

Empowering your future



ANNUAL REPORT 2021



in Numbers

(As of March 31, 2021)

Sumitomo Life is one of the world's leading life insurance companies with more than 100 years of history and a strong financial base.

Overview

Years Since Foundation:

114 years

Number of Sales Representatives*¹:

34,799

Overview of Policies

Annualized Premiums from Policies in Force*²

\$25.3 billion

Annualized Premiums from New Policies*²

\$1.7 billion

Status of Profit

Core Business Profit*³

\$3.2 billion

Total Assets*⁴

\$371.1 billion

Embedded Value*²

\$40.5 billion

Solvency Margin Ratio*⁴

862.5%

*1 Sumitomo Life

*2 Total of Sumitomo Life, Medicare Life and Symetra

*3 Core business profit of the Group. Calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, Aviva Singlife Holdings and PICC Life attributable to Sumitomo Life's equity stake in each company, with adjustments made to some internal transactions.

*4 On consolidated basis

Note: US\$1.00 = ¥110.71, as of March 31, 2021.

SUMITOMO LIFE to Present

Based on the aspiration to create an “ideal life insurance company,” Sumitomo Life was established in May 1907 under the name of Hinode Life Insurance Co., Ltd.

While the Company changed its name to Sumitomo Life Insurance Co., Ltd. in 1926, the aspiration to become an ideal company has been continuously passed on under Sumitomo’s spirit of pursuing social and national benefits in its business, and the Company has now grown to be one of the world’s largest life insurance companies after 114 years of its establishment.

1907 May

Incorporated as Hinode Life Insurance Co., Ltd.

1926 May

Name changed to Sumitomo Life Insurance Co., Ltd., following the acquisition of Hinode Life Insurance Co., Ltd. by Sumitomo Goshi (joint-stock) Company in 1925.

1948 March

All assets and liabilities were transferred to Kokumin Life Insurance Co. after the General Headquarters dismantled large Japanese conglomerates including “Sumitomo.”

1952 June

Name changed to Sumitomo Life Insurance Company.

1972 August

Established New York Representative Office.



1900-1980

1980-2010

1991 April

Established Beijing Representative Office.

1999 April

Launched nursing care coverage product.

2002 October

Launched saving type products through banks, etc.

2005 November

Established PICC Life Insurance Co., Ltd., with The People’s Insurance Company (Group) of China Limited.

2007 May

100th anniversary of foundation.

2015 July

Transitioned to a Company with Committees.

September

Launched "1-UP," a work disability income insurance.

2016 February

Acquired full ownership of Symetra Financial Corporation (U.S.).

July

Started a new project, the "Japan Vitality Project."

2017 April

Started business alliance with NN Life Insurance Company, the Japanese subsidiary of NN Group N.V., an insurance group based in the Netherlands.

2018 April

Established Sumitomo Life Digital Innovation Labs (Tokyo / U.S.).

July

Launched SUMITOMO LIFE Vitality Shared-Value Insurance.

October

Reached basic agreement on business alliance with AXA Life Insurance Co., Ltd.

2019 January

Started business alliance with Sony Life Insurance Co., Ltd.

June

Invested in Singapore Life Pte. Ltd. (Singlife).

August

Acquired AIARU Small Amount & Short Term Insurance Co., LTD. as a subsidiary.

2020 November

Established CVC fund, SUMISEI INNOVATION FUND.

Made additional investment in Singlife in connection with its business combination with Aviva Ltd. and transition to a holding company. Sumitomo Life's equity interests in Singlife were exchanged for those of Aviva Singlife Holdings Pte. Ltd.

2015-2020

2010-2015

2010 April

Established Medicare Life Insurance Co., Ltd. as a life insurance subsidiary.

2011 December

Established Hanoi (Vietnam) Representative Office.

2012 December

Formed strategic business alliance with Baoviet Holdings (Vietnam).

2013 December

Formed strategic business alliance with PT Bank Negara Indonesia (Persero) Tbk and PT BNI Life Insurance.

2021-

2021 March

Launched Cancer PLUS ALIVE, a new product for the "era of living with cancer."

TO BE AN “INDISPENSABLE”

Insurance Company for Society under the new normal



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Be Trusted by Society





Contribute to Society



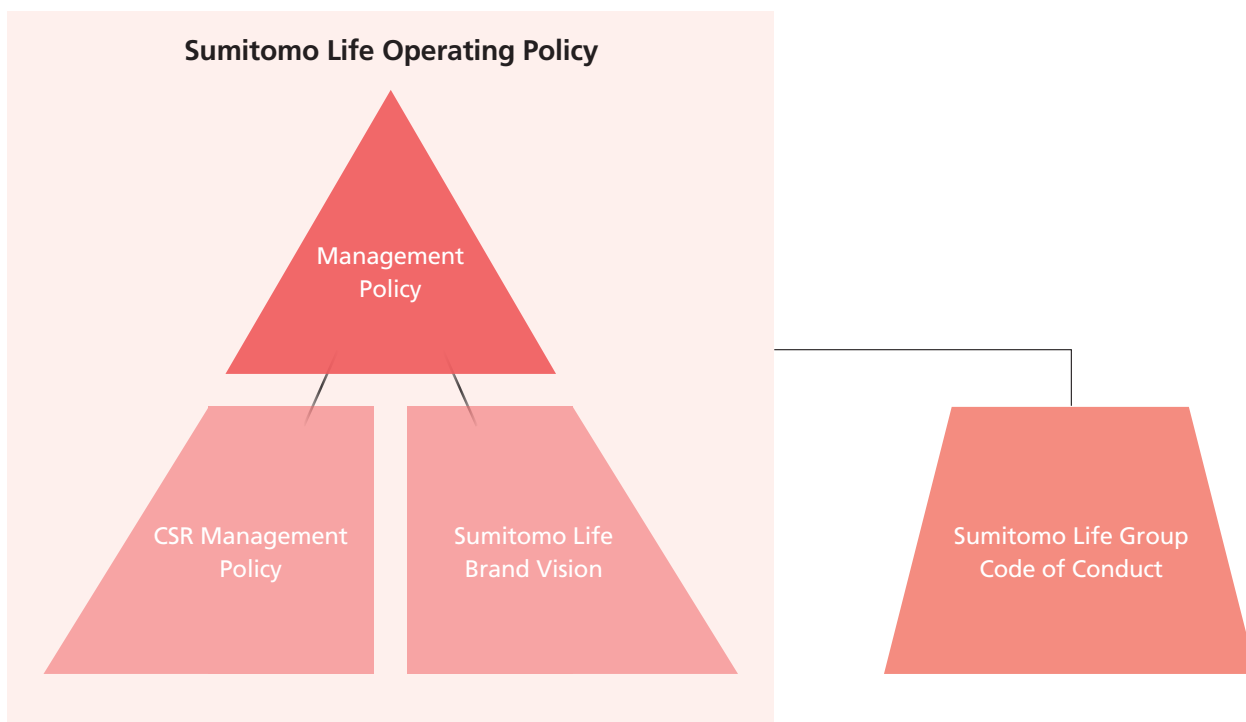
Adapt to Social Change



Our Mission, Vision and Values

The operating policy of the Company sets the “Management Policy,” which is our corporate philosophy, as the apex. The “CSR Management Policy” states the Company’s universal mission stated in the Management Policy reorganized from the CSR perspective, and the “Sumitomo Life Brand Vision” states the “Image of the Company from customer’s perspective” that we aim to become in the medium- to long-term.

The “Sumitomo Life Group Code of Conduct” has been established as a set of guidelines for executives and employees of Sumitomo Life and each Group company.



Management Policy

Management Policy

1. Based upon the concepts of coexistence, co-prosperity and mutual support, we strive to strengthen and expand our business, while contributing to the advancement of social and public welfare.
2. Creditworthiness and steadiness will be the foundation for the execution of our business.
3. We will always remain composed in judgment and retain a progressive and indomitable spirit, responding to changes in our environment and keeping abreast of the times.

CSR Management Policy

Sumitomo Life has established the “CSR Management Policy” as one of its management policies, and promotes CSR management. Against this backdrop, in view of global trends such as the SDGs, which were put forward by the United Nations and are pursued by both the public and private sectors in Japan, items that are important in the promotion of CSR management (key items of CSR) were summarized as follows.

CSR Management Policy

Through the sound operation and development of the insurance business, Sumitomo Life will contribute to the realization of a society of affluence, vitality and longevity.

Under this philosophy, through conducting honest business operations and a sound financial base, we aim to become the most trusted and supported company by our stakeholders including our customers, and to grow sustainably and stably.

To our customers

With the trust from our customers as the starting point of all our activities, we will provide optimal life security services to each and every person through the sound management of the insurance business.

To our business partners

We will earn the trust and support of our business partners, and fulfill our social responsibility together with them.

To our employees

We will work on creating a company where each and every employee can continuously work with pride, confidence and enthusiasm.

We will value a free and open corporate culture, where employees are filled with the spirit of challenging spirits.

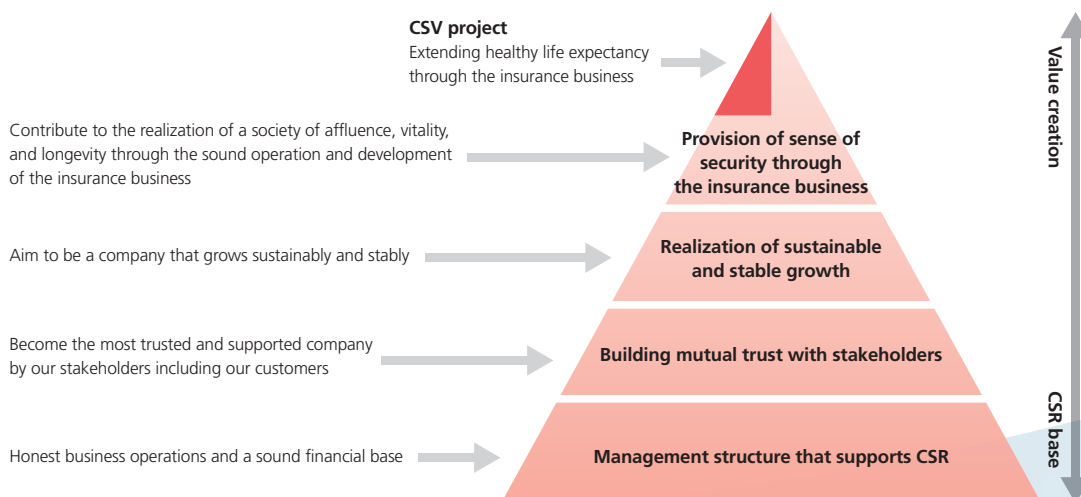
To society

We recognize our role and responsibility as a member of society, and will contribute to the creation of a healthy and enriched society, as well as the development of regional societies and the international society.

To the global environment

To support healthy lifestyles, we will constantly consider the impact of our business activities on the global environment and actively work on protecting it.

