			2026		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	408,724	408,724	—	2,556	2,556	—
[Available-for-sale securities]*1	[408,724]	[408,724]	—	[2,556]	[2,556]	—
Monetary claims bought	549,312	540,198	(9,114)	3,435	3,378	(57)
[Available-for-sale securities]*1	[459,904]	[459,904]	—	[2,876]	[2,876]	—
Money held in trust	94,102	94,102	—	588	588	—
Securities	40,162,114	37,781,204	(2,380,909)	251,201	236,309	(14,891)
Trading securities	3,486,929	3,486,929	—	21,809	21,809	—
Held-to-maturity debt securities	2,122,956	1,928,606	(194,350)	13,278	12,062	(1,215)
Policy-reserve-matching bonds	13,760,514	11,533,834	(2,226,680)	86,067	72,140	(13,927)
Investments in subsidiaries and affiliated companies	42,608	82,729	40,121	266	517	250
Available-for-sale securities*2	20,749,104	20,749,104	—	129,779	129,779	—
Loans	3,733,551			23,352		
Allowance for possible loan losses*3	(5,615)			(35)		
	3,727,936	3,494,688	(233,247)	23,317	21,858	(1,458)
Corporate bonds	850,410	804,796	(45,614)	5,319	5,033	(285)
Derivative transactions*4	(149,674)	(149,674)	—	(936)	(936)	—
Hedge accounting not applied	237,932	237,932	—	1,488	1,488	—
Hedge accounting applied	(387,607)	(387,607)	—	(2,424)	(2,424)	—

*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, 2025 and 2026.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen		
	2025		
Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount			
Bonds	¥ 120,034	¥ 124,818	¥ 4,784
Foreign securities (bonds)	1,061,500	1,162,411	100,911
Fair value does not exceed the balance sheet amount			
Bonds	237,993	214,165	(23,828)
Foreign securities (bonds)	565,000	469,296	(95,703)
Total	1,984,527	1,970,692	(13,835)

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2026			2026		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 83,234	¥ 83,933	¥ 699	$ 520	$ 524	$ 4
Foreign securities (bonds)	756,271	816,720	60,449	4,730	5,108	378
Fair value does not exceed the balance sheet amount						
Bonds	322,743	275,649	(47,093)	2,018	1,724	(294)
Foreign securities (bonds)	960,707	752,302	(208,405)	6,008	4,705	(1,303)
Total	2,122,956	1,928,606	(194,350)	13,278	12,062	(1,215)

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen		
	2025		
Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount			
Bonds	¥ 6,185,250	¥ 6,434,151	¥ 248,900
Foreign securities (bonds)	194,629	199,033	4,403
Fair value does not exceed the balance sheet amount			
Bonds	5,866,794	4,545,953	(1,320,840)
Foreign securities (bonds)	1,669,047	1,503,426	(165,620)
Total	13,915,721	12,682,565	(1,233,156)

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2026			2026		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	**¥ 3,529,150**	**¥ 3,572,305**	**¥ 43,154**	**$22,073**	**$22,343**	**$ 269**
Foreign securities (bonds)	**185,570**	**189,355**	**3,784**	**1,160**	**1,184**	**23**
Fair value does not exceed the balance sheet amount						
Bonds	**8,186,560**	**6,098,055**	**(2,088,505)**	**51,204**	**38,141**	**(13,062)**
Foreign securities (bonds)	**1,859,232**	**1,674,118**	**(185,114)**	**11,628**	**10,471**	**(1,157)**
Total	**13,760,514**	**11,533,834**	**(2,226,680)**	**86,067**	**72,140**	**(13,927)**

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, 2025 and 2026.

3) Available-for-sale securities

As of March 31	Millions of Yen		
	2025		
Type	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
Bonds	269,518	272,564	3,045
Stocks	1,188,331	2,855,672	1,667,341
Foreign securities	5,712,133	6,009,035	296,901
Foreign bonds	4,792,640	4,919,873	127,232
Other foreign securities	919,493	1,089,161	169,668
Other securities	111,361	161,962	50,601
Balance sheet amount does not exceed acquisition cost or amortized cost			
Negotiable certificates of deposit	359,000	358,799	(200)
Monetary claims bought	450,885	436,672	(14,213)
Bonds	2,110,622	1,651,834	(458,788)
Stocks	185,894	153,555	(32,338)
Foreign securities	8,161,121	7,397,999	(763,121)
Foreign bonds	7,226,604	6,604,863	(621,741)
Other foreign securities	934,516	793,136	(141,380)
Other securities	156,185	143,673	(12,512)
Total	18,723,062	19,460,036	736,973

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2026			2026		
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	**8,617**	**8,701**	**84**	**53**	**54**	**0**
Bonds	**132,769**	**135,776**	**3,006**	**830**	**849**	**18**
Stocks	**1,177,320**	**3,771,116**	**2,593,795**	**7,363**	**23,587**	**16,223**
Foreign securities	**8,012,314**	**8,536,580**	**524,265**	**50,114**	**53,393**	**3,279**
Foreign bonds	**6,714,358**	**6,999,233**	**284,875**	**41,996**	**43,778**	**1,781**
Other foreign securities	**1,297,956**	**1,537,346**	**239,390**	**8,118**	**9,615**	**1,497**
Other securities	**128,387**	**185,336**	**56,948**	**803**	**1,159**	**356**
Balance sheet amount does not exceed acquisition cost or amortized cost						
Negotiable certificates of deposit	**409,000**	**408,724**	**(275)**	**2,558**	**2,556**	**(1)**
Monetary claims bought	**471,920**	**451,202**	**(20,718)**	**2,951**	**2,822**	**(129)**
Bonds	**2,034,826**	**1,675,960**	**(358,865)**	**12,727**	**10,482**	**(2,244)**
Stocks	**89,562**	**65,631**	**(23,931)**	**560**	**410**	**(149)**
Foreign securities	**6,885,792**	**6,291,390**	**(594,402)**	**43,068**	**39,350**	**(3,717)**
Foreign bonds	**6,092,851**	**5,597,132**	**(495,718)**	**38,108**	**35,008**	**(3,100)**
Other foreign securities	**792,941**	**694,257**	**(98,684)**	**4,959**	**4,342**	**(617)**
Other securities	**91,818**	**87,313**	**(4,505)**	**574**	**546**	**(28)**
Total	**19,442,330**	**21,617,733**	**2,175,402**	**121,605**	**135,212**	**13,606**

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
	2025	2026	2026
	Balance sheet amount	Balance sheet amount	Balance sheet amount
Stocks with no market prices *1	¥133,639	**¥143,472**	**$ 897**
Investments in partnership *2	539,208	**646,197**	**4,041**

*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, 2025 and 2026.

As of March 31	Millions of Yen			
	2025			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Negotiable certificates of deposit	¥ 359,000	¥ —	¥ —	¥ —
Monetary claims bought	320,053	228	316	243,642
Securities	1,145,103	5,747,406	7,592,455	15,775,589
Held-to-maturity debt securities	311,895	91,146	640,986	906,967
Policy-reserve-matching bonds	240,628	2,704,079	3,331,967	7,802,184
Available-for-sale securities	592,580	2,952,181	3,619,501	7,066,438
Loans *	230,801	834,449	790,872	1,384,946
Corporate bonds *	—	—	103,625	297,030

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2026				2026			
	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	¥ 409,000	¥ —	¥ —	¥ —	$2,558	$ —	$ —	$ —
Monetary claims bought	336,055	233	323	233,532	2,101	1	2	1,460
Securities	1,038,121	6,827,890	6,886,717	16,535,876	6,493	42,706	43,074	103,426
Held-to-maturity debt securities	43,829	177,012	793,334	1,032,404	274	1,107	4,962	6,457
Policy-reserve-matching bonds	420,592	3,220,613	2,393,838	7,942,699	2,630	20,143	14,972	49,679
Available-for-sale securities	573,699	3,430,264	3,699,544	7,560,772	3,588	21,455	23,139	47,290
Loans *	230,212	1,048,894	809,977	1,295,731	1,439	6,560	5,066	8,104
Corporate bonds *	66,979	—	39,140	596,218	418	—	244	3,729

* 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			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 358,799	¥ —	¥ 358,799
Monetary claims bought	—	319,935	135,001	454,936
Money held in trust	—	—	62,022	62,022
Securities	7,214,211	11,980,747	1,580,302	20,775,261
Trading securities	2,002,560	814,928	115,296	2,932,785
Available-for-sale securities	5,211,650	11,165,818	1,465,006	17,842,475
National government bonds	852,175	—	—	852,175
Local government bonds	—	29,217	—	29,217
Corporate bonds	—	1,043,006	—	1,043,006
Domestic stocks	3,009,228	—	—	3,009,228
Foreign securities	1,266,087	9,890,617	1,465,006	12,621,711
Foreign bonds	989,289	9,259,552	1,275,895	11,524,736
Other foreign securities	276,798	631,065	189,110	1,096,975
Other securities	84,159	202,976	—	287,135
Loans	—	—	123,668	123,668
Derivative transactions	629	306,521	15,867	323,019
Currency-related	—	82,257	4,563	86,820
Interest-rate-related	—	19,171	—	19,171
Stock-related	477	203,817	11,304	215,599
Other	152	1,274	—	1,426
Total Assets	7,214,841	12,966,004	1,916,862	22,097,708
Derivative transactions	2,348	279,670	191	282,211
Currency-related	—	152,909	—	152,909
Interest-rate-related	—	101,394	—	101,394
Stock-related	1,910	17,724	191	19,826
Other	438	7,642	—	8,080
Total Liabilities	2,348	279,670	191	282,211

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2026				2026			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 408,724	¥ —	¥ 408,724	$ —	$ 2,556	$ —	$ 2,556
Monetary claims bought	—	335,766	124,137	459,904	—	2,100	776	2,876
Money held in trust	—	—	94,102	94,102	—	—	588	588
Securities	8,633,302	13,091,391	1,406,119	23,130,812	53,998	81,882	8,794	144,676
Trading securities	2,335,410	973,678	177,841	3,486,929	14,607	6,090	1,112	21,809
Available-for-sale securities	6,297,891	12,117,713	1,228,277	19,643,882	39,391	75,792	7,682	122,866
National government bonds	866,839	—	—	866,839	5,421	—	—	5,421
Local government bonds	—	6,751	—	6,751	—	42	—	42
Corporate bonds	—	938,146	—	938,146	—	5,867	—	5,867
Domestic stocks	3,836,542	205	—	3,836,747	23,996	1	—	23,997
Foreign securities	1,554,867	10,963,448	1,228,277	13,746,593	9,725	68,572	7,682	85,980
Foreign bonds	1,024,595	10,545,697	1,026,073	12,596,366	6,408	65,960	6,417	78,786
Other foreign securities	530,271	417,751	202,204	1,150,227	3,316	2,612	1,264	7,194
Other securities	39,642	209,161	—	248,804	247	1,308	—	1,556
Loans	—	—	110,351	110,351	—	—	690	690
Derivative transactions	365	382,026	10,605	392,997	2	2,389	66	2,458
Currency-related	—	41,647	—	41,647	—	260	—	260
Interest rate-related	—	25,343	—	25,343	—	158	—	158
Stock-related	363	307,156	10,605	318,125	2	1,921	66	1,989
Other	2	7,877	—	7,880	0	49	—	49
Total Assets	8,633,667	14,217,908	1,745,316	24,596,892	54,000	88,928	10,916	153,845
Corporate Bonds	—	41,423	—	41,423	—	259	—	259
Derivative transactions	1,609	540,872	189	542,671	10	3,382	1	3,394
Currency-related	—	365,529	—	365,529	—	2,286	—	2,286
Interest rate-related	—	137,483	—	137,483	—	859	—	859
Stock-related	634	27,719	189	28,542	3	173	1	178
Other	975	10,140	—	11,116	6	63	—	69
Total Liabilities	1,609	582,296	189	584,095	10	3,642	1	3,653

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 ¥803,823 million and ¥1,105,222 million (U.S. $6,912 million) as of March 31, 2025 and 2026.

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
	2025	2026	2026
	Net asset value of investment trusts		
Beginning balance	¥590,444	¥ 803,823	$5,027
Gains (losses) for the period/ other comprehensive income	9,841	85,954	537
Recorded to gains (losses) for the period *1	(1,972)	29,470	184
Recorded to other comprehensive income *2	11,813	56,484	353
Net amount of purchase, sale, issuance and settlement, etc.	203,538	215,443	1,347
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	803,823	1,105,222	6,912
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 ¥566,225 million and ¥779,061 million (U.S. $4,872 million) as of March 31, 2025 and 2026.