Key Items of CSR

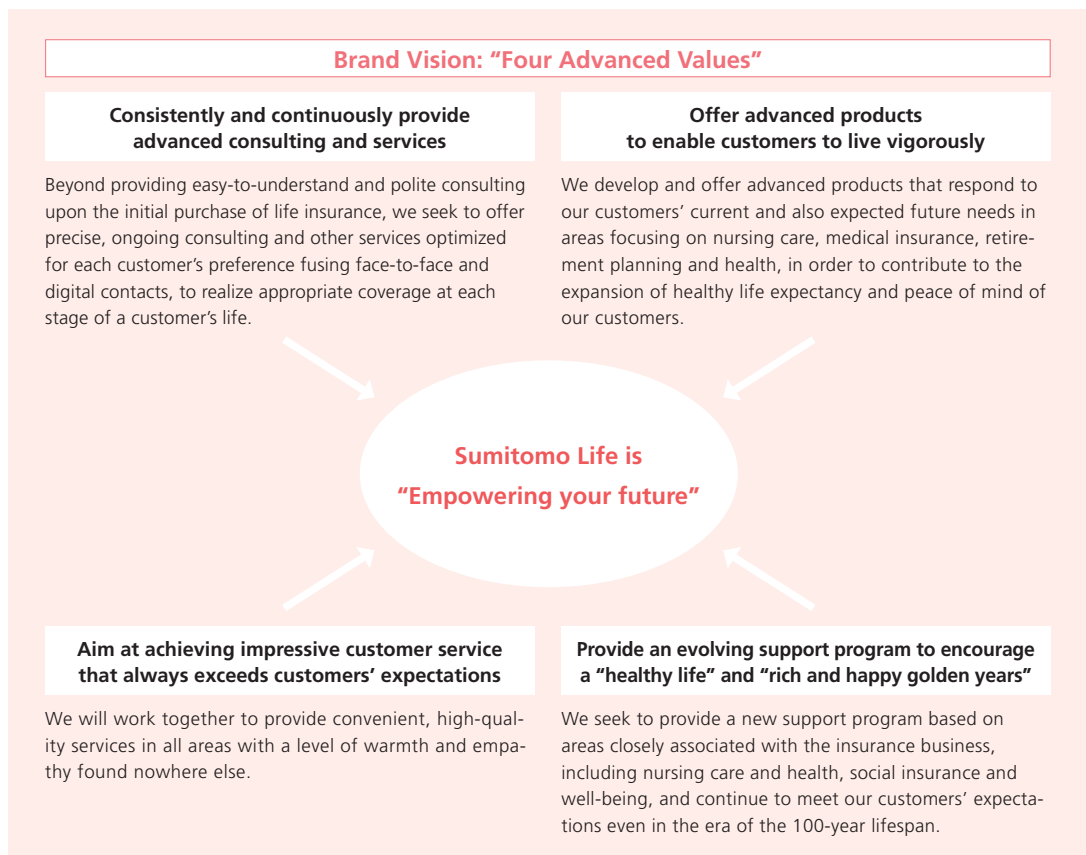


Brand vision

As Sumitomo Life's brand vision, we have declared the achievement of "Four Advanced Values" as our goal to empower the future of our customers.

By providing these values to each of our customers through the ongoing efforts of all of our executives and employees, we hope to distinguish the uniqueness and prominence of our services. We are sure that by continuing to provide these values we will be able to increase the loyalty of our customers.

With the brand message "empowering your future," which conveys the commitment to our customers in our brand vision, we hope to help protect and support our customers and their families by directly addressing their concerns as they plan for and move beyond life's challenges. We will do our utmost to fulfill this role, which, we believe, should form the basis of all life insurance businesses.



Sumitomo Life Group Code of Conduct

The Company has formulated the "Sumitomo Life Group Code of Conduct" as a set of guidelines, in order to ensure that each and every executive or employee of Sumitomo Life and each Group company will put the operating policy into practice through their actions.

Through the sound operation and development of the insurance business and related businesses, Sumitomo Life Group (Sumitomo Life and its subsidiaries) will contribute to the realization of a society of affluence, vitality and longevity.

Under this philosophy, the "Sumitomo Life Group Code of Conduct" has been formulated as a set of guidelines for Sumitomo Life Group companies and its executives and employees to follow in highly ethical manner.

Though the practice of this guideline, we aim to become the most trusted and supported company by our customers and society, and to grow sustainably and stably.

1. Basic stance

- a. With our customers' trust in us as the starting point of all our activities, we will provide optimal services to each and every person through the sound operation of the insurance business and related businesses. We will provide accurate and easy-to-understand explanations of the contents of insurance contracts and other important matters.
- b. We will earn the trust and support of our business partners, such as agents, and fulfill our social responsibility together with them.
- c. We will work to create a company where each and every employee can continuously work with pride, confidence and enthusiasm and will value a free and open corporate culture, where employees readily embrace challenges.
- d. We recognize our role and responsibility as a member of society, and will contribute to the creation of a healthy and enriched society, as well as the development of regional societies and international society.
- e. To support healthy lifestyles, we will constantly consider the impact of our business activities on the global environment and actively work to protect it.

2. Soundness and transparency of management

Mindful of the changing social environment, we will vigorously reflect the voice of the customer and views and opinions of internal and external parties in our business activities and appropriately disclose corporate information in an effort to enhance soundness and transparency of management.

3. Compliance and risk management

- a. We will conduct fair and honest business activities in compliance with laws and regulations and internal rules as well as in light of social norms.
- b. If it comes to our knowledge that an act violating laws and regulations or internal rules has been or is likely to be committed, we will report the matter to the head of the department or the relevant organization of the head office or to the contact point at the head office.
- c. We will enhance sensitivity to risks and endeavor to detect risks, prevent materialization of risks, and appropriately manage risks.

4. Strict information management

We will appropriately handle customer information and other important information that comes to our knowledge in the course of business within the scope necessary for business execution and for specified purposes and strictly manage such information to ensure there is no leakage to external parties. These structures also apply to former executives and employees of Sumitomo Life Group companies.

5. Prevention of internal collusion due to conflict of interest

We will strive to ensure that the interests of customers are not compromised due to conflict of interest between the Sumitomo Life Group and customers or among customers. As executives and employees of the Sumitomo Life Group, we will not behave in a manner that causes damage to customers or the Sumitomo Life Group or undermines trust in the Sumitomo Life Group for reasons of self-interest or to benefit any third party.

6. Respect for human rights and ensuring a good workplace environment

We will respect human rights and will not engage in any unjust discrimination. We will not behave in a manner that compromises the workplace environment, such as by engaging in sexual harassment or power harassment. If it comes to our knowledge that such behavior is occurring at workplaces, we will deal with the matter swiftly and appropriately.

7. Handling of antisocial forces

With respect to antisocial forces that threaten the order and safety of civil society, we will maintain a resolute stance and handle them systematically to reject any relationships with antisocial forces and eliminate them.

8. Education and training

We will strive to enhance expertise and business etiquette through education and training so that we can vigorously provide more advanced and appropriate services and information.

9. Exemplary role in society

Fully aware that we are involved in a business of a highly public nature, we will strive to fulfill an exemplary role in society. We will strictly refrain from any behavior that undermines trust in the Sumitomo Life Group.



Yukinori Takada

President & Chief Executive Officer

***Aiming to Be
an “Indispensable”
Insurance Company for Society***

Looking Back on Fiscal 2020

Recently, amid the advent of the super-aging society described as the “100-year lifespan” in Japan, customer needs have been increasingly diversifying such as in living benefits and medical coverage insurance as well as retirement planning.

At Sumitomo Life, we wish to contribute to society by answering to the needs of each individual customer and providing the most suitable type of insurance to customers and their families, while supporting customers’ efforts to enhance their health so as to reduce risk. We bestow such intention in the message of “empowering your future” and are proceeding to offer advanced consulting and services.

In fiscal 2020, the new coronavirus (COVID-19) spread rapidly just as we commenced the new medium-term business plan, Sumitomo Life Medium-Term Business Plan 2022.

In our response to COVID-19, we made it a top priority to prevent the spread of infection among our customers and employees. In response to our customers, we refrained from sales visits in the early stages of the pandemic, but continued to handle payments on insurance claims and inquiries from customers to fulfill the role of an insurance company in delivering a sense of security to customers, while ensuring the safety of our employees. Furthermore, we extended the grace period on premium payments and offered interest rate reduction or exemption on policyholder loans, to help customers maintain their policies amid the prolonged impact of the pandemic. Other initiatives included making amendments to make COVID-19 eligible for the payment of disaster death benefits and paying hospitalization benefits even in the case of policyholders who spent their recuperation period in non-medical institutions, as long as they submitted a doctor’s certificate. In response to our employees, we implemented remote working, staggered commuting, etc., while also providing salary compensation to sales representatives in consideration of the impact of the pandemic on sales activities.

Business chat tools and online consultation tools were also introduced in an effort to establish a new sales style for offering advanced consulting, and online insurance application was launched, amid the prolonged impact of the COVID-19 pandemic and the increasing need for contactless services. These efforts are aimed at reducing

infection risk and enhancing customer convenience.

Furthermore, in light of the era of the new normal caused by COVID-19, the Medium-Term Business Plan was revised to put our focus on “staying closer to our customers,” “supporting the rise in health consciousness,” and “ensuring the safety of employees and engaging in work style reform.” We will promote further work style reforms such as shifting personnel from internal administrative operations to customer contact operations, reviewing business trips and meetings, and arranging remote working setups.

Annualized Premiums from Policies in Force Remained at a Stable Level

Performance

Reviewing our fiscal 2020 consolidated performance for the Sumitomo Life Group (Sumitomo Life Insurance Company, Medicare Life Insurance Co., Ltd. and Symetra Financial Corporation), annualized premiums from policies in force decreased 0.1% from the end of the previous fiscal year, to ¥2,804.4 billion. Annualized premiums from policies in force for the third-sector (living benefits + medical coverage) insurances (total of Sumitomo Life and Medicare Life), which we focus on as one of the growth areas, increased 2.0% year on year to ¥601.8 billion, growing steadily for eighteen consecutive years since we started to publish such figures. Total group core business profit* remained stable at ¥357.0 billion, as a result of a positive spread for seven consecutive years since fiscal 2014.

Asset Management and Financial Strength

In terms of asset management, we promoted the management of two portfolios, the “ALM Investment Portfolio” and the “Balanced Investment Portfolio” (focused on highly liquid securities), and worked on enhancing profitability and strengthening risk control according to the purpose of each investment, with the aim of ensuring stable building of customers’ assets and providing insurance products that meet customers’ needs, amid the persisting low interest rate environment. As part of our role as a responsible institutional investor, we also engage in ESG investment and stewardship activities centered on dialogue aimed at enhancing the medium- to long-term corporate value and sustainable growth of our investees,

*Core business profit of the Group is calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, Aviva Singlife Holdings and PICC Life attributable to Sumitomo Life’s equity stake in each company, with adjustments made to some internal transactions.