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 2025 Fair value Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 88,891	¥ 88,891
Securities	9,530,016	5,173,093	1,999	14,705,109
Held-to-maturity debt securities	132,561	1,838,131	—	1,970,692
National government bonds	132,561	—	—	132,561
Local government bonds	—	13,807	—	13,807
Corporate bonds	—	192,614	—	192,614
Foreign securities	—	1,631,708	—	1,631,708
Foreign bonds	—	1,631,708	—	1,631,708
Policy-reserve-matching bonds	9,396,663	3,283,902	1,999	12,682,565
National government bonds	9,396,663	—	—	9,396,663
Local government bonds	—	114,582	—	114,582
Corporate bonds	—	1,468,859	—	1,468,859
Foreign securities	—	1,700,461	1,999	1,702,460
Foreign bonds	—	1,700,461	1,999	1,702,460
Investments in subsidiaries and affiliated companies	792	51,059	—	51,851
Loans	—	15,333	3,206,090	3,221,424
Total Assets	9,530,016	5,188,427	3,296,981	18,015,425
Corporate Bonds	—	530,524	—	530,524
Total Liabilities	—	530,524	—	530,524

As of March 31	Millions of Yen 2026 Fair value Level 1	Level 2	Level 3	Total	Millions of U.S. Dollars 2026 Fair value Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 80,294	¥ 80,294	$ —	$ —	$ 502	$ 502
Securities	8,442,284	5,102,885	—	13,545,170	52,803	31,916	—	84,720
Held-to-maturity debt securities	127,312	1,801,294	—	1,928,606	796	11,266	—	12,062
National government bonds	127,312	—	—	127,312	796	—	—	796
Local government bonds	—	10,969	—	10,969	—	68	—	68
Corporate bonds	—	221,301	—	221,301	—	1,384	—	1,384
Foreign securities	—	1,569,022	—	1,569,022	—	9,813	—	9,813
Foreign bonds	—	1,569,022	—	1,569,022	—	9,813	—	9,813
Policy-reserve-matching bonds	8,314,350	3,219,483	—	11,533,834	52,003	20,136	—	72,140
National government bonds	8,314,350	—	—	8,314,350	52,003	—	—	52,003
Local government bonds	—	109,455	—	109,455	—	684	—	684
Corporate bonds	—	1,246,554	—	1,246,554	—	7,796	—	7,796
Foreign securities	—	1,863,473	—	1,863,473	—	11,655	—	11,655
Foreign bonds	—	1,863,473	—	1,863,473	—	11,655	—	11,655
Investments in subsidiaries and affiliated companies	622	82,107	—	82,729	3	513	—	517
Loans	—	17,321	3,367,016	3,384,337	—	108	21,059	21,167
Total Assets	8,442,284	5,120,206	3,447,310	17,009,801	52,803	32,025	21,561	106,391
Corporate Bonds	—	763,372	—	763,372	—	4,774	—	4,774
Total Liabilities	—	763,372	—	763,372	—	4,774	—	4,774

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

Assets

1) Monetary claims bought

As for securitized products of monetary claims bought, the fair values are based on the values deemed as market prices obtained by the reasonable estimate such as those obtained from financial information vendors and brokers and are categorized as Level 3 since significant valuation inputs are unobservable. As for monetary claims bought other than those described above, when the present values of the expected future cash flows are considered to be fair values, those other monetary claims bought are categorized as Level 3 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, fair values are determined based on quoted prices in inactive markets or on values measured using observable inputs, 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	
			2025	**2026**
Loans	Discounted cash flow	Discounted rate	3.04% - 7.85%	**6.15% - 7.15%**

*1 The non-adjusted inputs from third parties are excluded.

2) Reconciliation between the beginning and ending balances, and net unrealized gains (losses) recognized in the earnings for the period ended March 31, 2025 and 2026

As of March 31	Millions of Yen					
	2025					
	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
Gains (losses) for the period/ other comprehensive income	(4,219)	480	(26,180)	198	(13,792)	(43,513)
Recorded to gains (losses) for the period *1	0	480	(2,854)	198	(13,792)	(15,968)
Recorded to other comprehensive income *2	(4,219)	—	(23,325)	—	—	(27,545)
Net amount of purchase, sale, issuance and settlement, etc.	(2,102)	37,197	(1,180)	1,048	20,324	55,287
Transfer to Level 3 *3	—	—	19,677	—	—	19,677
Transfer from Level 3 *4	—	—	(10,010)	—	—	(10,010)
Ending balance	135,001	62,022	1,580,302	123,668	15,675	1,916,670
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)

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2026						2026					
	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	¥135,001	¥62,022	¥1,580,302	¥123,668	¥ 15,675	¥1,916,670	$844	$387	$ 9,884	$ 773	$ 98	$11,988
Gains (losses) for the period/ other comprehensive income	(6,674)	1,158	51,578	4,647	(13,687)	37,022	(41)	7	322	29	(85)	231
Recorded to gains (losses) for the period *1	0	1,158	85,923	4,647	(13,687)	78,042	0	7	537	29	(85)	488
Recorded to other comprehensive income *2	(6,674)	—	(34,345)	—	—	(41,019)	(41)	—	(214)	—	—	(256)
Net amount of purchase, sale, issuance and settlement, etc.	(4,189)	30,921	(188,918)	(17,964)	8,428	(171,723)	(26)	193	(1,181)	(112)	52	(1,074)
Transfer to Level 3 *3	—	—	42,602	—	—	42,602	—	—	266	—	—	266
Transfer from Level 3 *4	—	—	(79,445)	—	—	(79,445)	—	—	(496)	—	—	(496)
Ending balance	124,137	94,102	1,406,119	110,351	10,416	1,745,127	776	588	8,794	690	65	10,915
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	—	—	(1,917)	(8,515)	(9,724)	(20,157)	—	—	(11)	(53)	(60)	(126)

*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 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

Type	Millions of Yen 2025 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)
Receipts floating, payments fixed	147,279	147,279	14,081	14,081
Interest Collars	181,759	128,367	(2,855)	(2,855)
Total				(5,950)

As of March 31

Type	Millions of Yen 2026 Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Millions of U.S. Dollars 2026 Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	**348,900**	**330,441**	**(6,970)**	**(6,970)**	**2,182**	**2,066**	**(43)**	**(43)**
Receipts floating, payments fixed	**149,673**	**149,673**	**11,033**	**11,033**	**936**	**936**	**69**	**69**
Interest Collars	**97,322**	**37,668**	**0**	**0**	**608**	**235**	**0**	**0**
Total				**4,062**				**25**

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

b) Hedge accounting applied

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen 2025 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)
Deferred hedge method	Interest rate swaps Receipts fixed, payments floating	Loans	635,769	629,733	(21,826)
	Receipts fixed, payments floating	Insurance Liabilities	375,000	375,000	(62,636)
Total					(84,487)

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen 2026 Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Millions of U.S. Dollars 2026 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**	**¥ (42)**	**$ 4**	**$ 4**	**$ (0)**
Deferred hedge method	Interest rate swaps Receipts fixed, payments floating	Loans	**814,013**	**747,741**	**(4,193)**	**5,091**	**4,676**	**(26)**
	Receipts fixed, payments floating	Insurance Liabilities	**375,000**	**375,000**	**(115,913)**	**2,345**	**2,345**	**(725)**
Total					**(120,150)**			**(751)**

*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 — 2025

Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥1,283,042	¥118,597	¥(29,728)	¥(29,728)
(U.S. dollar)	1,109,847	118,597	(30,244)	(30,244)
(Euro)	85,684	—	(749)	(749)
(Australian dollar)	67,967	—	1,260	1,260
Bought	2,154,535	161,986	(21,973)	(21,973)
(U.S. dollar)	2,016,133	160,762	(21,850)	(21,850)
(Euro)	79,189	1,224	888	888
(Australian dollar)	50,361	—	(957)	(957)
Currency options				
Bought				
Put	797,500	260,000		
	[7,385]		4,563	(2,822)
(U.S. dollar)	760,000	260,000		
	[5,492]		3,283	(2,208)
Currency swaps	46,121	46,121	(8,548)	(8,548)
(U.S. dollar)	46,121	46,121	(8,548)	(8,548)
Total				(63,072)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2026				2026			
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	**¥ 810,605**	**¥ 1,348**	**¥(68,975)**	**¥(68,975)**	**$ 5,070**	**$ 8**	**$(431)**	**$(431)**
(U.S. dollar)	**674,746**	**—**	**(63,360)**	**(63,360)**	**4,220**	**—**	**(396)**	**(396)**
(Euro)	**60,380**	**1,348**	**(628)**	**(628)**	**377**	**8**	**(3)**	**(3)**
(Australian dollar)	**53,275**	**—**	**(5,177)**	**(5,177)**	**333**	**—**	**(32)**	**(32)**
Bought	**1,598,888**	**20,783**	**28,451**	**28,451**	**10,000**	**129**	**177**	**177**
(U.S. dollar)	**1,435,749**	**12,966**	**28,903**	**28,903**	**8,980**	**81**	**180**	**180**
(Euro)	**39,263**	**4,032**	**52**	**52**	**245**	**25**	**—**	**—**
(Australian dollar)	**50,319**	**167**	**(434)**	**(434)**	**314**	**1**	**(2)**	**(2)**
Currency options								
Bought								
Put	**292,500**	**—**			**1,829**	**—**		
	[3,786]		**—**	**(3,786)**	**[23]**	**—**	**—**	**(23)**
(U.S. dollar)	**260,000**	**—**			**1,626**	**—**		
	[2,908]		**—**	**(2,908)**	**[18]**	**—**	**—**	**(18)**
Currency swaps	**46,121**	**46,121**	**(14,543)**	**(14,543)**	**288**	**288**	**(90)**	**(90)**
(U.S. dollar)	**46,121**	**46,121**	**(14,543)**	**(14,543)**	**288**	**288**	**(90)**	**(90)**
Total				**(58,853)**				**(368)**

*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		
					2025
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		¥4,017,144	¥523,723	¥ (7,387)
	(U.S. dollar)		3,165,243	523,723	(1,957)
	(Euro)		678,941	—	(7,453)
	(Australian dollar)		148,649	—	3,009
Allocation method	Currency swaps	Foreign-currency-denominated assets	158,381	122,010	(50,532)
	(U.S. dollar)		158,381	122,010	(50,532)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	397,695	397,695	96,442
	(U.S. dollar)		397,695	397,695	96,442
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	172,845	159,995	(3,013)
	(Great Britain pound)		57,773	55,571	4,680
	(Euro)		52,113	50,488	3,785
	(U.S. dollar)		35,351	26,328	(13,235)
Total					35,509

As of March 31			Millions of Yen			Millions of U.S. Dollars		
					2026			2026
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		**¥3,878,690**	**¥741,484**	**¥(256,347)**	**$24,260**	**$4,637**	**$(1,603)**
	(U.S. dollar)		**2,551,414**	**741,484**	**(192,405)**	**15,958**	**4,637**	**(1,203)**
	(Euro)		**1,063,959**	**—**	**(31,080)**	**6,654**	**—**	**(194)**
	(Australian dollar)		**250,200**	**—**	**(32,250)**	**1,564**	**—**	**(201)**
Allocation method	Currency swaps	Foreign-currency-denominated assets	**471,572**	**471,572**	**(104,048)**	**2,949**	**2,949**	**(650)**
	(U.S. dollar)		**471,572**	**471,572**	**(104,048)**	**2,949**	**2,949**	**(650)**
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	**575,455**	**575,455**	**169,545**	**3,599**	**3,599**	**1,060**
	(U.S. dollar)		**575,455**	**575,455**	**169,545**	**3,599**	**3,599**	**1,060**
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	**166,182**	**139,441**	**(12,466)**	**1,039**	**872**	**(77)**
	(Great Britain pound)		**60,093**	**53,398**	**496**	**375**	**333**	**3**
	(Euro)		**52,706**	**48,783**	**(880)**	**329**	**305**	**(5)**
	(U.S. dollar)		**26,328**	**11,025**	**(12,987)**	**164**	**68**	**(81)**
Total					**(203,317)**			**(1,271)**

*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			
		2025			
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	¥ 7,501	¥ —	¥ (15)	¥ (15)
	Bought	107,980	—	(1,417)	(1,417)
Over-the-counter transactions	Stock index options				
	Sold				
	Call				
	Put	491,015	244,789		
		[(28,310)]		(17,916)	10,394
	Bought	—			
	Call	2,529,923	353,443		
		[157,813]		211,015	53,201
	Put	599,988	200,000		
		[6,765]		4,107	(2,658)
Total		—			59,505

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2026				2026			
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	¥ 9,944	¥ —	¥ 349	¥ 349	$ 62	$ —	$ 2	$ 2
	Bought	33,770	—	(621)	(621)	211	—	(3)	(3)
Over-the-counter transactions	Stock index options								
	Sold								
	Call	3,136				19			
		[116]		(120)	(236)	[0]		(0)	(1)
	Put	624,313	380,487			3,904	2,379		
		[(42,602)]		(27,788)	14,813	[(266)]		(173)	92
	Bought								
	Call	2,865,071	527,993			17,920	3,302		
		[208,515]		317,762	109,246	[1,304]		1,987	683
	Put	200,000				1,250			
		[3,735]			(3,735)	[23]			(23)
Total					119,817				749

*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, 2025 and 2026.

4) Bond-related

a) Hedge accounting not applied

As of March 31

		Millions of Yen			
		2025			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures				
	Sold	¥ —	¥ —	¥ —	¥ —
	Bought	38,526	—	(286)	(286)
	Bond forward contracts				
	Bought				
Total					(286)

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2026				2026			
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	**63,494**	**—**	**(965)**	**(965)**	**397**	**—**	**(6)**	**(6)**
	Bond forward contracts								
	Bought	**89,264**	**89,264**	**(4,794)**	**(4,794)**	**558**	**558**	**(29)**	**(29)**
Total					**(5,760)**	**—**	**—**	**—**	**(36)**

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

b) Hedge accounting applied

As of March 31

			Millions of Yen		
			2025		
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		¥54,081	¥41,364	¥(6,354)
	Treasury locks				
	Bought		13,524	7,750	(1,268)
Total					(7,622)

As of March 31

			Millions of Yen			Millions of U.S. Dollars		
			2026			2026		
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		**¥35,664**	**¥22,638**	**¥(4,574)**	**$223**	**$141**	**$(28)**
	Treasury locks							
	Bought		**6,575**	**3,757**	**(646)**	**41**	**23**	**(4)**
Total					**(5,221)**			**(32)**

5) Other

a) Hedge accounting not applied

As of March 31		Millions of Yen			
		2025			
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	¥ 43	¥ —	¥ 0	¥ 0
Over-the-counter transactions	Multi-Asset index options				
	Sold	59,801	—		
		[116]		20	96
	Bought	251,465	—		
		[5,603]		1,274	(4,328)
Total					(4,232)

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2026				2026			
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	**¥ 64**	**¥ —**	**¥ (0)**	**¥ (0)**	**$ 0**	**$ —**	**$ (0)**	**$ (0)**
Over-the-counter transactions	Multi-Asset index options								
	Sold	**57,943**	**—**			**362**	**—**		
		[91]		**125**	**(34)**	**[0]**		**0**	**0**
	Bought	**263,990**	**—**			**1,651**	**—**		
		[5,424]		**7,872**	**2,447**	**[33]**		**49**	**15**
Total					**2,413**				**15**

*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, 2025 and 2026.

Note 5 Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥482,695 million and ¥476,591 million (U.S. $2,980 million), and their fair values were ¥647,627 million and ¥662,186 million (U.S. $4,141 million) as of March 31, 2025 and 2026, respectively. The Company owns office buildings and land in Tokyo and other areas, with 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 ¥1,453 million and ¥1,077 million (U.S. $6 million) as of March 31, 2025 and 2026, respectively.

Note 6 Securities Lending

Securities loaned under securities lending agreements amounted to ¥4,717,355 million and ¥5,198,768 million (U.S. $32,516 million) as of March 31, 2025 and 2026, respectively.

Note 7 Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥439,148 million and ¥438,790 million (U.S. $2,744 million) as of March 31, 2025 and 2026, respectively.

Note 8 Deduction from the original acquisition cost of qualified properties

The Company's total amounts deducted from the original acquisition cost of the qualified properties were nil and ¥2,826 million (U.S. $17 million) as of March 31, 2025 and 2026, respectively.

Note 9 Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥847,107 million and ¥912,272 million (U.S. $5,705 million) as of March 31, 2025 and 2026, 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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
At the beginning of the fiscal year	¥213,538	**¥211,078**	**$1,320**
Transfer from surplus in the previous fiscal year	58,355	**65,282**	**408**
Dividend payments to policyholders during the fiscal year	(61,018)	**(61,601)**	**(385)**
Interest accrued during the fiscal year	203	**597**	**3**
At the end of the fiscal year	¥211,078	**¥215,356**	**$1,346**

Note 11

Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2025 and 2026 were primarily as follows:

	2025	2026
Method of attributing benefits to period of service	Benefit formula basis	**Benefit formula basis**
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years	**8 years**
Amortization period for past service costs	—	**—**

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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
At the beginning of the fiscal year	¥309,005	**¥265,206**	**$1,658**
Service costs	12,936	**10,394**	**65**
Interest costs on projected benefit obligations	1,825	**5,703**	**35**
Actuarial losses (gains)	(41,348)	**4,887**	**30**
Benefits paid	(17,370)	**(18,273)**	**(114)**
Others	158	**101**	**0**
At the end of the fiscal year	¥265,206	**¥268,020**	**$1,676**

b) Changes in the plan assets for the fiscal years ended March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
At the beginning of the fiscal year	¥414,875	**¥445,357**	**$2,785**
Expected return on plan assets	2,636	**4,203**	**26**
Actuarial gains (losses)	30,531	**132,606**	**829**
Contribution by employer	5,839	**5,944**	**37**
Benefits paid	(8,512)	**(9,155)**	**(57)**
Others	(12)	**38**	**0**
At the end of the fiscal year	¥445,357	**¥578,995**	**$3,621**

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheet as of March 31, 2025 and 2026 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Present value of funded obligations	¥ 262,474	**¥ 265,538**	**$ 1,660**
Plan assets at fair value	(445,357)	**(578,995)**	**(3,621)**
Net present value of funded obligations	(182,882)	**(313,456)**	**(1,960)**
Present value of unfunded obligations	2,731	**2,482**	**15**
Net value on the balance sheet	(180,151)	**(310,974)**	**(1,945)**
Net defined benefit liabilities	2,731	**2,482**	**15**
Net defined benefit assets	(182,882)	**(313,456)**	**(1,960)**
Net value on the balance sheet	¥(180,151)	**¥(310,974)**	**$(1,945)**

d) The amounts recognized in retirement benefit expenses in the consolidated statement of income for the fiscal years ended March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Service costs	¥ 12,936	**¥ 10,394**	**$ 65**
Interest costs on projected benefit obligations	1,825	**5,703**	**35**
Expected return on plan assets	(2,636)	**(4,203)**	**(26)**
Amortization of net actuarial losses (gains)	(11,136)	**(17,844)**	**(111)**
Others	164	**63**	**0**
Retirement benefit expenses	¥ 1,153	**¥(5,886)**	**$(36)**

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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Actuarial gains (losses)	¥60,749	**¥109,874**	**$687**
Total	¥60,749	**¥109,874**	**$687**

Major components of accumulated other comprehensive income (before income tax effect adjustments) as of March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Unrecognized actuarial gains (losses)	¥140,182	**¥250,057**	**$1,564**
Total	¥140,182	**¥250,057**	**$1,564**

f) The plan assets

The plan assets as of March 31, 2025 and 2026 were comprised as follows:

	% of total fair value of plan assets	
	2025	2026
Equity securities	52	**63**
General accounts of life insurance companies	26	**20**
Debt securities	4	**4**
Investment trusts	4	**4**
Others	14	**9**
Total	100	**100**

59% and 67% of the plan assets were the retirement benefit trusts as of March 31, 2025 and 2026, 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, 2025 and 2026 were as follows:

	2025	2026
Discount rate	2.181%	**2.181%**
Expected long-term rates of return on the plan assets		
Defined benefit pension plans	1.4%	**2.3%**
Retirement benefit trusts	0.0%	**0.0%**

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥6,009 million and ¥6,267 million (U.S. $39 million) for the fiscal years ended March 31, 2025 and 2026, 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.

Note 14 Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥4,564,559 million and ¥4,369,205 million (U.S. $27,328 million), loans in the amounts of ¥948,513 million and ¥1,039,969 million (U.S. $6,504 million) and cash and deposits in the amounts of ¥1,397 million and ¥2,464 million (U.S. $15 million) as of March 31, 2025 and 2026, respectively.

Note 15 Investments in Affiliates

Total amounts of investments in unconsolidated subsidiaries and affiliates were ¥195,851 million and ¥217,891 million (U.S. $1,362 million) as of March 31, 2025 and 2026, 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 ¥4,286 million and ¥5,544 million (U.S. $34 million) as of March 31, 2025 and 2026, respectively. The details are as follows:

The amounts of claims against bankrupt or de facto bankrupt borrowers were nil and nil, and doubtful claims were ¥665 million and ¥461 million (U.S. $2 million) as of March 31, 2025 and 2026, respectively.

The amounts of claims deemed uncollectible and directly deducted from the claims in the consolidated balance sheet were ¥13 million and ¥12 million (U.S. $0 million) as of March 31, 2025 and 2026, 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 and nil as of March 31, 2025 and 2026, 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 ¥221 million and ¥1,929 million (U.S. $12 million) as of March 31, 2025 and 2026, 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 ¥3,399 million and ¥3,153 million (U.S. $19 million) as of March 31, 2025 and 2026, 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 ¥28,593 million and ¥32,819 million (U.S. $205 million) as of March 31, 2025 and 2026, respectively.

Note 18 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, 2025 and 2026, 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, 2025 and 2026

		Millions of Yen		Millions of U.S. Dollars
Asset Group	Asset Category	2025	2026	2026
Real estates held for investment, etc.	Land and buildings, etc.	¥ —	**¥ 57**	**$0**
Idle assets, etc.	Land and buildings, etc.	10,784	**609**	**3**
Total		¥10,784	**¥667**	**$4**

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 some consolidated subsidiaries in Japan, which adopt the Group Tax Sharing System, process and disclose 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, 2025 and 2026 were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Deferred tax assets	¥ 953,138	**¥1,080,413**	**$ 6,757**
Valuation allowance for deferred tax assets	(19,847)	**(34,431)**	**(215)**
Subtotal	933,291	**1,045,982**	**6,542**
Deferred tax liabilities	(521,456)	**(945,680)**	**(5,914)**
Net deferred tax assets (liabilities)	411,834	**100,301**	**627**

Major components of deferred tax assets/liabilities as of March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Deferred tax assets:			
Policy reserves and other reserves	¥ 492,509	**¥ 527,230**	**$ 3,297**
Reserve for price fluctuation	269,035	**265,481**	**1,660**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(308,330)	**(645,835)**	**(4,039)**

2) The statutory effective income tax rates were 27.96% and 27.96% for the fiscal years ended March 31, 2025 and 2026, 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 was 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. $58 million) and income taxes – deferred and net unrealized gains on available-for-sale securities decreased by ¥19,795 million (U.S. $123 million) and ¥9,799 million (U.S. $61 million), respectively.
The actual effective income tax rates were (70.3)% and (23.9)% for the fiscal years ended March 31, 2025 and 2026, respectively. Major components in the difference with the statutory effective income tax rate of 27.96% as of March 31, 2025 and 2026 were as follows:

	2025	2026
Policyholders' dividend reserves	(65.4)%	**(93.2)%**
Amortization of goodwill	28.5 %	**39.6 %**
Effects of changes in the statutory income tax rate	(71.0)%	**(13.1)%**

Note 20 Subordinated Bonds

The amounts of corporate bonds in liabilities included ¥511,106 million and ¥693,434 million (U.S. $4,337 million) of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of March 31, 2025 and 2026, respectively.

Note 21 Subordinated Loans

Other liabilities included subordinated debts of ¥220,000 million and ¥220,000 million (U.S. $1,376 million), the repayments of which are subordinated to other obligations, as of March 31, 2025 and 2026, respectively.