Message from the President

with the objective of realizing a sustainable society and improving asset management income.

It is likely that Japan will introduce an economic value-based solvency regulation in the near future. In anticipation of this future regulation, we have implemented economic value-based integrated risk management.

Under this advanced risk management, we have appropriately managed our exposure to stocks and other risk assets while steadily increasing accumulated retained surplus based on stable profits in order to secure appropriate level of capital.

European Embedded Value (EEV)

The Sumitomo Life Group's EEV at the end of fiscal 2020 increased ¥905.0 billion year on year to ¥4,489.2 billion due to the positive results of the insurance business such as acquiring new policies and securing earnings from policies in force, as well as the positive impact of rising domestic interest rates and domestic stock prices.

Creating New Value for Customers as an Industry Leader

In Japan's super-aging society, life insurance needs are shifting from mortality coverage designed to support bereaved families, to products designed to pay benefits during the lives of the customers. We have proactively offered coverage that extends beyond mortality to include morbidity and longevity. In September 2015, we launched "1-UP," which covers work disability, the first product of its kind offered by a major Japanese life insurance company, and supported the protection from the risk of becoming unable to work as a result of illness or injury.

Furthermore, the awareness of health is increasing rapidly amid the recent acceleration of initiatives to extend healthy life expectancy, and the expansion of health-related markets. Capturing this trend, we launched SUMITOMO LIFE Vitality Shared-Value Insurance in July 2018, which is an insurance product that incorporates the Vitality Wellness Program, and supports people who want to become healthier and to be prepared for risks at the same time, and the product has been highly evaluated in the market. The Vitality Wellness Program was originally developed by a South African financial services company, Discovery (Group Chief Executive: Adrian Gore), and is recognized globally, with 21.7 million members across 26 countries and regions (as of December 31, 2020). Sumitomo Life has signed an exclu-

sive agreement with Discovery in the Japanese market.

A questionnaire survey among SUMITOMO LIFE Vitality members shows that about 93% of the respondents became more conscious of health after enrollment; the number of steps taken per day increased by about 17%, which indicates a change in behavior; and about 48% of the respondents experienced a reduction in blood pressure by over 10 mmHg. These survey results indicate that the enrollment in SUMITOMO LIFE Vitality has already had an effect in improving quality of life.

Through SUMITOMO LIFE Vitality, we seek to make people healthier and to realize a healthy and long-living society. In addition, we will continue to "create new value for customers and to build the future together," through the acceleration of the "CSV* Project," whose goal is to create shared value among "customers," "society," and "the Company and its employees."

With respect to sales channels, for nursing care (including work disability), health enhancement and medical insurance areas, Sumitomo Life markets the products primarily through its over 30,000 sales representatives who excel in consultation, based on our belief that it is indispensable to communicate the value and importance of life insurance in light of various elements including reforms to the social security system and to bring attention unidentified customer needs.

Furthermore, we have focused on promoting insurance sales through channels such as "bancassurance" and "insurance outlets" ahead of other major life insurers, in order to respond flexibly to diversifying customer needs and market changes. Our bancassurance network is highly effective and ranks as one of the industry's largest, with over 300 participating banks and financial institutions.

We launched Medicare Life Insurance Co., Ltd. in April 2010, as the first life insurance subsidiary of a major Japanese life insurance company to provide affordable medical insurance with sufficient coverage, mainly through insurance outlets. Medicare Life has been growing constantly, registering over one million policies in force at the end of March 2021. In addition, we acquired AIARU Small Amount & Short Term Insurance Co., LTD. as a subsidiary in August 2019. The acquisition was aimed at capitalizing on the subsidiary's ability to launch new products and develop niche markets with the flexibility as a small-amount and short-term insurance company, and using the ability for Sumitomo

*Abbreviation of Creating Shared Value: A business management concept that aims to achieve both "Solution of social issues" and "Enhancement of corporate value (improvement of profits and competitiveness)" by corporate enterprises.

Life's marketing strategy, so that we can provide a full range of services to our customers.

We aim to establish a framework to reach customers with various types of needs and to increase our presence in the domestic market, through enhancing the product lineup in order to meet diversifying customer needs and to serve the interests of customers, as well as the promotion of a wide range of strategic alliances.

In the overseas markets, in the Asian market, we have established PICC Life Insurance Company Limited in China in 2005, formed a strategic business alliance with Baoviet Holdings in Vietnam in 2012, and acquired approximately 40% of the total number of issued shares of PT BNI Life Insurance in Indonesia in 2014. In addition, we invested in a life insurance company in Singapore, Singlife, in 2019. When Singlife merged with a major Singaporean insurance company Aviva Ltd, we supported the transaction with an additional investment in Singlife. After this additional investment, our equity interests in Singlife were exchanged for those of Aviva Singlife Holdings Pte. Ltd, a holding company which was newly established.

In the U.S., we have acquired in February 2016 full ownership of Symetra Financial Corporation, a U.S. life insurance group that has a solid business base across the U.S. The U.S. is the world's largest life insurance market where stable growth is expected for the future. The Company assigns several of its employees to work in Symetra at the board and operational levels in order to establish strong communications with Symetra. The Company aims to support long-term enhancement of our policyholder interests through the acquisition of Symetra, which is expected to strengthen our earnings base, and to realize risk diversification and enjoyment of stable growth in the U.S. market.

In addition to making efforts in domestic growth areas, we will work on developing overseas operations, in order to contribute to the diversification of the Group's earnings base and to the sustainable growth of corporate value in the medium- to long-term.

Towards a Sustainable Society

Since the adoption of the SDGs (Sustainable Development Goals) at the United Nations Summit in 2015, there has been growing interest in realizing a sustainable society. Based on the management philosophy of contributing to social and public welfare, we believe that

addressing social issues through our main business and enhancing corporate value (CSV) will contribute to the achievement of the SDGs. In keeping with this belief, we will aim to be a company that contributes to the "well-being" of customers and society, by delivering attractive products such as SUMITOMO LIFE Vitality Shared-Value Insurance and further enhancing our products and services to support the lives of our customers.

To Be an "Indispensable" Insurance Company for Society with Focus on "Human Value," "Digital Technology" and "Well-being"

Fiscal 2021 is the second year of the Sumitomo Life Medium-Term Business Plan 2022.

The environment surrounding us is likely to remain unclear and uncertain. To determine the direction of the times and to move forward firmly under such an environment, it will be of utmost importance to keep increasing the human value of each and every one of us. Furthermore, making the best use of digital technology is a prerequisite for continuing to increase this human value into the future, and we hope to greatly improve customer experience by fusing human value with digital technology.

Sumitomo Life has been constantly providing a sense of security through the life insurance business in its history of more than 100 years. However, when looking to the future, the scope of "security" will expand beyond security through economic protection to prevention, early detection, and support for recovery, and similarly, the scope of health will expand beyond physical health to the areas that contribute to well-being encompassing mental, social and economic health.

We will continue to aim to be an "indispensable company" by supporting our customers with human value and digital technology and contributing to well-being.

I sincerely appreciate your continued support.

高田幸徳

Yukinori Takada
President & Chief Executive Officer



Sumitomo Life Medium-Term Business Plan 2022

~ To be an “indispensable” insurance company for society under the new normal ~

Overview of the Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2022

Revision of the Sumitomo Life Medium-Term Business Plan 2022

We developed the Sumitomo Life Medium-Term Business Plan 2022 (the “Plan”) in April 2020, in the context of an ever-increasing pace of change, the effects of which may be felt throughout society. These include changing demographics, the acceleration of digitalization and work style reforms. The purpose of the Plan was to accurately grasp social changes and aim to be an “indispensable insurance company for society,” by contributing to society, being trusted by society, and adapting to society, in order to keep on meeting customers’ expectations into the future.

However, not long after we launched the Plan, a state of emergency was declared across the whole of Japan due to the spread of COVID-19, and a situation continued where we were unable to utilize our strength in working with our customers face-to-face, to provide insurance.

In September 2020, there was no sign of COVID-19 being brought under control, and a transformation to new ways of living and working was required, in anticipation of an era of the new normal. We perceived dramatic change taking place at a rapid pace, in ways such as the need for communication in the absence of face-to-face contact, and a further increase in health consciousness.

In view of these circumstances, we revised the Medium-Term Business Plan and the targets based on the results for the first half of 2020, which was heavily impacted by COVID-19, with our commitment to remain a company that people find valuable under the new normal, in terms of “security” and “health,” which was the core of the life insurance business, and to engage vigorously in implementation of resource shift from existing operations in order to secure the investment capacity to focus on responding to this changing environment.

Overview of the Revision

To respond to changes accompanying the transition to an era of the new normal, we will promote initiatives to focus our efforts on “staying closer to our customers,” “supporting the rise in health consciousness,” and “ensuring the safety of employees and engaging in work style reform.”

In addition, it is vital that we secure the resources necessary to focus on these initiatives, in terms of both costs and personnel. Thus, we will engage in company-wide work reductions through a radical review of existing operations.

Direction of Response Measures

Measures for staying closer to our customers

Provide services optimized for each customer’s circumstances, situation and preferences, by fusing our existing “unique human value” with “digital technology”

Measures to respond to the rise in health consciousness

Upgrade SUMITOMO LIFE Vitality to provide greater support for health-enhancing activities

Measures to ensure the safety of employees and engage in work style reform

After ensuring the safety of employees, enhance working environments to enable high-productivity work styles, unconstrained by location or time of day

Radical review of existing operations to support new initiatives

Implement a resource shift through substantial reductions in existing operations, in order to transform the business model

Our Basic Stance and Desired Image

To be an “indispensable” insurance company for society under the new normal



(1) Contribute to society ~ Contribute to achieving the SDGs ~

We will contribute to society through initiatives aimed at achieving the Sustainable Development Goals (SDGs) in our business activities with an ESG focus, primarily by contributing to a healthy and long-living society through the promotion of SUMITOMO LIFE Vitality. In addition, by reaching across society with our unique value centering around SUMITOMO LIFE Vitality, we aim to establish a brand image of “health, security and familiarity.”

(2) Be trusted by society ~ “Customer” is the subject word ~

In order to further ensure that each and every executive and employee thinks and acts from the customer’s perspective, in addition to focusing on inculcating the “Sumitomo Life Group Code of Conduct,”*1 we will also promote our “WPI Project,”*2 which aims to promote transition to, and concentration on customer-oriented work styles, and create healthy, vibrant workplaces. By reforming the work styles and behavior of executives and employees through these measures, we will strive to gain yet greater social trust.

*1 Sumitomo Life Group Code of Conduct

A set of guidelines for executives and employees to follow in order to ensure that the Sumitomo Life Operating Policy is put into practice through their conduct. It serves as the basis for ethical and responsible business activities.

*2 WPI (Work Performance Innovation) Project

A project aiming to “enhance productivity from the customer perspective” by promoting transition to, and concentration on customer-oriented work styles, and creating healthy and vibrant workplaces.