Note 22

Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2025 and 2026 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
	2025	2026	2026
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥(373,628)	¥1,358,289	$ 8,495
Reclassification adjustments	25,573	112,892	706
Before income tax effect adjustments	(348,055)	1,471,181	9,201
Income taxes and Income tax effects	83,411	(411,183)	(2,571)
Net unrealized gains (losses) on available-for-sale securities	(264,643)	1,059,998	6,629
Deferred gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ (46,940)	¥ (54,220)	$ (339)
Reclassification adjustments	8,491	6,511	40
Before income tax effect adjustments	(38,449)	(47,708)	(298)
Income taxes and Income tax effects	9,200	15,757	98
Deferred gains (losses) on derivatives under hedge accounting	(29,249)	(31,951)	(199)
Land revaluation differences:			
Amount arising during the fiscal year	¥ —	—	—
Reclassification adjustments	—	—	—
Before income tax effect adjustments	—	—	—
Income taxes and Income tax effects	(404)	—	—
Land revaluation differences	(404)	—	—
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ 98,968	¥ 22,869	$ 143
Reclassification adjustments	—	—	—
Before income tax effect adjustments	98,968	22,869	143
Income taxes and Income tax effects	—	—	—
Foreign currency translation adjustments	98,968	22,869	143
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ 71,886	¥ 127,718	$ 798
Reclassification adjustments	(11,136)	(17,844)	(111)
Before income tax effect adjustments	60,749	109,874	687
Income taxes and Income tax effects	(18,256)	(31,769)	(198)
Remeasurements of defined benefit plans	42,493	78,105	488
Net unrealized gains (losses) on policy reserves and other reserves of foreign subsidiaries:			
Amount arising during the fiscal year	¥ 11,570	¥ (7,093)	$ (44)
Reclassification adjustments	(193)	(118)	(0)
Before income tax effect adjustments	11,377	(7,212)	(45)
Income taxes and Income tax effects	(2,389)	1,514	9
Net unrealized gains (losses) on policy reserves and other reserves of foreign subsidiaries	8,988	(5,697)	(35)
Share of other comprehensive income of associates under the equity method:			
Amount arising during the fiscal year	¥ 5,013	¥ (5,091)	$ (31)
Reclassification adjustments	(57)	(71)	(0)
Share of other comprehensive income of associates under the equity method	4,956	(5,163)	(32)
Total other comprehensive income (loss)	¥(138,890)	¥1,118,161	$ 6,993

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 ¥921 million and ¥31 million (U.S. $0 million), and none of the securities was pledged as collateral as of March 31, 2025 and 2026, 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 ¥711,508 million and ¥642,748 million as of March 31, 2025, respectively.
Other assets and other liabilities included assets and liabilities related to the modified coinsurance in the U.S. subsidiary of ¥683,962 million (U.S. $4,277 million) and ¥620,422 million (U.S. $3,880 million) as of March 31, 2026, respectively.

Note 25 Modified coinsurance by consolidated domestic subsidiary

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

Note 26 Others, net in Cash flows from 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.

Note 28 Subsequent Events

On June 29, 2026, the Company plans to redeem subordinated corporate bonds of ¥30,000 million (U.S. $187 million) before the repayment due date, the repayment of which is subordinated to other obligations.

On February 2, 2026, Singapore Life Holdings Pte. Ltd. obtained a foreign currency-denominated borrowing of 550 million Singapore dollars (U.S. $425 million). Additionally, on February 24, 2026, Singapore Life Holdings Pte. Ltd. redeemed a foreign currency-denominated subordinated bond of 550 million Singapore dollars (U.S. $425 million) before the repayment due date, the repayment of which was subordinated to other obligations.

Note 29

Business combination as a result of acquisition

Symetra Life Insurance Company, the U.S. subsidiary of the Company, acquired in-force blocks of group life and disability insurance business from Dearborn Life Insurance Company, a subsidiary of Health Care Service Corporation, under a reinsurance contract effective October 1, 2025.
This transaction is accounted for as an acquisition of a business in accordance with FASB Accounting Standards Codification Topic 805 "Business Combinations."

1) Overview of business combination

a) Name and business of the counterparty
Company name: Dearborn Life Insurance Company
Business acquired: group life and disability insurance business

b) Purpose of the acquisition
This acquisition is aimed at enhancing market presence in the U.S. group life and disability insurance sectors, which are expected to experience future growth, as well as at improving profitability and operational efficiency.

2) Accounting period for which earnings of the acquired business are included in the consolidated financial statements
From October 1, 2025 to December 31, 2025

3) Acquisition cost and breakdown

Consideration for the acquisition of in-force blocks	U.S. $664 million
Total	U.S. $664 million

*Note that the acquisition cost includes U.S. $582 million of liabilities assumed under the reinsurance contract.

4) Main component of acquisition-related expenses and their amount
Advisory fees, etc. U.S. $1 million

5) Allocation of acquisition cost

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

Total assets	U.S. $664 million
Intangible fixed assets included in the above "Total assets"	U.S. $618 million
Total liabilities	U.S. $582 million
Policy reserves and other reserves included in the above "Total liabilities"	U.S. $526 million

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

1. Amount of recognized goodwill
U.S. $53 million
2. Reason to recognize goodwill
The acquisition cost calculated based on the acquiree's projected future profits as of the date of business acquisition exceeded the net amounts of assets acquired and liabilities assumed.
3. Amortization period
10 years using the straight-line method

KPMG

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, 2025 and 2026, 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, 2025 and 2026, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities 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 ¥40,380,874	In order to assess whether the amount of policy reserves of the Company was appropriate, we primarily performed the following audit

million were recognized. Of this amount, the policy reserves of the Company (the parent company) amounted to ¥28,687,235 million, which accounted for a significant portion (approximately 59%) of total liabilities in the consolidated financial statements.

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.

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.

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

procedures with the assistance of actuarial specialists and IT system specialists within our firm:

(1) Internal control testing

We primarily tested the design and operating effectiveness of the following internal controls of the Company we determined as 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.

(i) Accuracy of the amount of policy reserves

- 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 Systems 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.

(ii) Sufficiency of the amount of policy reserves

- 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.

(2) Assessment of the appropriateness of the amount of policy reserves

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:

(i) Accuracy of the amount of policy reserves

- recalculated the policy reserves for insurance

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 require estimation using actuarial expertise in accordance with applicable laws and regulations. Management determines the amount of policy reserves to be recognized by referencing the results of the future cash flow analysis performed by the appointed actuary. 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.	products newly launched in the current fiscal year in accordance with the statement of calculation procedures and examined whether the results were consistent; • 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. (ii) Sufficiency of the amount of policy reserves • assessed whether the future cash flow analysis was performed in accordance with applicable laws and regulations and the "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, 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.

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**
In the consolidated financial statements of the Company (the parent company), goodwill of ¥325,194 million was recognized. As described in Note 2, "Summary of Significant Accounting Policies, 17) Accounting estimates, a) Valuation of Goodwill" to the consolidated financial statements, this amount included goodwill of ¥296,239 million arising from the acquisition of Singapore Life Holdings Pte. Ltd. (hereinafter "SingLife Holdings") which is considered quantitively material. 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, 17) 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 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, 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 indication identified. The assessment included evaluating whether there were any triggering events and changes in circumstances that may indicate impairment as well as a comprehensive evaluation methodology and its application.	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: **(1) Internal control testing** We tested the design and operating effectiveness of the Company's internal controls we determined as relevant for the process to determine whether an impairment loss should be recognized on goodwill. **(2) Appropriateness of the Company's judgment as to whether there were any impairment indications for goodwill** We assessed the appropriateness of the Company's judgment as to whether there were any impairment indications for goodwill by performing the following procedures, among others: • 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

Accordingly, the assessment involved significant management judgment. 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 matter.	goodwill by inspecting those documents and tracing the amounts between the documents; • assessed the reliability of the actual financial results against the business plan and other performance targets that were used for the impairment judgment by comparing them with the audited financial statements and other relevant documents; and • assessed whether the comprehensive evaluation methodology and its application in determining the existence of impairment indicators were appropriate in light of the purpose of the assessment.

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.

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 1,800 million yen and 203 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 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, 2026

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 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
Assets:			
Cash and deposits (Note 3)	¥ 902,108	**¥ 996,744**	**$ 6,234**
Cash	10	**10**	**0**
Deposits	902,098	**996,734**	**6,234**
Call loans	1,152,304	**763,400**	**4,774**
Monetary claims bought (Note 3)	550,257	**549,312**	**3,435**
Money held in trust (Note 3)	62,022	**94,102**	**588**
Securities (Notes 3, 5, 15 and 16)	30,338,695	**31,817,336**	**199,007**
National government bonds	11,216,638	**10,969,288**	**68,609**
Local government bonds	176,438	**155,897**	**975**
Corporate bonds	2,816,441	**2,579,468**	**16,133**
Domestic stocks	3,356,408	**4,222,859**	**26,412**
Foreign securities	12,282,344	**13,414,000**	**83,900**
Other securities	490,425	**475,821**	**2,976**
Loans (Notes 3, 17 and 18)	2,069,452	**2,060,390**	**12,887**
Policy loans	218,059	**210,661**	**1,317**
Industrial and consumer loans	1,851,393	**1,849,729**	**11,569**
Tangible fixed assets (Notes 4, 6, 7 and 22)	655,303	**644,901**	**4,033**
Land	436,862	**430,037**	**2,689**
Buildings	196,471	**202,269**	**1,265**
Lease assets	7,817	**6,329**	**39**
Construction in progress	10,798	**3,035**	**18**
Other tangible fixed assets	3,352	**3,228**	**20**
Intangible fixed assets	45,777	**44,853**	**280**
Software	35,829	**35,819**	**224**
Other intangible fixed assets	9,947	**9,034**	**56**
Reinsurance receivables	759	**1,344**	**8**
Other assets	548,638	**529,380**	**3,311**
Accounts receivable	26,771	**29,176**	**182**
Prepaid expenses	9,578	**11,933**	**74**
Accrued income	171,548	**183,166**	**1,145**
Money on deposit	5,013	**4,005**	**25**
Deposits for futures transactions	57,141	**41,192**	**257**
Derivative financial instruments (Note 3)	77,875	**42,641**	**266**
Cash collateral paid for financial instruments	127,355	**154,009**	**963**
Suspense	8,143	**9,653**	**60**
Other assets	65,211	**53,601**	**335**
Prepaid pension cost (Note 13)	41,743	**62,343**	**389**
Deferred tax assets (Notes 12 and 23)	356,340	**92,781**	**580**
Allowance for possible loan losses	(906)	**(869)**	**(5)**
Total assets	¥36,722,496	**¥37,656,023**	**$235,526**

As of March 31	Millions of Yen 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
Liabilities:			
Policy reserves and other reserves	¥29,091,434	**¥29,033,003**	**$181,592**
Reserve for outstanding claims (Note 19)	130,964	**130,411**	**815**
Policy reserves (Note 19)	28,749,390	**28,687,235**	**179,429**
Policyholders' dividend reserves (Note 10)	211,078	**215,356**	**1,346**
Reinsurance payables	1,872	**2,229**	**13**
Corporate bonds (Notes 3 and 25)	448,695	**626,455**	**3,918**
Other liabilities	4,475,419	**4,374,510**	**27,361**
Payables under repurchase agreements	3,725,641	**3,254,870**	**20,358**
Loans payable (Notes 3 and 26)	220,000	**220,000**	**1,376**
Income taxes payable	19,744	**70,471**	**440**
Accounts payable	61,651	**34,746**	**217**
Accrued expenses	51,732	**52,637**	**329**
Deferred income	819	**28,528**	**178**
Deposits received	66,415	**63,617**	**397**
Guarantee deposits received	33,963	**35,219**	**220**
Derivative financial instruments (Note 3)	183,414	**464,121**	**2,902**
Cash collateral received for financial instruments	88,659	**129,010**	**806**
Lease obligations	8,350	**6,754**	**42**
Asset retirement obligations	1,795	**1,427**	**8**
Suspense receipts	11,239	**10,186**	**63**
Rest of other liabilities	1,992	**2,919**	**18**
Reserve for price fluctuation	930,026	**917,260**	**5,737**
Deferred tax liabilities for land revaluation	12,738	**12,660**	**79**
Total liabilities	34,960,186	**34,966,120**	**218,702**
Net assets:			
Foundation funds (Note 14)	50,000	**50,000**	**312**
Reserve for redemption of foundation funds	639,000	**639,000**	**3,996**
Reserve for revaluation	2	**2**	**0**
Surplus	349,875	**364,075**	**2,277**
Reserve for future losses	6,804	**7,004**	**43**
Other surplus	343,071	**357,071**	**2,233**
Reserve for fund redemption (Note 14)	10,000	**20,000**	**125**
Fund for price fluctuation allowance	255,000	**255,000**	**1,594**
Reserve for assisting social responsibility	1,313	**1,316**	**8**
Other reserves	223	**223**	**1**
Unappropriated surplus	76,534	**80,531**	**503**
Total funds, reserve and surplus	1,038,878	**1,053,078**	**6,586**
Net unrealized gains on available-for-sale securities	822,943	**1,770,301**	**11,072**
Deferred gains (losses) on derivatives under hedge accounting	(52,771)	**(90,286)**	**(564)**
Land revaluation differences	(46,740)	**(43,190)**	**(270)**
Total unrealized gains, revaluation reserve and adjustments	723,431	**1,636,824**	**10,237**
Total net assets	1,762,310	**2,689,902**	**16,824**
Total liabilities and net assets	¥36,722,496	**¥37,656,023**	**$235,526**

Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
Ordinary income	¥3,427,936	**¥3,964,948**	**$24,799**
Insurance premiums and other	2,129,556	**2,303,164**	**14,405**
Insurance premiums	2,121,125	**2,290,454**	**14,326**
Reinsurance revenue	6,320	**10,606**	**66**
Other income to policy reserves	2,109	**2,103**	**13**
Investment income (Note 20)	1,214,015	**1,516,941**	**9,488**
Interest, dividends and other income	930,690	**945,323**	**5,912**
Interest on deposits	16,644	**16,602**	**103**
Interest and dividends on securities	823,654	**833,468**	**5,213**
Interest on loans	33,258	**34,219**	**214**
Rent revenue from real estate	37,046	**38,347**	**239**
Other interest and dividend	20,086	**22,685**	**141**
Gains on money held in trust	1,391	**3,692**	**23**
Gains on sales of securities	270,230	**334,468**	**2,091**
Gains on redemption of securities	10,607	**9,794**	**61**
Foreign exchange gains	—	**124,852**	**780**
Reversal of allowance for possible loan losses	—	**24**	**0**
Other investment income	1,095	**1,908**	**11**
Investment gains on separate accounts	—	**96,877**	**605**
Other ordinary income	84,365	**144,842**	**905**
Annuity supplementary contract premiums	3,611	**3,684**	**23**
Proceeds from deferred insurance	20,238	**19,780**	**123**
Reversal of policy reserves	12,598	**62,155**	**388**
Reversal of accrued retirement benefits	13,264	**20,600**	**128**
Other ordinary income	34,652	**38,068**	**238**
Ordinary expenses	3,330,248	**3,900,043**	**24,393**
Benefits and other payments	2,113,013	**2,657,012**	**16,618**
Claims paid	546,587	**540,460**	**3,380**
Annuity payments	476,832	**517,746**	**3,238**
Benefits payments	335,743	**343,540**	**2,148**
Surrender benefits	627,295	**779,566**	**4,875**
Other refunds	55,277	**78,597**	**491**
Reinsurance premiums	71,277	**397,101**	**2,483**

Years ended March 31	Millions of Yen 2025	2026	Millions of U.S. Dollars 2026
Provision for policy reserves and other reserves	¥ 5,073	¥ 597	$ 3
Provision for reserves for outstanding claims (Note 21)	4,870	—	—
Provision for interest on policyholders' dividend reserves (Note 10)	203	597	3
Investment expenses (Note 20)	735,142	754,310	4,717
Interest expenses	33,785	46,752	292
Losses on trading securities	147	143	0
Losses on sales of securities	252,111	429,695	2,687
Losses on valuation of securities	5,971	25,522	159
Losses on redemption of securities	127	842	5
Losses on derivative financial instruments	257,131	161,747	1,011
Foreign exchange losses	70,079	—	—
Provision for allowance for possible loan losses	117	—	—
Depreciation of real estate for investments	10,051	10,465	65
Other investment expenses	92,159	79,140	495
Investment losses on separate accounts	13,460	—	—
Operating expenses	348,273	357,098	2,233
Other ordinary expenses	128,744	131,024	819
Payments of benefits left to accumulate at interest	55,174	50,464	315
Taxes	28,933	31,416	196
Depreciation	18,787	18,807	117
Other ordinary expenses	25,848	30,336	189
Ordinary profit	97,688	64,905	405
Extraordinary gains	17	16,918	105
Gains on disposals of fixed assets	17	4,152	25
Reversal of reserve for price fluctuation	—	12,766	79
Extraordinary losses	36,939	2,170	13
Losses on disposals of fixed assets	3,223	806	5
Impairment losses (Note 22)	10,784	667	4
Provision for reserve for price fluctuation	22,200	—	—
Payments to social responsibility reserve	731	696	4
Surplus before income taxes	60,766	79,653	498
Income taxes (Notes 13 and 23)			
Current	41,556	55,816	349
Deferred	(66,858)	(59,547)	(372)
Total income taxes	(25,301)	(3,730)	(23)
Net surplus	¥ 86,068	¥ 83,383	$ 521

Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Year ended March 31, 2025 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	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, 2026 | 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	50,000	639,000	2	6,804	10,000	255,000	1,313	223	76,534	349,875	1,038,878
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 10)									(65,282)	(65,282)	(65,282)
Additions to reserve for future losses				200					(200)	—	—
Payment of interest on foundation funds									(352)	(352)	(352)
Net surplus									83,383	83,383	83,383
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							(696)		696	—	—
Reversal of land revaluation differences									(3,549)	(3,549)	(3,549)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	200	10,000	—	3	—	3,996	14,199	14,199
Ending balance	50,000	639,000	2	7,004	20,000	255,000	1,316	223	80,531	364,075	1,053,078

	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	822,943	(52,771)	(46,740)	723,431	1,762,310
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 10)					(65,282)
Additions to reserve for future losses					—
Payment of interest on foundation funds					(352)
Net surplus					83,383
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					(3,549)
Net changes, excluding funds, reserve and surplus	947,358	(37,514)	3,549	913,392	913,392
Net changes in the fiscal year	947,358	(37,514)	3,549	913,392	927,592
Ending balance	1,770,301	(90,286)	(43,190)	1,636,824	2,689,902

Year ended March 31, 2026

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	312	3,996	0	42	62	1,594	8	1	478	2,188	6,497
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 10)									(408)	(408)	(408)
Additions to reserve for future losses				1					(1)	—	—
Payment of interest on foundation funds									(2)	(2)	(2)
Net surplus									521	521	521
Additions to reserve for fund redemption					62				(62)	—	—
Additions to reserve for assisting social responsibility							4		(4)	—	—
Reversal of reserve for assisting social responsibility							(4)		4	—	—
Reversal of land revaluation differences									(22)	(22)	(22)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	1	62	—	0	—	24	88	88
Ending balance	312	3,996	0	43	125	1,594	8	1	503	2,277	6,586

	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	5,147	(330)	(292)	4,524	11,022
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 10)					(408)
Additions to reserve for future losses					—
Payment of interest on foundation funds					(2)
Net surplus					521
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					(22)
Net changes, excluding funds, reserve and surplus	5,925	(234)	22	5,712	5,712
Net changes in the fiscal year	5,925	(234)	22	5,712	5,801
Ending balance	11,072	(564)	(270)	10,237	16,824

Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2025	2026	2026
Unappropriated surplus	¥76,534	**¥80,531**	**$503**
Appropriation of surplus	76,534	**80,531**	**503**
Policyholders’ dividend reserves	65,282	**69,178**	**432**
Net surplus	11,252	**11,352**	**71**
Reserve for future losses	200	**300**	**1**
Interest on foundation funds	352	**352**	**2**
Voluntary surplus reserves	10,700	**10,700**	**66**
Reserve for fund redemption	10,000	**10,000**	**62**
Reserve for assisting social responsibility	700	**700**	**4**

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 non-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, 2026, which was ¥159.88 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.

Due to a decrease in the balance of the corresponding policy reserves, the previous subsection “Single premium endowment insurance (certain types of insurance are excluded)” has been merged into “Individual life insurance and individual annuity (certain types of insurance and a certain percentage of cash flows are excluded)” effective from the fiscal year ended March 31, 2026. There is no effect on profit or loss arising from this change in subsections.

The subsections after the change 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

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, 2025 and 2026, amounted to ¥27 million and ¥26 million (U.S. $0 million), respectively.

7) Accrued retirement benefits

Accrued retirement benefits are provided based on the projected benefit obligations and plan assets as of March 31, 2025, and 2026, 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 future 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.

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 accordance with these requirements, the amount of policy reserves at the end of the fiscal year ended March 31, 2026, includes additional policy reserves that are provided as follows.

For certain individual annuity contracts for which annuity payments commenced on or after April 1, 2006, the Company has deemed the commencement dates of annuity payments, etc. to be the dates of policy inception, and applied the calculation basis stipulated by the Commissioner of the 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 (after annuitization) have been used.) Accordingly, the Company has provided additional policy reserves for the difference arising from such recalculations.

From the fiscal year ended March 31, 2026, for certain whole life insurance contracts entered into before April 1, 1996, the Company has provided additional policy reserves for the difference arising from the application of an assumed interest rate of 2.75% and the 2018 life insurance standard life table (for life insurance) as the assumed mortality rate in the calculation. There is no effect on provision for policy reserves, ordinary profit, or surplus before income taxes, as the Company has reversed ¥379,275 million, an amount equal to the provision of the additional policy reserves, and appropriated from the contingency reserve to fund the additional policy reserves.

In determining the amount of policy reserves to be recorded, the Company refers to the result of the future cash flow analysis performed by the Appointed Actuary in accordance with applicable laws and regulations to confirm adequacy of policy reserves.

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.

13) Policy acquisition costs

The Company recognizes policy acquisition costs when they are incurred.

Note 3

Financial Instruments

1) Qualitative information on financial instruments

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

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

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

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

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

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

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

In order to manage market risk, the Company assesses and analyzes sensitivities of existing financial instruments to changes in market by measuring Value-at-Risk (VaR) as integrated risk exposure.

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 measuring Value-at-Risk (VaR) calculated with Monte Carlo simulations, which is based on the assumptions such as probability of transition for each internal credit rating and expected recovery rate of investment and loan principal at default.

The Company manages market risk and credit risk by comparing Value-at-Risk (VaR), which is measured as integrated asset management risk exposure that combines market risk and credit risk, with the risk limit, which is calculated with consideration given to unrealized gains (losses) and realized gains (losses) on sales.

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, 2025 and 2026.

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		
			2025
	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	¥ 358,799	¥ 358,799	¥ —
[Available-for-sale securities]*1	[358,799]	[358,799]	—
Monetary claims bought	550,257	543,828	(6,429)
[Available-for-sale securities]*1	[454,936]	[454,936]	—
Money held in trust	62,022	62,022	—
Securities	28,639,277	27,426,048	(1,213,229)
Trading securities	632,209	632,209	—
Held-to-maturity debt securities	1,855,593	1,858,670	3,076
Policy-reserve-matching bonds	13,840,880	12,616,182	(1,224,698)
Investments in subsidiaries and affiliated companies	43,459	51,851	8,392
Available-for-sale securities *2	12,267,134	12,267,134	—
Loans	2,069,452		
Allowance for possible loan losses *3	(666)		
	2,068,785	1,945,086	(123,699)
Corporate bonds	448,695	426,463	(22,232)
Loans payable	220,000	213,723	(6,277)
Derivative transactions *4	(105,539)	(105,539)	—
Hedge accounting not applied	(24,327)	(24,327)	—
Hedge accounting applied	(81,211)	(81,211)	—