(3) Adapt to social change ~ Transformation for continual evolution ~

In the new normal environment, amid the ever-increasing pace of change, the effects of which may be felt throughout society, we will carry out a radical review of existing operations, and promote initiatives (service reform, HR nurturing, infrastructure building and innovation creation) to reform our business structure from a long-term perspective, and ensure we will be a sustainable company that can adapt to any change in our environment.

Target values (Revised)

Target item	End of fiscal 2019	End of fiscal 2020	Medium-Term Business Plan targets (End of fiscal 2022)	
			After revision	Before revision
Number of customers (policies in force)*1	13.86 million	14.05 million	14.00 million	14.22 million
Annualized premium of policies in force*1	¥2,344.0 billion	¥2,341.8 billion	¥2,310.0 billion	¥2,360.0 billion
Of which, living benefits + medical coverage*1	¥590.0 billion	¥601.8 billion	¥610.0 billion	¥620.0 billion
Core business profit: domestic operations*1	¥364.0 billion	¥327.7 billion	3-year total ¥901.0 billion	3-year total ¥922.0 billion
Core business profit: overseas operations*2	¥33.9 billion	¥32.1 billion	3-year total ¥103.0 billion	3-year total ¥141.0 billion

*1 Total of Sumitomo Life and Medicare Life. “Number of customers” is the total number of policies in force of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).

*2 Total of overseas operations (Symetra, etc.).

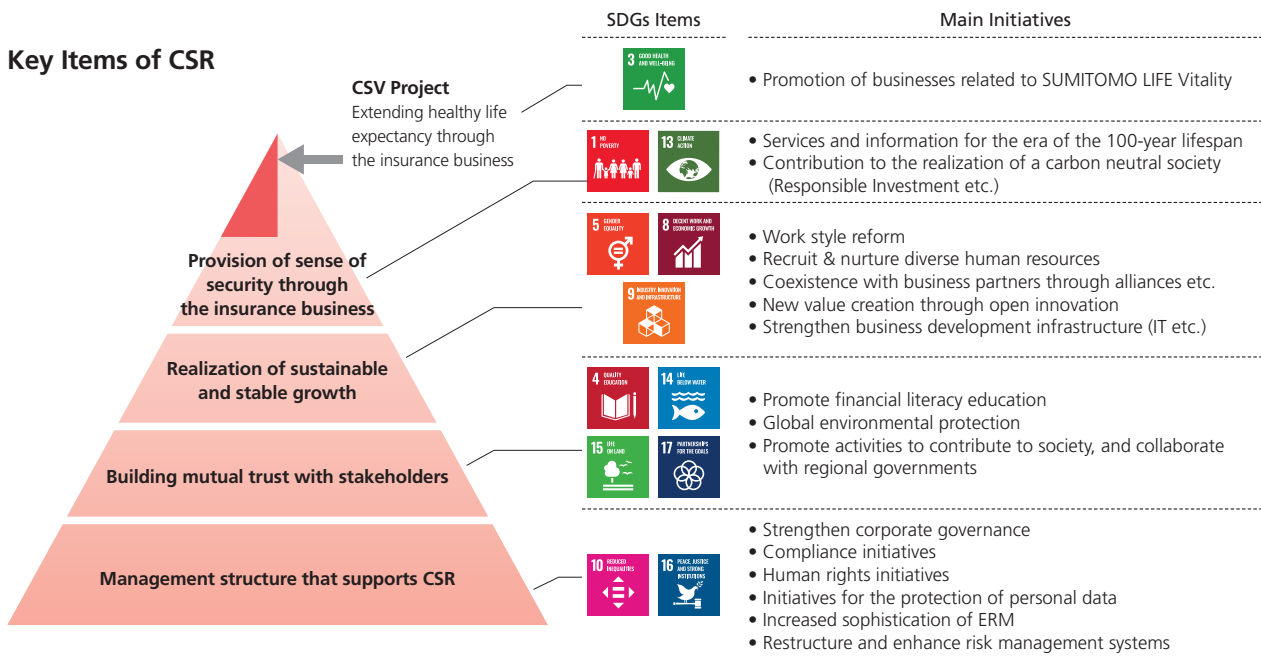


Contribute to Society

— Contribution to the Achievement of the SDGs

Under the philosophy of contributing to the realization of a society of affluence, vitality and longevity through the sound operation and development of the insurance business, which is stated in the CSR Management Policy, we aim to become the most trusted and supported company by our stakeholders including our customers, and to grow sustainably and stably by conducting honest business operations and building a sound financial base.

In addition, we have defined items that are important in the promotion of CSR management (key items of CSR) and identified the SDGs that correspond to each key item of CSR, clarifying the issues that the Company focuses on.



As a structure to support these efforts, the Sustainability Promotion Council has been put in place to implement initiatives to share and solve social and environmental issues, such as the SDGs. The council convenes twice a year in principle, and discussions of the council are deliberated at the Executive Management Committee, an advisory body to the President, and reported to the Board of Directors.

One of the focuses of the new medium-term business plan, which started in fiscal 2020, is to contribute to society through initiatives aimed at achieving the SDGs in our business activities, primarily by contributing to a healthy and long-living society through the promotion of SUMITOMO LIFE Vitality.

We will continue to further pursue sustainability management, together with the medium-term business plan.

Sustainability promotion system

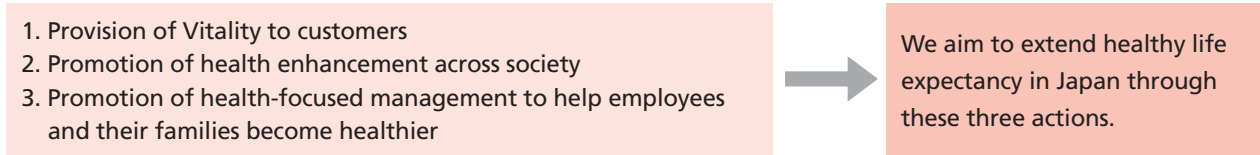
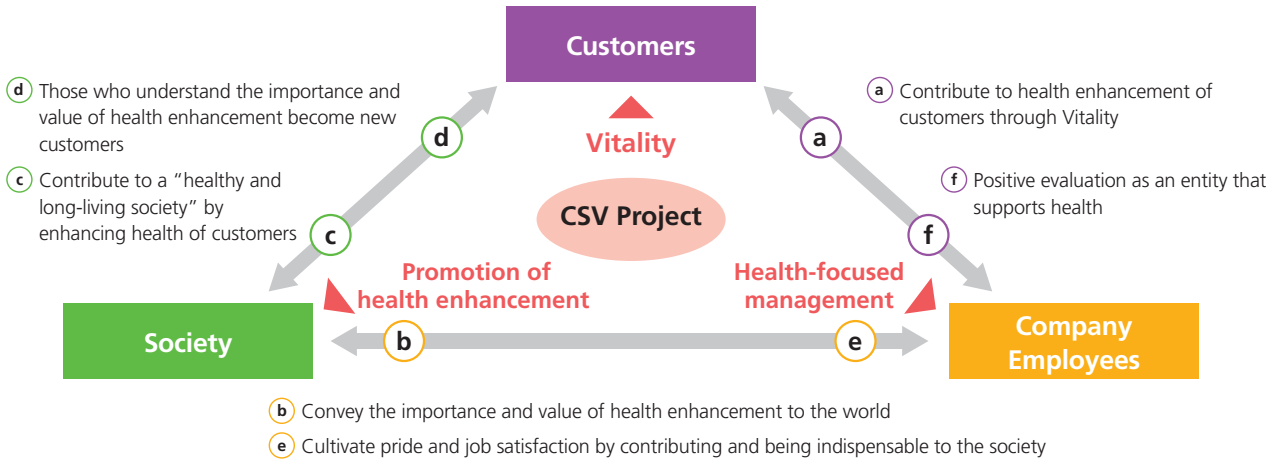


Initiative indicators for material issues (KPIs)

Key Items of CSR	Our Visions	Main Initiatives	Initiative Indicators
Extending healthy life expectancy through the insurance business	Contribute to extending healthy life expectancy in Japan through the insurance business, with a view to realizing a society where people can continue to live with peace of mind in good health	Promotion of businesses related to SUMITOMO LIFE Vitality	<ul style="list-style-type: none"> Implementation of the CSV project centered around health enhancement
Provision of sense of security through the insurance business	Provide all people with suitable life insurance products and services, as well as security that they will lead to, by pursuing customer-oriented management	Services and information for the era of the 100-year lifespan	<ul style="list-style-type: none"> Provision of products and services that contribute to solving social issues Promotion of initiatives that contribute to fulfilling our role in a highly graying society Provision of products and services optimized for each customer's circumstances and situation by fusing unique human value and digital technology Stepping up efforts based on the "Policy on customer-oriented business operations"
		Contribution to the realization of a carbon neutral society (Responsible Investment etc.)	<ul style="list-style-type: none"> Investment and financing decisions using ESG information in addition to quantitative information Promotion of stewardship activities, taking ESG issues of investee companies into account Investments in bonds, etc. aimed at resolving ESG issues (ESG bonds) Target of investments in ESG bonds, etc.: ¥500 billion (3-year total) Promotion of initiatives towards net-zero greenhouse gas emissions Scope 1+2: 40% reduction from the FY2013 level (FY2030) Scope 3* : 30% reduction from the FY2019 level (FY2030) Asset Portfolio: 42% reduction from the FY2019 level (FY2030) *Category 15 (Investments) is managed separately as emissions from the asset portfolio
Realization of sustainable and stable growth	Under a management policy to be passed down through the ages, continue to grow steadily while responding to changes and reforms in society	Work style reform	<ul style="list-style-type: none"> Promotion of work-life balance The rate of childcare leave taken by male employees: 100% Percentage of employees who actually feel the effects of work style reform: 90% or more (FY2022) Percentage of employees who are able to work from the customer/market perspective: 80% or more (FY2022) Percentage of employees who have taken at least 17 days of paid annual leave: 80% (FY2022)
		Recruitment & nurturing of flexible and diverse human resources	<ul style="list-style-type: none"> Promotion of women's participation Percentage of female employees in managerial positions: 50% (FY2025) Promotion of employment of persons with disabilities (initiative to meet the legally required employment rate)
		Coexistence with business partners through alliances, etc.	<ul style="list-style-type: none"> Maintaining sound relationships with all business partners Provision of products and services through business tie-ups and strengthening of partnerships with financial institutions, etc.
		New value creation through open innovation	<ul style="list-style-type: none"> Creation of new value for customers and society through open innovation and digital innovation
		Strengthening business development infrastructure (IT, etc.)	<ul style="list-style-type: none"> Infrastructure investment that contributes to continuous maintenance and improvement of service quality and cost control
Building mutual trust with stakeholders	Meet the expectations of stakeholders and aim to be a company that is trusted and supported by them	Promotion of financial literacy education	<ul style="list-style-type: none"> External delivery of endowed lectures and promotion of understanding of life insurance and life planning for all generations
		Global environmental protection	<ul style="list-style-type: none"> Promotion of initiatives towards net-zero greenhouse gas emissions Scope1+2: 40% reduction from the FY2013 level (FY2030) Scope3* : 30% reduction from the FY2019 level (FY2030) Asset Portfolio: 42% reduction from the FY2019 level (FY2030) *Category 15 (Investments) is managed separately as emissions from the asset portfolio
		Promotion of activities to contribute to society, and collaboration with regional governments	<ul style="list-style-type: none"> Promotion of contribution to local communities and society Participation rate in Sumisei "Humany" activities (staff volunteers): 100% Promotion of collaboration with local governments (status of collaboration with local governments)
Management structure that supports CSR	Contribute to the creation of a sustainable society by conducting honest business operations and building a sound financial base	Strengthening of corporate governance	<ul style="list-style-type: none"> Realization of a company that values customer feedback by creating a highly transparent mutual company organization
		Compliance initiatives and initiatives for the protection of personal data	<ul style="list-style-type: none"> Development of compliance framework and cultivation of compliance mindset Elimination of relationships with antisocial forces Strict management of personal information through systems, training, and networks, and further enhancement of security
		Human rights initiatives	<ul style="list-style-type: none"> Raising human rights awareness among employees and building a workplace culture that respects human rights
		Increased sophistication of ERM (including risk management systems)	<ul style="list-style-type: none"> Use of risk-return indicators and steady execution of operations based on capital allocation. Improvement taking effectiveness into account Appropriate control over the balance between risk and capital

Sumitomo Life is endeavoring to solve the social challenge of “extending healthy life expectancy” through its efforts to promote health enhancement across society and health-focused management, based on CSR management and centering around SUMITOMO LIFE Vitality. We regard these initiatives as our “CSV Project,” and aim to extend healthy life expectancy in Japan by creating a new shared value of health enhancement among customers, society, and the Company and our employees.

Overview and Philosophy of the CSV Project



* CSV is an abbreviation of Creating Shared Value. A business management concept that aims to achieve both “solution of social issues” and “enhancement of corporate value” through initiatives within the main business targeting social issues.

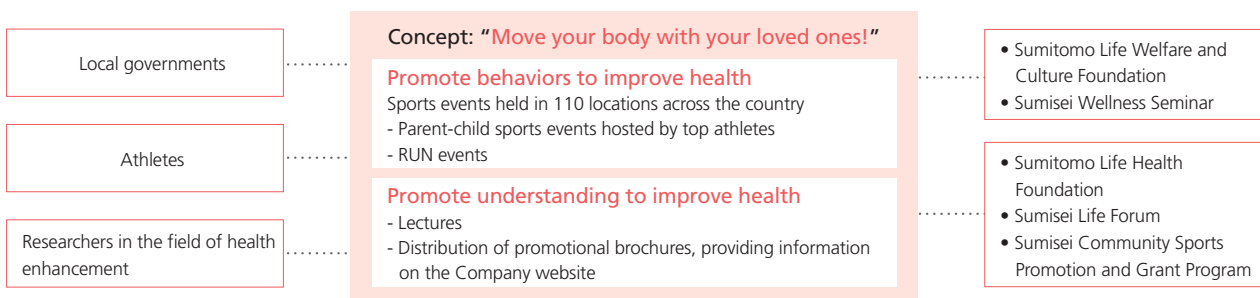
1. Provision of Vitality to customers

Through the provision of SUMITOMO LIFE Vitality Shared-Value Insurance, the core of the CSV project, we aim to improve health conditions by encouraging continuous health-enhancing activities, as well as to contribute to extending healthy life expectancy in Japan.

2. Promotion of health enhancement across society

“Sumisei Vitality Action,” a social contribution program with the theme of health enhancement, uses a characteristic approach of CSV called “collective impact,” whereby social issues are addressed by various actors leveraging each other’s strengths, rather than through the intervention of one individual organization. Through the program, we are working on the social issue of health enhancement with the cooperation of local governments, foundations, researchers, athletes, and others. Specifically, we encourage behavior and understanding to improve health and promote health enhancement across society through these activities.

Overview of Sumisei Vitality Action



3. Promotion of health-focused management to help employees and their families become healthier

We believe that it is very important for employees and their families to value their mental and physical health and maintain their well-being (physical health, mental health, social health and happiness) so that employees can actively demonstrate their individual abilities to the fullest. Sumitomo Life supports customers' efforts to maintain and enhance their health, solves the social challenge of extending healthy life expectancy, and engages in the creation of new value that can be shared by customers, society, employees and the Company. What supports the foundation of these efforts is "awareness" and "behavior" of each employee regarding health. Based on this understanding, we have formulated the "Sumitomo Life Group Health-focused Management Declaration" and offer full support for the health maintenance and enhancement activities of our employees and their families from a management perspective. The Human Resources Department serves as a secretariat and coordinates with other departments in pursuing health-focused management. In addition, the outcomes of each year's activities and the activities for the following year are reported to and approved by management at the Executive Management Committee, which is chaired by the President and comprises Executive Officers.

CSV Project Initiative — Arrival of parkrun in Japan



1. parkrun

parkrun is an athletic community event which takes place every Saturday morning with no entry charge in which participants walk, jog or run 5 kilometers. Currently, parkrun is held every week in over 2,000 locations and 22 countries around the world, and more than 300,000 people take part every week as participants or volunteer staff.

Sumitomo Life signed a partnership agreement with parkrun Global (founder: Paul Sinton-Hewitt CBE), a non-profit organization in the U.K. As the only official sponsor in Japan, we offer full support for expanding parkrun in Japan.

2. Significance of engaging in parkrun in the CSV project

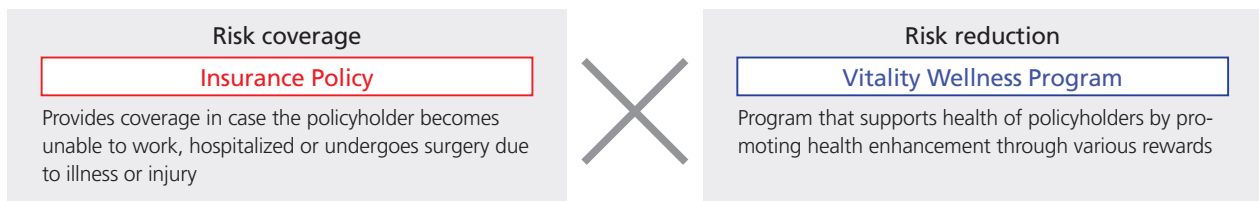
We regard parkrun as an important initiative within the CSV project that allows us to reach out to customers, society, and the Company and our employees at the same time. In terms of customers, Vitality members can earn Vitality points when they participate in parkrun events and complete the run (walk). This serves as an opportunity for us to support health-enhancing activities, which is the role Vitality plays. In terms of society, parkrun is intended to create opportunities for fostering exercise habits, targeting a wide range of people in local communities, and to support the development of local communities. In terms of the Company and our employees, we encourage employees to participate as runners, walkers, and volunteers, as an activity in which they can demonstrate their initiatives in health enhancement together with the Company.

We will promote the parkrun initiative targeted at customers, society, and the Company and our employees in an all-encompassing way, and strive to extend healthy life expectancy in Japan, which is the CSV project's philosophy.



Provision of SUMITOMO LIFE Vitality Shared-Value Insurance

Sumitomo Life launched the SUMITOMO LIFE Vitality Shared-Value Insurance on July 24, 2018. SUMITOMO LIFE Vitality is a product which, in addition to coverage, also features a Vitality Wellness Program*1 that supports continuous engagement in health-enhancing activities. Besides coverage, the original purpose of insurance, for example against work disability through our product “1-UP,” SUMITOMO LIFE Vitality comprehensively evaluates daily health-enhancing activities of policyholders and determines the policyholder’s status based on their efforts to live a healthy life. Policyholders may receive a discount*2 in their insurance premiums, depending on their status. Furthermore, as a measure to support those who have difficulties in continuing health-enhancing activities, this is a product that includes various rewards such as a discount in the monthly fees of a gym membership and travel discounts.

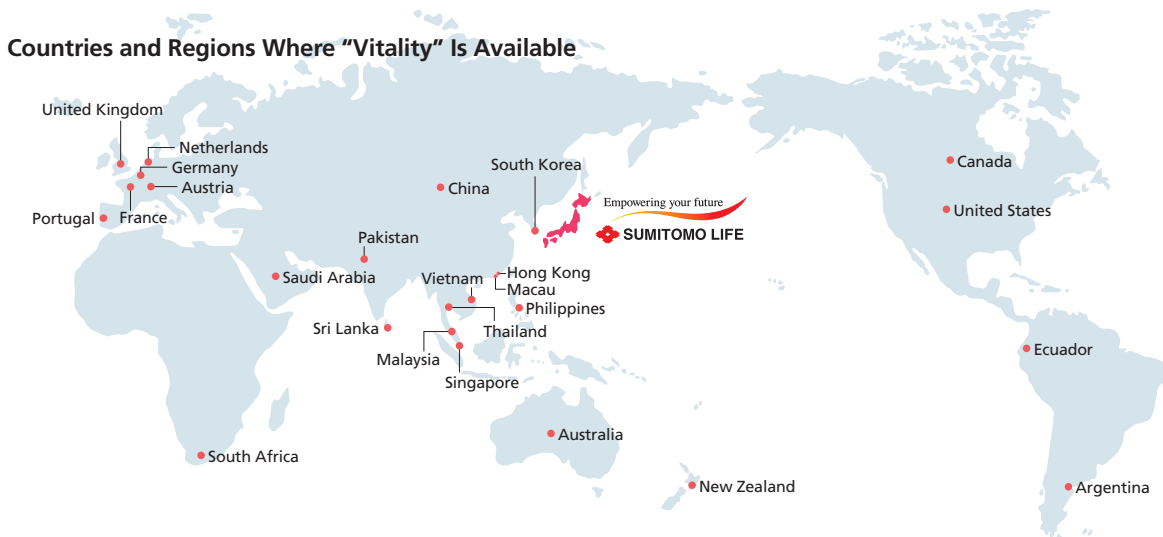


*1 To use the Vitality Wellness Program, a Vitality fee required in addition to insurance premiums.
 *2 Depending on the policyholder’s status, insurance premiums may also be increased.