As of March 31	Millions of Yen			Millions of U.S. Dollars		
			2026			2026
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits (Negotiable certificates of deposit)	**¥ 408,724**	**¥ 408,724**	**¥ —**	**$ 2,556**	**$ 2,556**	**$ —**
[Available-for-sale securities]*1	**[408,724]**	**[408,724]**	**—**	**[2,556]**	**[2,556]**	**—**
Monetary claims bought	**549,312**	**540,198**	**(9,114)**	**3,435**	**3,378**	**(57)**
[Available-for-sale securities]*1	**[459,904]**	**[459,904]**	**—**	**[2,876]**	**[2,876]**	**—**
Money held in trust	**94,102**	**94,102**	**—**	**588**	**588**	**—**
Securities	**29,870,197**	**27,543,575**	**(2,326,621)**	**186,828**	**172,276**	**(14,552)**
Trading securities	**680,777**	**680,777**	**—**	**4,258**	**4,258**	**—**
Held-to-maturity debt securities	**1,989,157**	**1,826,762**	**(162,394)**	**12,441**	**11,425**	**(1,015)**
Policy-reserve-matching bonds	**13,629,353**	**11,425,755**	**(2,203,597)**	**85,247**	**71,464**	**(13,782)**
Investments in subsidiaries and affiliated companies	**43,359**	**82,729**	**39,370**	**271**	**517**	**246**
Available-for-sale securities *2	**13,527,550**	**13,527,550**	**—**	**84,610**	**84,610**	**—**
Loans	**2,060,390**			**12,887**		
Allowance for possible loan losses *3	**(620)**			**(3)**		
	2,059,769	**1,861,410**	**(198,358)**	**12,883**	**11,642**	**(1,240)**
Corporate bonds	**626,455**	**577,966**	**(48,489)**	**3,918**	**3,615**	**(303)**
Loans payable	**220,000**	**211,184**	**(8,816)**	**1,376**	**1,320**	**(55)**
Derivative transactions *4	**(421,480)**	**(421,480)**	**—**	**(2,636)**	**(2,636)**	**—**
Hedge accounting not applied	**(38,252)**	**(38,252)**	**—**	**(239)**	**(239)**	**—**
Hedge accounting applied	**(383,228)**	**(383,228)**	**—**	**(2,396)**	**(2,396)**	**—**

*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, 2025 and 2026.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen		
	2025		
Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount			
Bonds	¥ 73,464	¥ 76,727	¥ 3,263
Foreign securities (bonds)	1,061,500	1,162,411	100,911
Fair value does not exceed the balance sheet amount			
Bonds	155,629	150,234	(5,395)
Foreign securities (bonds)	565,000	469,296	(95,703)
Total	1,855,593	1,858,670	3,076

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2026			2026		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	**¥ 72,807**	**¥ 73,465**	**¥ 657**	**$ 455**	**$ 459**	**$ 4**
Foreign securities (bonds)	**756,271**	**816,720**	**60,449**	**4,730**	**5,108**	**378**
Fair value does not exceed the balance sheet amount						
Bonds	**199,371**	**184,274**	**(15,096)**	**1,247**	**1,152**	**(94)**
Foreign securities (bonds)	**960,707**	**752,302**	**(208,405)**	**6,008**	**4,705**	**(1,303)**
Total	**1,989,157**	**1,826,762**	**(162,394)**	**12,441**	**11,425**	**(1,015)**

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen		
	2025		
Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount			
Bonds	¥ 6,184,104	¥ 6,432,999	¥ 248,894
Foreign securities (bonds)	194,629	199,033	4,403
Fair value does not exceed the balance sheet amount			
Bonds	5,793,099	4,480,722	(1,312,376)
Foreign securities (bonds)	1,669,047	1,503,426	(165,620)
Total	13,840,880	12,616,182	(1,224,698)

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2026			2026		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	**¥ 3,529,150**	**¥ 3,572,305**	**¥ 43,154**	**$22,073**	**$22,343**	**$ 269**
Foreign securities (bonds)	**185,570**	**189,355**	**3,784**	**1,160**	**1,184**	**23**
Fair value does not exceed the balance sheet amount						
Bonds	**8,055,399**	**5,989,977**	**(2,065,422)**	**50,384**	**37,465**	**(12,918)**
Foreign securities (bonds)	**1,859,232**	**1,674,118**	**(185,114)**	**11,628**	**10,471**	**(1,157)**
Total	**13,629,353**	**11,425,755**	**(2,203,597)**	**85,247**	**71,464**	**(13,782)**

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, 2025 and 2026.

3) Available-for-sale securities

As of March 31	Millions of Yen 2025		
Type	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
Bonds	224,587	226,654	2,066
Stocks	1,188,275	2,855,398	1,667,123
Foreign securities	3,369,192	3,636,584	267,391
Foreign bonds	2,449,699	2,547,422	97,722
Other foreign securities	919,493	1,089,161	169,668
Other securities	111,361	161,962	50,601
Balance sheet amount does not exceed acquisition cost or amortized cost			
Negotiable certificates of deposit	359,000	358,799	(200)
Monetary claims bought	450,885	436,672	(14,213)
Bonds	2,044,098	1,589,193	(454,905)
Stocks	185,894	153,555	(32,338)
Foreign securities	3,899,260	3,500,111	(399,149)
Foreign bonds	2,964,744	2,706,975	(257,769)
Other foreign securities	934,516	793,136	(141,380)
Other securities	156,185	143,673	(12,512)
Total	12,006,749	13,080,871	1,074,121

As of March 31	Millions of Yen 2026			Millions of U.S. Dollars 2026		
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	**8,617**	**8,701**	**84**	**53**	**54**	**0**
Bonds	**46,805**	**47,833**	**1,027**	**292**	**299**	**6**
Stocks	**1,177,319**	**3,771,110**	**2,593,790**	**7,363**	**23,587**	**16,223**
Foreign securities	**4,125,157**	**4,585,544**	**460,387**	**25,801**	**28,681**	**2,879**
Foreign bonds	**2,827,201**	**3,048,198**	**220,997**	**17,683**	**19,065**	**1,382**
Other foreign securities	**1,297,956**	**1,537,346**	**239,390**	**8,118**	**9,615**	**1,497**
Other securities	**128,387**	**185,336**	**56,948**	**803**	**1,159**	**356**
Balance sheet amount does not exceed acquisition cost or amortized cost						
Negotiable certificates of deposit	**409,000**	**408,724**	**(275)**	**2,558**	**2,556**	**(1)**
Monetary claims bought	**471,920**	**451,202**	**(20,718)**	**2,951**	**2,822**	**(129)**
Bonds	**1,966,920**	**1,612,836**	**(354,083)**	**12,302**	**10,087**	**(2,214)**
Stocks	**89,562**	**65,631**	**(23,931)**	**560**	**410**	**(149)**
Foreign securities	**3,509,298**	**3,171,944**	**(337,354)**	**21,949**	**19,839**	**(2,110)**
Foreign bonds	**2,716,356**	**2,477,686**	**(238,669)**	**16,989**	**15,497**	**(1,492)**
Other foreign securities	**792,941**	**694,257**	**(98,684)**	**4,959**	**4,342**	**(617)**
Other securities	**91,818**	**87,313**	**(4,505)**	**574**	**546**	**(28)**
Total	**12,024,807**	**14,396,179**	**2,371,371**	**75,211**	**90,043**	**14,832**

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 2025	Millions of Yen 2026	Millions of U.S. Dollars 2026
	Balance sheet amount	Balance sheet amount	Balance sheet amount
Stocks with no market prices*1	¥1,274,412	**¥1,411,670**	**$8,829**
Investments in partnership*2	425,006	**535,468**	**3,349**

*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, 2025 and 2026.

As of March 31	Millions of Yen 2025			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Negotiable certificates of deposit	¥359,000	¥ —	¥ —	¥ —
Monetary claims bought	320,053	228	316	243,642
Securities	654,740	3,897,648	5,892,930	12,897,299
Held-to-maturity debt securities	311,895	88,700	594,300	820,461
Policy-reserve-matching bonds	240,628	2,704,079	3,331,967	7,719,784
Available-for-sale securities	102,216	1,104,869	1,966,662	4,357,054
Loans*	199,407	458,321	528,384	585,279
Corporate bonds*	—	—	—	297,030
Loans payable	—	—	—	120,000

As of March 31	Millions of Yen 2026				Millions of U.S. Dollars 2026			
	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	**¥409,000**	**¥ —**	**¥ —**	**¥ —**	**$2,558**	**$ —**	**$ —**	**$ —**
Monetary claims bought	**336,055**	**233**	**323**	**233,532**	**2,101**	**1**	**2**	**1,460**
Securities	**561,309**	**4,715,893**	**5,093,614**	**13,186,531**	**3,510**	**29,496**	**31,858**	**82,477**
Held-to-maturity debt securities	**43,600**	**170,800**	**750,503**	**939,038**	**272**	**1,068**	**4,694**	**5,873**
Policy-reserve-matching bonds	**420,592**	**3,220,613**	**2,391,838**	**7,790,699**	**2,630**	**20,143**	**14,960**	**48,728**
Available-for-sale securities	**97,116**	**1,324,480**	**1,951,273**	**4,456,793**	**607**	**8,284**	**12,204**	**27,875**
Loans*	**193,753**	**496,123**	**449,922**	**599,929**	**1,211**	**3,103**	**2,814**	**3,752**
Corporate bonds*	**—**	**—**	**—**	**474,790**	**—**	**—**	**—**	**2,969**
Loans payable	**—**	**—**	**—**	**120,000**	**—**	**—**	**—**	**750**

* 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

	Millions of Yen			
As of March 31				2025
	Fair value			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 358,799	¥ —	¥ 358,799
Monetary claims bought	—	319,935	135,001	454,936
Money held in trust	—	—	62,022	62,022
Securities	5,686,816	5,052,199	1,356,504	12,095,519
Trading securities	503,640	128,568	—	632,209
Available-for-sale securities	5,183,175	4,923,630	1,356,504	11,463,310
National government bonds	823,974	—	—	823,974
Local government bonds	—	29,026	—	29,026
Corporate bonds	—	962,847	—	962,847
Domestic stocks	3,008,954	—	—	3,008,954
Foreign securities	1,266,087	3,728,780	1,356,504	6,351,372
Foreign bonds	989,289	3,097,714	1,167,393	5,254,397
Other foreign securities	276,798	631,065	189,110	1,096,975
Other securities	84,159	202,976	—	287,135
Derivative transactions	619	68,584	8,670	77,875
Currency-related	—	65,632	4,563	70,195
Interest-rate-related	—	1,678	—	1,678
Stock-related	467	—	4,107	4,574
Other	151	1,274	—	1,426
Total Assets	5,687,435	5,799,519	1,562,199	13,049,154
Derivative transactions	2,143	181,270	—	183,414
Currency-related	—	116,618	—	116,618
Interest-rate-related	—	64,631	—	64,631
Stock-related	1,721	—	—	1,721
Other	422	20	—	442
Total Liabilities	2,143	181,270	—	183,414

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2026				2026			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	¥ —	¥ 408,724	¥ —	¥ 408,724	$ —	$ 2,556	$ —	$ 2,556
Monetary claims bought	—	335,766	124,137	459,904	—	2,100	776	2,876
Money held in trust	—	—	94,102	94,102	—	—	588	588
Securities	6,822,510	5,074,101	1,206,493	13,103,105	42,672	31,736	7,546	81,955
Trading securities	549,398	131,379	—	680,777	3,436	821	—	4,258
Available-for-sale securities	6,273,112	4,942,721	1,206,493	12,422,327	39,236	30,915	7,546	77,697
National government bonds	842,066	—	—	842,066	5,266	—	—	5,266
Local government bonds	—	6,571	—	6,571	—	41	—	41
Corporate bonds	—	812,031	—	812,031	—	5,079	—	5,079
Domestic stocks	3,836,536	205	—	3,836,741	23,996	1	—	23,997
Foreign securities	1,554,867	3,914,752	1,206,493	6,676,112	9,725	24,485	7,546	41,757
Foreign bonds	1,024,595	3,497,000	1,004,288	5,525,884	6,408	21,872	6,281	34,562
Other foreign securities	530,271	417,751	202,204	1,150,227	3,316	2,612	1,264	7,194
Other securities	39,642	209,161	—	248,804	247	1,308	—	1,556
Derivative transactions	347	42,293	—	42,641	2	264	—	266
Currency-related	—	32,743	—	32,743	—	204	—	204
Interest-rate-related	—	1,678	—	1,678	—	10	—	10
Stock-related	347	—	—	347	2	—	—	2
Other	—	7,872	—	7,872	—	49	—	49
Total Assets	6,822,858	5,860,886	1,424,733	14,108,478	42,674	36,658	8,911	88,244
Derivative transactions	1,544	462,577	—	464,121	9	2,893	—	2,902
Currency-related	—	344,516	—	344,516	—	2,154	—	2,154
Interest-rate-related	—	117,935	—	117,935	—	737	—	737
Stock-related	579	—	—	579	3	—	—	3
Other	964	125	—	1,090	6	0	—	6
Total Liabilities	1,544	462,577	—	464,121	9	2,893	—	2,902

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 ¥803,823 million and ¥1,105,222 million (U.S. $6,912 million) as of March 31, 2025 and 2026.