Vitality Wellness Program —A Program Implemented across 26 Countries and Regions Worldwide

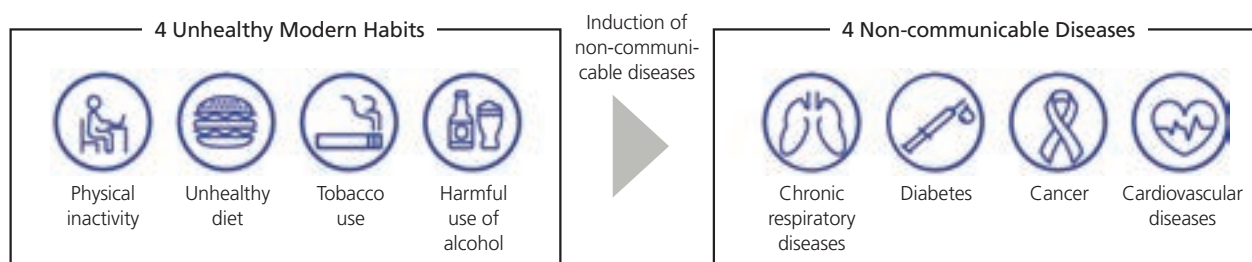
The Vitality Wellness Program is offered by a South African financial services company, Discovery Limited. In addition to South Africa, Discovery Limited has been offering the Vitality Wellness Program in various countries through partnerships with local life insurance companies throughout the world for over two decades (since 1997). Currently, the program is being offered across 26 countries and regions worldwide including the US, UK, Germany, China and Japan, to approximately 21.7 million members (as of December 31, 2020). Sumitomo Life has an exclusive agreement with Discovery in Japan.

Through the launch of SUMITOMO LIFE Vitality, Sumitomo Life aims to make people healthier and contribute to the realization of a healthy and long-living society by encouraging people to continue engaging in health-enhancing activities.



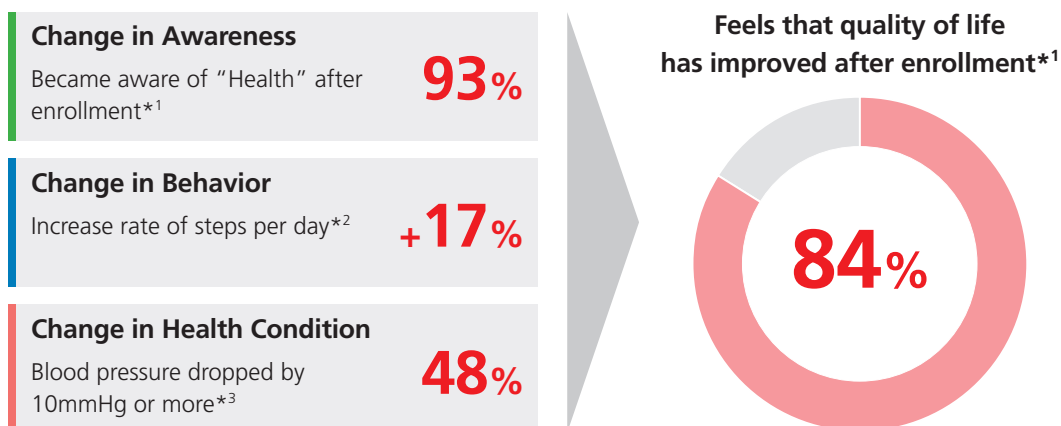
Realization of “A Healthy and Long-Living Society” —Towards the Era of Centenarians—

According to the World Health Organization (WHO), four lifestyle habits lead to four chronic diseases (chronic respiratory diseases, diabetes, cancer and cardiovascular diseases) that contribute to 60% of deaths worldwide. Through the introduction of the Vitality Wellness Program in Japan, the most rapidly aging country in the world, Sumitomo Life aims to make people healthier and contribute to the realization of a healthy and long-living society.



Questionnaire Survey of SUMITOMO LIFE Vitality Members and Results of Survey on Number of Steps and Blood Pressure

Sumitomo Life conducted a customer questionnaire and a survey on the number of steps walked and blood pressure among Vitality members in November 2019. The results showed that about 93% of people became more conscious of health after enrolling in Vitality; the number of steps taken per day increased by about 17%, which indicates a change in behaviors; and about 48% of those who had had high blood pressure (systolic blood pressure of over 140 mmHg) at enrollment experienced a reduction in blood pressure by over 10 mmHg, which indicates a change in health condition. In addition, about 84% of the survey respondents felt that their quality of life improved after enrollment.



*¹ Questionnaire by Sumitomo Life. The number of responses:15,702 (excluding Sumitomo Life employees).

*² Condition at the end of May 2019, of policies written from September to November 2018. Comparison of steps in the first month after enrollment (8,260steps) and those from the second month onward (9,655steps).

*³ For persons whose systolic blood pressure was over 140mmHg at enrollment, of policies written from September to November 2018. Comparison of results of health checks submitted at the time of enrollment and those submitted after enrollment.

Awards Related to SUMITOMO LIFE Vitality

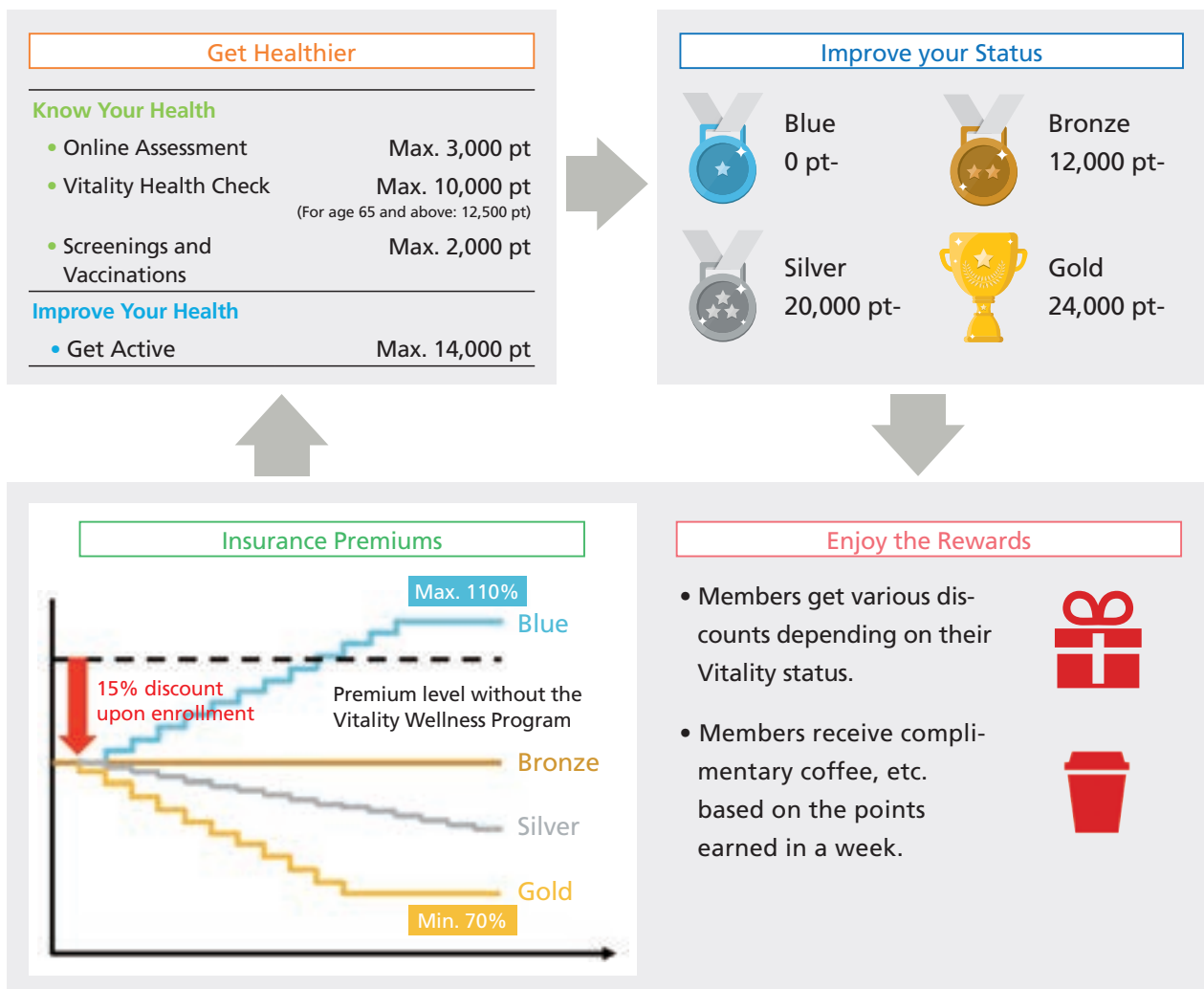
SUMITOMO LIFE Vitality received 2018 Nikkei Superior Products and Services Awards Nikkei Veritas Award for Excellence. Sumitomo Life became the first life insurance company to receive this award for the 5th time*.

In addition, Sumitomo Life's "CSV project centered around health enhancement: Looking to extend healthy life expectancy through Vitality" received the 7th Smart Life Project Award (Let's extend healthy life expectancy!) – Minister-of-Health Award for Excellence. The award is sponsored by the Ministry of Health, Labour and Welfare and the Japan Sports Agency.



* Based on a Sumitomo Life survey as of May 2019

Overview of SUMITOMO LIFE Vitality





Individual Life Insurance and Annuities

The annualized premiums from policies in force for the third-sector insurances, a growth area, increased steadily for eighteen consecutive years.

Annualized Premiums from Policies in Force

Reviewing our fiscal 2020 consolidated performance for the Sumitomo Life Group, annualized premiums from policies in force decreased 0.1% from the end of the previous fiscal year to ¥2,804.4 billion (\$25.3 billion).

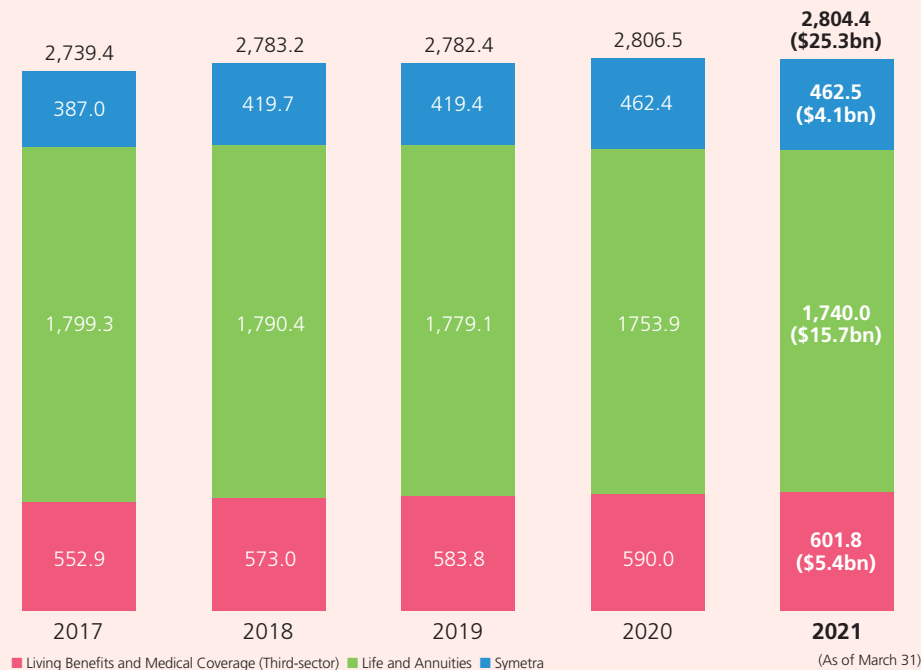
Annualized premiums from policies in force for the third-sector insurances, which we focus on as a growth area, increased 2.0% year on year to ¥601.8 billion (\$5.4 billion), on the basis of two domestic entities (Sumitomo Life and Medicare Life) excluding Symetra, growing steadily for eighteen consecutive years since we started to publish such figures.