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
	2025	2026	2026
	Net asset value of investment trusts		
Beginning balance	¥590,444	¥ 803,823	$5,027
Gains (losses) for the period/ other comprehensive income	9,841	85,954	537
Recorded to gains (losses) for the period *1	(1,972)	29,470	184
Recorded to other comprehensive income	11,813	56,484	353
Net amount of purchase, sale, issuance and settlement, etc.	203,538	215,443	1,347
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	803,823	1,105,222	6,912
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 ¥566,225 million and ¥779,061 million (U.S. $4,872 million) as of March 31, 2025 and 2026.

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			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ —	¥ 88,891	¥ 88,891
Securities	9,477,281	5,047,424	1,999	14,526,704
Held-to-maturity debt securities	79,825	1,778,845	—	1,858,670
National government bonds	79,825	—	—	79,825
Corporate bonds	—	147,136	—	147,136
Foreign securities	—	1,631,708	—	1,631,708
Foreign bonds	—	1,631,708	—	1,631,708
Policy-reserve-matching bonds	9,396,663	3,217,519	1,999	12,616,182
National government bonds	9,396,663	—	—	9,396,663
Local government bonds	—	113,546	—	113,546
Corporate bonds	—	1,403,511	—	1,403,511
Foreign securities	—	1,700,461	1,999	1,702,460
Foreign bonds	—	1,700,461	1,999	1,702,460
Investments in subsidiaries and affiliated companies	792	51,059	—	51,851
Loans	—	15,333	1,929,752	1,945,086
Total Assets	9,477,281	5,062,758	2,020,643	16,560,682
Corporate Bonds	—	426,463	—	426,463
Loans payables	—	213,723	—	213,723
Total Liabilities	—	640,186	—	640,186

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2026				2026			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	**¥ —**	**¥ —**	**¥ 80,294**	**¥ 80,294**	**$ —**	**$ —**	**$ 502**	**$ 502**
Securities	**8,391,812**	**4,943,434**	**—**	**13,335,247**	**52,488**	**30,919**	**—**	**83,407**
Held-to-maturity debt securities	**76,840**	**1,749,922**	**—**	**1,826,762**	**480**	**10,945**	**—**	**11,425**
National government bonds	**76,840**	**—**	**—**	**76,840**	**480**	**—**	**—**	**480**
Corporate bonds	**—**	**180,899**	**—**	**180,899**	**—**	**1,131**	**—**	**1,131**
Foreign securities	**—**	**1,569,022**	**—**	**1,569,022**	**—**	**9,813**	**—**	**9,813**
Foreign bonds	**—**	**1,569,022**	**—**	**1,569,022**	**—**	**9,813**	**—**	**9,813**
Policy-reserve-matching bonds	**8,314,350**	**3,111,405**	**—**	**11,425,755**	**52,003**	**19,460**	**—**	**71,464**
National government bonds	**8,314,350**	**—**	**—**	**8,314,350**	**52,003**	**—**	**—**	**52,003**
Local government bonds	**—**	**104,208**	**—**	**104,208**	**—**	**651**	**—**	**651**
Corporate bonds	**—**	**1,143,723**	**—**	**1,143,723**	**—**	**7,153**	**—**	**7,153**
Foreign securities	**—**	**1,863,473**	**—**	**1,863,473**	**—**	**11,655**	**—**	**11,655**
Foreign bonds	**—**	**1,863,473**	**—**	**1,863,473**	**—**	**11,655**	**—**	**11,655**
Investments in subsidiaries and affiliated companies	**622**	**82,107**	**—**	**82,729**	**3**	**513**	**—**	**517**
Loans	**—**	**17,321**	**1,844,089**	**1,861,410**	**—**	**108**	**11,534**	**11,642**
Total Assets	**8,391,812**	**4,960,756**	**1,924,383**	**15,276,952**	**52,488**	**31,027**	**12,036**	**95,552**
Corporate Bonds	**—**	**577,966**	**—**	**577,966**	**—**	**3,615**	**—**	**3,615**
Loans payables	**—**	**211,184**	**—**	**211,184**	**—**	**1,320**	**—**	**1,320**
Total Liabilities	**—**	**789,150**	**—**	**789,150**	**—**	**4,935**	**—**	**4,935**

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 Loans 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, 2025 and 2026

As of March 31	Millions of Yen				
	2025				
	Monetary claims bought	Money held in trust	Securities	Derivative transactions [*3]	Total
Beginning balance	¥141,323	¥24,345	¥1,418,287	¥ (728)	¥1,583,227
Gains (losses) for the period/ other comprehensive income	(4,219)	480	(31,927)	(7,988)	(43,655)
Recorded to gains (losses) for the period [*1]	0	480	(5,769)	(7,988)	(13,278)
Recorded to other comprehensive income	(4,219)	—	(26,157)	—	(30,377)
Net amount of purchase, sale, issuance and settlement, etc.	(2,102)	37,197	(29,855)	17,387	22,626
Transfer to Level 3	—	—	—	—	—
Transfer from Level 3	—	—	—	—	—
Ending balance	135,001	62,022	1,356,504	8,670	1,562,199
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)

As of March 31	Millions of Yen					Millions of U.S. Dollars				
	2026					2026				
	Monetary claims bought	Money held in trust	Securities	Derivative transactions *3	Total	Monetary claims bought	Money held in trust	Securities	Derivative transactions *3	Total
Beginning balance	¥135,001	¥62,022	¥1,356,504	¥ 8,670	¥1,562,199	$844	$387	$8,484	$ 54	$9,771
Gains (losses) for the period/ other comprehensive income	(6,674)	1,158	53,366	(10,601)	37,250	(41)	7	333	(66)	232
Recorded to gains (losses) for the period *1	0	1,158	86,741	(10,601)	77,299	0	7	542	(66)	483
Recorded to other comprehensive income	(6,674)	—	(33,374)	—	(40,049)	(41)	—	(208)	—	(250)
Net amount of purchase, sale, issuance and settlement, etc.	(4,189)	30,921	(232,448)	1,930	(203,785)	(26)	193	(1,453)	12	(1,274)
Transfer to Level 3 *2	—	—	29,069	—	29,069	—	—	181	—	181
Transfer from Level 3	—	—	—	—	—	—	—	—	—	—
Ending balance	124,137	94,102	1,206,493	—	1,424,733	776	588	7,546	—	8,911
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	—	—	—	(7,521)	(7,521)	—	—	—	(47)	(47)

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

*2 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.

*3 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 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

No ending balances as of March 31, 2025 and 2026.

b) Hedge accounting applied

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen 2025 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)
	Receipts floating, payments fixed	Loans	112,140	112,140	15,137
Deferred hedge method	Interest rate swaps				
	Receipts fixed, payments floating	Loans	5,500	5,000	(145)
	Receipts fixed, payments floating	Insurance Liabilities	375,000	375,000	(62,636)
Total					(47,668)

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen 2026 Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Millions of U.S. Dollars 2026 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**	**¥ (42)**	**$ 4**	**$ 4**	**$ 0**
	Receipts floating, payments fixed	Loans	**119,910**	**119,910**	**12,712**	**750**	**750**	**79**
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	**5,000**	**5,000**	**(343)**	**31**	**31**	**(2)**
	Receipts fixed, payments floating	Insurance Liabilities	**375,000**	**375,000**	**(115,913)**	**2,345**	**2,345**	**(725)**
Total					**(103,587)**			**(647)**

*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			
	2025			
Type	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)
(U.S. dollar)	1,109,847	118,597	(30,244)	(30,244)
(Euro)	84,023	—	(783)	(783)
(Australian dollar)	67,967	—	1,260	1,260
Bought	991,146	125,599	1,752	1,752
(U.S. dollar)	884,161	125,599	1,962	1,962
(Euro)	57,628	—	781	781
(Australian dollar)	49,355	—	(991)	(991)
Currency options				
Sold				
Call	—	—	—	—
(U.S. dollar)	—	—	—	—
Put	—	—	—	—
(U.S. dollar)	—	—	—	—
Bought				
Put	797,500 [7,385]	260,000	4,563	(2,822)
(U.S. dollar)	760,000 [5,492]	260,000	3,283	(2,208)
(Peso mexicano)	37,500 [1,893]	—	1,279	(614)
Currency swaps	5,156	5,156	(2,353)	(2,353)
(U.S. dollar)	5,156	5,156	(2,353)	(2,353)
Total				(33,185)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2026				2026			
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	**¥809,256**	**¥ —**	**¥(68,963)**	**¥(68,963)**	**$5,061**	**$—**	**$(431)**	**$(431)**
(U.S. dollar)	**674,746**	**—**	**(63,360)**	**(63,360)**	**4,220**	**—**	**(396)**	**(396)**
(Euro)	**59,031**	**—**	**(617)**	**(617)**	**369**	**—**	**(3)**	**(3)**
(Australian dollar)	**53,275**	**—**	**(5,177)**	**(5,177)**	**333**	**—**	**(32)**	**(32)**
Bought	**535,959**	**—**	**29,476**	**29,476**	**3,352**	**—**	**184**	**184**
(U.S. dollar)	**477,911**	**—**	**29,773**	**29,773**	**2,989**	**—**	**186**	**186**
(Euro)	**19,774**	**—**	**9**	**9**	**123**	**—**	**0**	**0**
(Australian dollar)	**36,842**	**—**	**(295)**	**(295)**	**230**	**—**	**(1)**	**(1)**
Currency options								
Sold								
Call	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
(U.S. dollar)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Put	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
(U.S. dollar)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Bought								
Put	**292,500** [3,786]	**—**	**—**	**(3,786)**	**1,829** [23]	**—**	**—**	**(23)**
(U.S. dollar)	**260,000** [2,908]	**—**	**—**	**(2,908)**	**1,626** [18]	**—**	**—**	**(18)**
(Peso mexicano)	**32,500** [877]	**—**	**—**	**(877)**	**203** [5]	**—**	**—**	**(5)**
Currency swaps	**5,156**	**5,156**	**(2,950)**	**(2,950)**	**32**	**32**	**(18)**	**(18)**
(U.S. dollar)	**5,156**	**5,156**	**(2,950)**	**(2,950)**	**32**	**32**	**(18)**	**(18)**
Total				**(46,223)**				**(289)**

*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		
			2025		
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		¥4,017,144	¥523,723	¥ (7,387)
	(U.S. dollar)		3,165,243	523,723	(1,957)
	(Euro)		678,941	—	(7,453)
	(Australian dollar)		148,649	—	3,009
Allocation method	Currency swaps	Foreign-currency-denominated assets	199,346	162,975	(56,727)
	(U.S. dollar)		199,346	162,975	(56,727)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	397,695	397,695	96,442
	(U.S. dollar)		397,695	397,695	96,442
Deferred hedge method	Currency swaps	Foreign-currency-denominated assets	35,351	26,328	(13,235)
	(U.S. dollar)		35,351	26,328	(13,235)
	(Euro)		—	—	—
Total					19,092

As of March 31			Millions of Yen			Millions of U.S. Dollars		
			2026			2026		
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		**¥3,878,690**	**¥741,484**	**¥(256,347)**	**$24,260**	**$4,637**	**$(1,603)**
	(U.S. dollar)		**2,551,414**	**741,484**	**(192,405)**	**15,958**	**4,637**	**(1,203)**
	(Euro)		**1,063,959**	**—**	**(31,080)**	**6,654**	**—**	**(194)**
	(Australian dollar)		**250,200**	**—**	**(32,250)**	**1,564**	**—**	**(201)**
Allocation method	Currency swaps	Foreign-currency-denominated assets	**512,537**	**512,537**	**(115,642)**	**3,205**	**3,205**	**(723)**
	(U.S. dollar)		**512,537**	**512,537**	**(115,642)**	**3,205**	**3,205**	**(723)**
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	**575,455**	**575,455**	**169,545**	**3,599**	**3,599**	**1,060**
	(U.S. dollar)		**575,455**	**575,455**	**169,545**	**3,599**	**3,599**	**1,060**
Deferred hedge method	Currency swaps	Foreign-currency-denominated assets	**26,328**	**11,025**	**(12,987)**	**164**	**68**	**(81)**
	(U.S. dollar)		**26,328**	**11,025**	**(12,987)**	**164**	**68**	**(81)**
	(Euro)		**—**	**—**	**—**	**—**	**—**	**—**
Total					**(215,432)**			**(1,347)**

*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			
		2025			
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	¥ 7,082	¥ —	¥ (24)	¥ (24)
	Bought	100,255	—	(1,228)	(1,228)
Over-the counter transactions	Stock index options				
	Sold				
	Call	—	—		
				—	—
	Bought				
	Put	599,988	200,000		
		[6,765]		4,107	(2,658)
Total					(3,912)

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2026				2026			
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	**¥ 9,423**	**¥ —**	**¥ 347**	**¥ 347**	**$ 58**	**$ —**	**$ 2**	**$ 2**
	Bought	**27,365**	**—**	**(579)**	**(579)**	**171**	**—**	**(3)**	**(3)**
Over-the counter transactions	Stock index options								
	Sold								
	Call	**—**	**—**			**—**	**—**		
				—	**—**			**—**	**—**
	Bought								
	Put	**200,000**	**—**			**1,250**	**—**		
		[3,735]		**—**	**(3,735)**	**[23]**		**—**	**(23)**
Total					**(3,966)**				**(24)**

*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, 2025 and 2026.