The main reason for this is that we have achieved steady results through “multi-channel, multi-product strategy” in the nursing care (including work disability) and medical insurance markets, which are expanding along with the advent of the super-aging society.

Annualized Premiums from Policies in Force (Sumitomo Life Group)

(¥ billions)

* Sumitomo Life, Medicare Life and Symetra

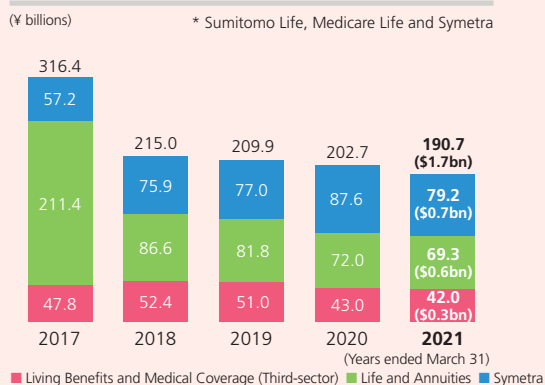


*Symetra closes its account on December 31 each year. US dollar figures for Symetra have been converted from the Japanese yen figures published in the Japanese-language Financial Results using the exchange rate as of the end of March 2021.

Annualized Premiums from New Policies

In fiscal 2020, the Sumitomo Life Group's annualized premiums from new policies decreased 5.9% from the previous fiscal year to ¥190.7 billion (\$1.7 billion). Although they decreased year on year due to the impact of the spread of COVID-19, the decrease was limited to 5.9%, mainly due to the development of systems and arrangements using remote tools.

Annualized Premiums from New Policies (Sumitomo Life Group)



2

Operating Results

Group core business profit remained stable at ¥357.0 billion (\$3.2 billion).

Core Business Profit

Core business profit is an indicator of the fundamental earnings strength of Japan's life insurance companies.

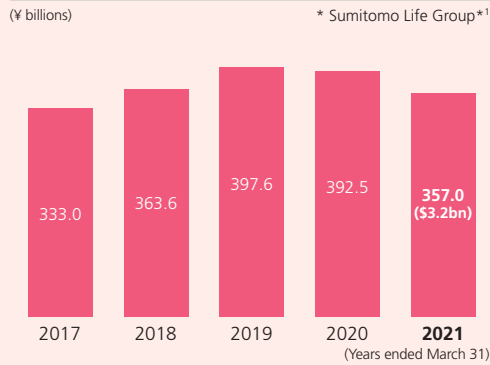
In fiscal 2020, the Sumitomo Life Group's core business profit decreased 9.0% from the previous fiscal year to ¥357.0 billion (\$3.2 billion).

Meanwhile, the interest gain has increased for seven consecutive years after turning positive for the first time in fiscal 2014 since we started its disclosure in fiscal 2001.

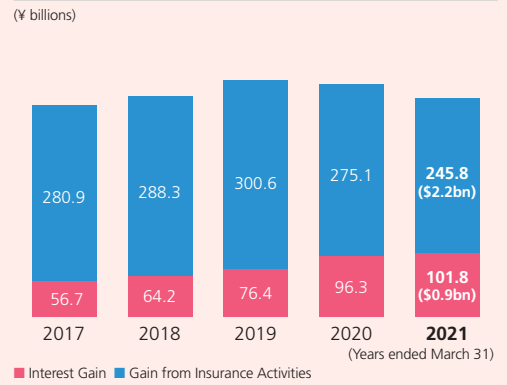
The reasons for above are:

1. Older policies with higher assumed interest rates are maturing and the percentage of new policies with lower assumed interest rates is increasing.
2. The average assumed interest rate is falling primarily due to allocation of additional policy reserves to individual annuity policies that commence annuity payments by applying the most recent statutory based assumptions at the time.
3. Our investment returns improved as a result of our initiatives to improve earnings such as the expanded investment in foreign bonds despite the low interest rate environment.

Group Core Business Profit



Gain from Insurance Activities and Interest Gain (Sumitomo Life)



*1 Group core business profit is calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, Aviva Singlife Holdings, and PICC Life attributable to Sumitomo Life's equity stake in each company, with adjustments made to some internal transactions.

3

Financial Strength

Accumulated retained surplus increased to ¥2,195.8 billion (\$19.8 billion).

Accumulated Retained Surplus

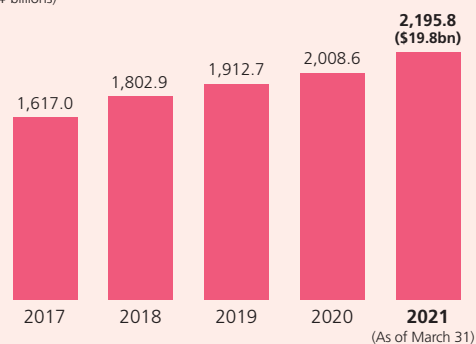
Accumulated retained surplus (Sumitomo Life)* increased ¥187.2 billion in fiscal 2020, to ¥2,195.8 billion (\$19.8 billion).

We will continue to reinforce our long-term financial strength by accumulating surplus while maintaining a good balance with the distribution of dividends to policyholders.

*Contingency reserves + Reserve for price fluctuation + Fund for price fluctuation allowance + Reserve for redemption of foundation funds + Reserve for fund redemption

Accumulated Retained Surplus (Sumitomo Life)

(¥ billions)



Capital Policies

In line with an economic value-based solvency regulation expected to be introduced in the future, our basic stance is to focus on accumulating surplus for building capital and to have external financing play a supplemental role.

In terms of external financing, we financed ¥70.0 billion through subordinated loan denominated in Japanese yen in October 2020. In addition, since the start of fiscal 2021, we issued a ¥100.5 billion US dollar-denominated subordinated bond in April, and in June 2021, we redeemed the ¥70.0 billion subordinated bond issued in 2016.

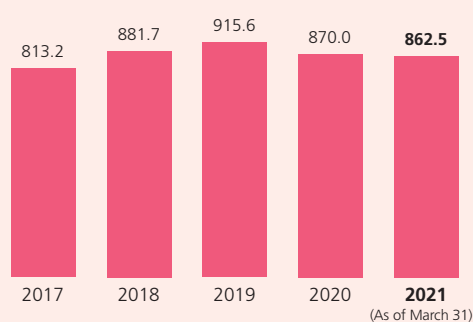
Solvency Margin Ratio

The solvency margin ratio is the ratio of total solvency margin to total risk amount, which quantifies various risks. Our solvency margin ratio was 862.5% (consolidated) at the end of fiscal 2020. The ratio far exceeds 200%, the level which would require administrative-intervention in Japan.

In anticipation of the introduction of an economic value-based solvency regulation, we are making efforts to control risk and accumulate retained surplus based on the Insurance Capital Standard (ICS) being developed by the International Association of Insurance Supervisors.

Solvency Margin Ratio (Consolidated)

(%)



Dividends to Policyholders

Our basic policy towards policyholder dividends is to provide stable returns in consideration of factors including the present and future earnings situation and the level of retained surplus, as well as to keep balance between maintaining a sufficient level of retained surplus to withstand downside risk and enhancing policyholder returns.

Based on the above policy, we increased the dividend rates of long-term policyholder dividends, etc. of some living benefit riders for individual life insurance and individual annuities, and maintained the same dividend rates for others in fiscal 2020.

Financial Strength Ratings

As of the end of June 2021, we have received ratings of A or above from four rating agencies, namely A+ from Standard & Poor's (S&P), A1 from Moody's, AA- from Rating and Investment Information (R&I), and AA- from Japan Credit Rating Agency (JCR).

Our current rating is at the highest level since 1997.

Rating Status

S&P	Moody's	R&I	JCR
A+	A1	AA-	AA-

(As of June 30, 2021)

4

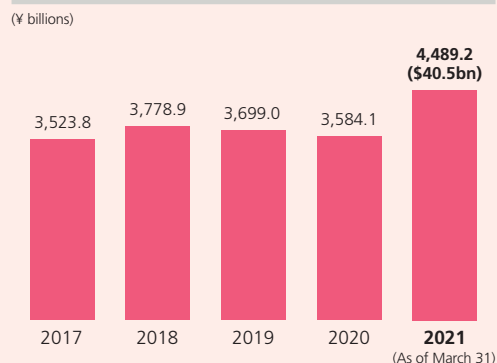
European Embedded Value (EEV)

The Sumitomo Life Group's EEV marked ¥4,489.2 billion (\$40.5 billion) at the end of fiscal 2020.

European Embedded Value (EEV)

The Sumitomo Life Group's EEV at the end of fiscal 2020 increased ¥905.0 billion year on year to ¥4,489.2 billion due to the positive results of the insurance business such as acquiring new policies and securing earnings from policies in force, as well as the positive impact of rising domestic interest rates and domestic stock prices.

EEV (Sumitomo Life Group)



* The EEV of the Group is calculated as follows: Sumitomo Life's EEV plus Medicare Life's EEV and Symetra's EEV, less Sumitomo Life's carrying amount of equity of Medicare Life and Symetra.

5

Multi-Channel, Multi-Product Strategy

To achieve sustainable growth, in addition to the traditional mortality products, we are actively developing growth areas, such as nursing care (including work disability), medical insurance, and retirement planning, which are expected to grow along with the advent of a highly graying society and changes in lifestyle. Moreover, focusing on the increase in awareness of health, we launched SUMITOMO LIFE Vitality Shared-Value Insurance in July 2018.

We are marketing products in these growth areas through our sales representatives as well as through our bancassurance network including banks and financial institutions. In addition, our subsidiary Medicare Life Insurance Co., Ltd., mainly provides affordable medical insurance that offers total support covering cancer, medical treatments and others through insurance outlets, the Internet and bancassurance. AIARU Small Amount & Short Term Insurance Co., LTD. is contributing to the Sumitomo Life's marketing strategy by leveraging its flexibility as a small-amount and short-term insurance company to launch new products and develop niche markets.

We strive to improve our market presence by providing advanced products that meet diversifying customer needs through our unique "multi-channel, multi-product strategy."

Sales Representatives

Our primary sales channel includes over 30,000 full-time sales representatives.

Our sales representatives with their high-quality consulting abilities are the most effective sales channel to provide the new value of life insurance, i.e., health enhancement, to numerous customers while developing the growing fields of nursing care (including work disability), medical insurance and retirement planning. We focus on offering easy-to-understand and persuasive consulting services through a consulting tool, "Future Diagnosis," which can simulate the required coverage amount based on members and ages of the customer's family and future income and expenses plan by using "Sumisei Lief," a tablet for sales representatives.