4) Bond-related
a) Hedge accounting not applied

As of March 31		Millions of Yen 2025			
Classification	Type	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)
Total					(270)

As of March 31		Millions of Yen 2026				Millions of U.S. Dollars 2026			
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	**55,217**	**—**	**(964)**	**(964)**	**345**	**—**	**(6)**	**(6)**
Total					**(964)**				**(6)**

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

b) Hedge accounting applied
No ending balances as of March 31, 2025 and 2026.

5) Other
a) Hedge accounting not applied

As of March 31		Millions of Yen 2025			
Classification	Type	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
	Bought				
	Call	251,465	—		
		[5,603]		1,274	(4,328)
Total					(4,232)

As of March 31		Millions of Yen 2026				Millions of U.S. Dollars 2026			
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	**¥ 57,943**	**¥ —**			**$ 362**	**$ —**		
		[91]		**¥ 125**	**¥ (34)**	**[0]**		**$ 0**	**$ 0**
	Bought								
	Call	**263,990**	**—**			**1,651**	**—**		
		[5,424]		**7,872**	**2,447**	**[33]**		**49**	**15**
Total					**2,413**				**15**

*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, 2025 and 2026.

Note 4 Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥482,695 million and ¥476,372 million (U.S. $2,979 million), and their fair values were ¥647,627 million and ¥661,966 million (U.S. $4,140 million) as of March 31, 2025 and 2026, respectively. The Company owns office buildings and land in Tokyo and other areas, with 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 ¥1,453 million and ¥1,077 million (U.S. $6 million) as of March 31, 2025 and 2026, respectively.

Note 5 Securities Lending

Securities loaned under securities lending agreements amounted to ¥4,717,355 million and ¥5,198,768 million (U.S. $32,516 million) as of March 31, 2025 and 2026, respectively.

Note 6 Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥421,005 million and ¥417,474 million (U.S. $2,611 million) as of March 31, 2025 and 2026, respectively.

Note 7 Deduction from the original acquisition cost of qualified properties

The Company's total amounts deducted from the original acquisition cost of the qualified properties were nil and ¥2,826 million (U.S. $17 million) as of March 31, 2025 and 2026, respectively.

Note 8 Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥847,107 million and ¥912,272 million (U.S. $5,705 million) as of March 31, 2025 and 2026, 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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Monetary receivable	¥184,354	**¥194,943**	**$1,219**
Monetary payable	7,182	**6,930**	**43**

Note 10 Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
At the beginning of the fiscal year	¥213,538	**¥211,078**	**$1,320**
Transfer from surplus in the previous fiscal year	58,355	**65,282**	**408**
Dividend payments to policyholders during the fiscal year	(61,018)	**(61,601)**	**(385)**
Interest accrued during the fiscal year	203	**597**	**3**
At the end of the fiscal year	¥211,078	**¥215,356**	**$1,346**

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 ¥770,174 million and ¥1,680,017 million (U.S. $10,507 million) as of March 31, 2025 and 2026, respectively.

Note 12 Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2025 and 2026 were primarily as follows:

	2025	2026
Method of attributing benefits to period of service	Benefit formula basis	**Benefit formula basis**
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years	**8 years**
Amortization period for past service costs	—	—

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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
At the beginning of the fiscal year	¥300,669	**¥256,519**	**$1,604**
Service costs	12,526	**9,955**	**62**
Interest costs on projected benefit obligations	1,728	**5,594**	**34**
Actuarial losses (gains)	(41,295)	**6,432**	**40**
Benefits paid	(17,109)	**(17,954)**	**(112)**
At the end of the fiscal year	¥256,519	**¥260,548**	**$1,629**

b) Changes in the plan assets for the fiscal years ended March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
At the beginning of the fiscal year	¥407,078	**¥437,544**	**$2,736**
Expected return on plan assets	2,491	**4,058**	**25**
Actuarial gains (losses)	30,761	**132,201**	**826**
Contribution by employer	5,587	**5,690**	**35**
Benefits paid	(8,374)	**(8,982)**	**(56)**
At the end of the fiscal year	¥437,544	**¥570,512**	**$3,568**

c) The amounts of the defined benefit liabilities and the defined benefit assets in the non-consolidated balance sheet as of March 31, 2025 and 2026 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Present value of funded obligations	¥ 256,519	**¥ 260,548**	**$ 1,629**
Plan assets at fair value	(437,544)	**(570,512)**	**(3,568)**
Net present value of funded obligations	(181,024)	**(309,963)**	**(1,938)**
Unrecognized actuarial gains (losses)	139,280	**247,620**	**1,548**
Net value on the balance sheet	(41,743)	**(62,343)**	**(389)**
Prepaid pension cost	(41,743)	**(62,343)**	**(389)**
Net value on the balance sheet	¥ (41,743)	**¥ (62,343)**	**$ (389)**

d) The amounts recognized in retirement benefit expenses in the non-consolidated statement of income for the fiscal years ended March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Service costs	¥ 12,526	**¥ 9,955**	**$ 62**
Interest costs on projected benefit obligations	1,728	**5,594**	**34**
Expected return on plan assets	(2,491)	**(4,058)**	**(25)**
Amortization of net actuarial losses (gains)	(10,704)	**(17,430)**	**(109)**
Amortization of net past service costs	—	**—**	**—**
Retirement benefit expenses	¥ 1,058	**¥ (5,937)**	**$(37)**

e) The plan assets

The plan assets as of March 31, 2025 and 2026 were comprised as follows:

	% of total fair value of plan assets	
	2025	2026
Equity securities	52	**63**
General accounts of life insurance companies	26	**20**
Debt securities	4	**4**
Investment trusts	4	**4**
Others	14	**9**
Total	100	**100**

60% and 68% of the plan assets were the retirement benefit trusts as of March 31, 2025 and 2026, 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, 2025 and 2026 were as follows:

	2025	2026
Discount rate	2.181%	**2.181%**
Expected long-term rates of return on the plan assets		
Defined benefit pension plans	1.4%	**2.3%**
Retirement benefit trusts	0.0%	**0.0%**

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥1,373 million and ¥1,412 million (U.S. $8 million) for the fiscal years ended March 31, 2025 and 2026, 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.

Note 15 Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥4,489,493 million and ¥4,326,767 million (U.S. $27,062 million) as of March 31, 2025 and 2026, respectively.

Note 16 Equity Investments in Subsidiaries

Total amounts of equity investments in subsidiaries were ¥1,362,561 million and ¥1,521,890 million (U.S. $9,518 million) as of March 31, 2025 and 2026, 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 ¥4,065 million and ¥3,615 million (U.S. $22 million) as of March 31, 2025 and 2026, respectively. The details are as follows:

The amounts of claims against bankrupt or de facto bankrupt borrowers were nil and nil, and doubtful claims were ¥665 million and ¥461 million (U.S. $2 million) as of March 31, 2025 and 2026, respectively.

The amounts of claims deemed uncollectible and directly deducted from the claims in the non-consolidated balance sheet were ¥13 million and ¥12 million (U.S. $0 million) as of March 31, 2025 and 2026, 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 and nil as of March 31, 2025 and 2026, 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 and nil as of March 31, 2025 and 2026, 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 ¥3,399 million and ¥3,153 million (U.S. $19 million) as of March 31, 2025 and 2026, 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 ¥5,791 million and ¥4,844 million (U.S. $30 million) as of March 31, 2025 and 2026, 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 ¥17 million and ¥20 million (U.S. $0 million) as of March 31, 2025 and 2026, 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 ¥202,199 million and ¥634,061 million (U.S. $3,965 million) as of March 31, 2025 and 2026, respectively.

Note 20

Investment Income and Expenses

Major components of gains on sales of securities for the fiscal years ended March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Domestic bonds including national government bonds	¥ 18,338	**¥ 3,180**	**$ 19**
Domestic stocks	65,358	**290,214**	**1,815**
Foreign securities	186,533	**41,073**	**256**

Major components of losses on sales of securities for the fiscal years ended March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Domestic bonds including national government bonds	¥ 61,728	**¥371,986**	**$2,326**
Domestic stocks	16,930	**11,475**	**71**
Foreign securities	173,452	**46,233**	**289**

Major components of losses on valuation of securities for the fiscal years ended March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Domestic bonds including national government bonds	¥ —	**¥22,322**	**$139**
Domestic stocks	1,406	**3,200**	**20**
Foreign securities	4,564	**—**	**—**

Gains or losses on derivative financial instruments, net, included net valuation gains of ¥90,068 million, and gains of ¥26,001 million (U.S. $162 million) for the fiscal years ended March 31, 2025 and 2026, respectively.

Gains or losses on money held in trust, net, did not include net valuation gains or losses for the fiscal years ended March 31, 2025 and 2026, 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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ (3)	**¥ (3)**	**$ (0)**
Provision for (reversal of) reinsurance recoverable on policy reserves	67,879	**431,862**	**2,701**

Note 22

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, 2025 and 2026, 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, 2025 and 2026

		Millions of Yen		Millions of U.S. Dollars
Asset Group	Asset Category	2025	2026	2026
Real estates held for investment, etc.	Land and buildings, etc.	¥ —	**¥ 57**	**$0**
Idle assets, etc.	Land and buildings, etc.	10,784	**609**	**3**
Total		¥10,784	**¥667**	**$4**

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 some consolidated subsidiaries in Japan, which adopt the Group Tax Sharing System, process and disclose 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, 2025 and 2026 were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Deferred tax assets	¥ 770,723	**¥ 858,909**	**$ 5,372**
Valuation allowance for deferred tax assets	(22,763)	**(23,442)**	**(146)**
Subtotal	747,960	**835,466**	**5,225**
Deferred tax liabilities	(391,620)	**(742,685)**	**(4,645)**
Net deferred tax assets (liabilities)	356,340	**92,781**	**580**

Major components of deferred tax assets/liabilities as of March 31, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Deferred tax assets:			
Policy reserves and other reserves	¥371,401	**¥373,984**	**$2,339**
Reserve for price fluctuation	268,591	**264,904**	**1,656**
Accrued retirement benefits	21,407	**15,588**	**97**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	308,657	**646,919**	**4,046**

2) The statutory effective income tax rates were 27.96% and 27.96% for the fiscal years ended March 31, 2025 and 2026, 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 was 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 ¥10,666 million (U.S. $66 million) and income taxes – deferred and net unrealized gains on available-for-sale securities decreased by ¥19,816 million (U.S. $123 million) and ¥9,832 million (U.S. $61 million), respectively.

The actual effective income tax rates were (41.6)% and (4.6)% for the fiscal years ended March 31, 2025 and 2026, respectively. Major components of the differences from the statutory effective income tax rates for the fiscal years ended March 31, 2025 and 2026 were as follows:

	2025	2026
Policyholders' dividend reserves	(30.0)%	**(24.2)%**
Effects of changes in the statutory income tax rate	(32.6)%	**(3.2)%**
Exclusion of dividends from foreign subsidiaries	—	**(2.5)%**
Reversal of land revaluation differences	(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, 2025 and 2026 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2025	2026	2026
Total income	¥19,688	**¥20,646**	**$129**
Total expenses	22,143	**22,721**	**142**

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 ¥921 million and ¥31 million (U.S. $0 million), and none of the securities was pledged as collateral as of March 31, 2025 and 2026, respectively.

Note 28 Subsequent Events

On June 29, 2026, the Company plans to redeem subordinated corporate bonds of ¥30,000 million (U.S. $187 million) before the repayment due date, the repayment of which is subordinated to other obligations.

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, 2025 and 2026, 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, 2025 and 2026, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 audit of the financial statements of public interest entities 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.
- 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.

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

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, 2026 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, 2026

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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