The COVID-19 pandemic has prevented our sales representatives from utilizing their strength in engaging with customers face-to-face to provide insurance. With an aim to establish a new sales style for offering high-quality consulting and reliable after-sales services amid the growing need for contactless services, we have been implementing efforts to reduce infection risk and improve customer convenience, such as the introduction of business chat tools and online consultation tools.

With over 13 million policies in force*, we aim to provide services optimized for each customer's circumstances and situation and improve customer experience value by fusing the unique value of human with digital technology. Specifically, we make use of digital technology to carry out the "Sumisei Future Support Activities," in which we review the conditions of every policy and carry out any necessary maintenance, as well as provide the latest information. Through activities conducted every year, we ensure







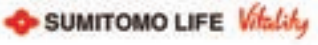







Review of Operations

customers fully understand the contents of the insurance policies they hold, and via checking for major life events such as marriage or childbirth or any necessary procedures, we provide consulting on whether the coverage best fits the current customer needs, and make proposals on review of coverage or additional policies if necessary.

* Number of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).

Sales Channels and Respective Products

(As of July 2021)

		Life Insurance				P&C Insurance		
Customer Needs	Individual Life				Corporate Insurance	In case of a sudden accident		
	Mortality	Nursing Care / Work Disability	Medical Insurance	Savings				
Products	Comprehensive Protection Insurance  1UP+		Medical Insurance スミセイの医療保険  ドクターGO		Single-Premium Insurance [Yen] (Whole life) ふるは〜と  ロードplus		Term Life スミセイの定期保険  エンブレム 新長期プラン	Automobile Insurance  GK クルマの保険
	Dementia Protection スミセイの  認知症PLUS		[Foreign Currency] (Whole life) ふるは〜と  ロードglobalII		 たのしみグローバルII	Property Insurance  GK すまいるの保険		
Wellness program that could be attached to the above main products  SUMITOMO LIFE Vitality		Level-Premium Insurance [Yen] (Whole life)  Discovery		[Foreign Currency] (Whole life)  W			 NN	Casualty Insurance  GK ケガの保険
Income Assurance Insurance スミセイの  メディフィット 収入保障		Medical Insurance (Simple and affordable)  メディフィットA		スミセイの低解約返戻金型終身保険  パラ色人生		Medical Protection スミセイの  ドクターGO		
Medication Insurance スミセイの  メディケアEX		(Annuity) スミセイの個人年金保険  たのしみワンダフル		(Endowment)  W Sony Life			Work Disability Protection  1UP+	
 メディケア生命		(Annuity) スミセイの個人年金保険  たのしみ未来global		(Annuity)  たのしみ未来global		Medical Business Insurance  Medical Business Insurance		

Furthermore, in January 2019, we digitalized the application for new life insurance policies through the “Sumisei Lief,” and in April 2019, we introduced digital application for new automobile insurance policies, endeavoring to increase the level of convenience for customers. Online application for some life insurance products was also launched in January 2021 to meet the needs of our customers for contactless services. In addition, we are working on quick and accurate response to claims and other requests by utilizing the “Lief Direct” function in “Sumisei Lief,” which can process policy maintenance in front of customers, and providing the “Sumisei Direct Service,” which allows customers to easily perform various procedures via the Internet, telephone, or affiliated ATMs, while also seeking to provide empathetic services for our customers.

On the product front, in September 2015, Sumitomo Life launched “1-UP,” which covers work disability, the first product of its kind offered by a major Japanese life insurance company. Designed to protect the lifestyles of customers and their families and to support a reintegration into society when the customer has become unable to work as a result of illness or injury, “1-UP” is an insurance that enables customers to live vigorously.

In July 2018, we launched SUMITOMO LIFE Vitality Shared-Value Insurance. The Vitality Wellness Program is a globally recognized program that helps policyholders get healthier by giving them the tools, knowledge, access, and incentives to enhance their health. SUMITOMO LIFE Vitality is a product that incorporates this program, which reduces risk itself at the same time as preparing in case of a risk, and could be said to be an insurance which allows us to “create new value for customers and build the future together.”

In March 2020, we introduced “Dementia PLUS,” a new rider designed to offer coverage early on and provide financial support for dementia, one of the major social issues in the super-aging society, as well as to achieve early detection and prevention. Furthermore, with the recent advances in medical technology and rising survival rates, we launched “Cancer PLUS ALIVE” in March 2021, which is a new product designed for the era of “living with cancer.” Both of the products were added to the list of products covered by SUMITOMO LIFE Vitality. By packaging insurance products with the Vitality Wellness Program which serves to support healthy lifestyles and cancer screening, we will offer customers a new sense of security in preparing for risks over the long term while reducing risks.

To further respond to diversifying customer needs, we entered into a partnership with NN Life Insurance Company (the Japanese subsidiary of NN Group N.V., an insurance group based in the Netherlands) and Sony Life Insurance Co., Ltd. We have been selling NN Life’s products for corporate clients since April 2017, and Sony Life’s foreign currency-denominated products since January 2019, as the sales agent of both companies.

On the service front, recognizing that support for subsequent policy maintenance becomes important when a customer progresses dementia or other cognitive issues, we launched “Sumisei Family Assist Plus” in March 2020. The service is intended to enhance support for policy maintenance after a policyholder or an insured person progresses dementia or other cognitive issues, and it enables family members of the policyholder or insured person to check the policy contents and initiate procedures on behalf of that person.

Review of Operations

In addition, we are implementing initiatives to both provide attractive products to customers and enhance complimentary services. We have introduced the “Sumisei Second Opinion Service” that allows customers to receive second opinions concerning disease treatment and the “Sumisei Care Advice Service” that offers in-person or over-the-phone consultations regarding nursing care by experts such as care managers.

As need of long-term care and support is expected to increase continuously with the advancement of the super-aging society, we reached a basic agreement on a business alliance with AXA Life Insurance Co., Ltd. in October 2018, regarding the “joint development and usage of long-term care services” and started offering the customers of both companies a long-term care service that realizes a total coordination of long-term care. We will continue working on creating advanced services, utilizing the knowledge and experience cultivated by both companies.

Furthermore, by offering property-casualty insurance in addition to life insurance, Sumitomo Life’s sales representative channel provides customers with more comprehensive coverage that combines aspects of property casualty insurance and life insurance.

Our property-casualty insurance business is commission-driven, rather than underwriting based. We offer select products of Mitsui Sumitomo Insurance Co., Ltd., a major Japanese non-life insurance company.

As an agent of Mitsui Sumitomo Insurance, annualized premiums from property-casualty insurance sold in fiscal 2020 reached ¥83.9 billion. We are aiming to diversify our earnings base by commission from these sales, as well as striving to expand and strengthen our life insurance customer base by offering additional property-casualty insurance coverage.



Sumisei Lief, a mobile terminal

Consulting materials

Bancassurance

The “retirement planning” market of annuities and other savings-type products for a comfortable and worry-free post-retirement life is projected to grow with the advent of a highly graying society. Banks and other financial institutions, with total deposits of over ¥1,000 trillion and a broad customer base, are one of the most effective channels for developing this market.

We have a network of more than 300 banks and financial institutions, one of the largest bancassurance networks of any life insurer in Japan.

Our key bancassurance product, single-premium whole life insurance, continues to attract strong demands as measures for inheritance. In April 2017, we launched foreign currency-denominated single-premium whole life insurance. Furthermore, in August 2018, we launched foreign currency-denominated single-premium individual annuity, developed by utilizing the knowledge of our subsidiary in the U.S., Symetra Financial Corporation, and in April 2019, we launched foreign currency-denominated level-premium individual annuity. In March 2021, we introduced the selected currency type level-premium whole life insurance. Through these launches, we have expanded our product lineup in order to meet diverse customer needs.

On the service front, we digitalized the application of new policies, and also introduced a system that allows customers to conduct surrender procedures online after checking information such as the surrender value of the policy as of the date of inquiry. The aim is to enhance customer convenience.

Medicare Life

In April 2010, a subsidiary Medicare Life was set up to flexibly provide simple and easy-to-understand insurance products to customers who want to proactively select products that suit them. Competitive products are being offered through insurance outlets, the Internet and financial institutions.

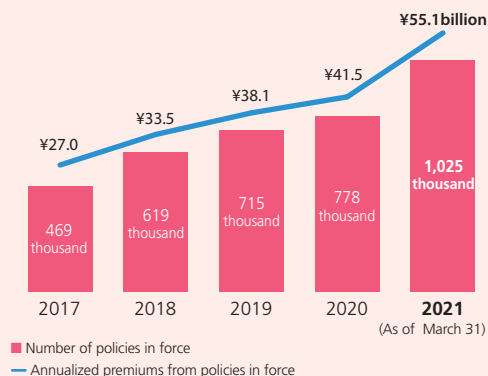
Besides its key product, level-premium medical insurance, Medicare Life has expanded its product lineup by introducing products such as substandard whole life medical insurance, which can be sold to customers who do not qualify for standard products, income protection insurance, and specified disease insurance with lump sum benefits. In May 2019, Medicare Life also launched insurance that covers outpatient medication treatment, which had not been provided by previous medical insurance. Efforts have been made to increase customer convenience at the same time, such as digitalizing application procedures in fiscal 2017.

In fiscal 2020, annualized premiums from policies in force of Medicare Life increased 33.0% year on year to ¥55.1 billion, as a result of the revision of the mainstay medical whole life insurance in

Review of Operations

April 2020. Medicare Life registered over one million policies in force at the end of March 2021 and is on a favorable growth track. In March 2021, it increased its capital by an additional ¥20 billion to secure the capital that will be needed in the future in keeping with the recent increase in new policies. Efforts are underway to further enhance the product lineup, and in June 2021, a new cancer insurance product was launched in response to many requests.

Policies in Force of Medicare Life



AIARU Small Amount & Short Term Insurance

In the domestic insurance market, customer needs are becoming diversified and fragmented, and the need to provide coverage for niche fields is increasing. In response to such needs, we acquired AIARU Small Amount & Short Term Insurance Co., LTD. as a subsidiary in August 2019. The acquisition was aimed at capitalizing on the subsidiary's ability to launch new products and develop niche markets with the flexibility as a small-amount and short-term insurance company, and using the ability for Sumitomo Life's marketing strategy, so that we can provide a full range of services to our customers.

Insurance Outlets

With the increase in customers who want to compare and choose insurance, there is a growing number of insurance outlets across Japan that offer optimal products for each customer by signing agency agreements with several life insurance companies. We operate insurance outlets through our subsidiaries, Izumi Life Designers Co., Ltd. and INSURANCE DESIGN, mainly in the three metropolitan areas of Tokyo, Keihanshin, and Nagoya, aiming to provide optimal protection to more customers and their families and to accurately identify customer trends and product needs through the insurance sales business of insurance outlets. The outlets of our subsidiaries can broadly meet diversifying customer needs with the lineup of not only the Sumitomo Life Group's products but also multiple life and non-life insurance products, through tailored consulting.

6

Overseas Operations

Along with efforts to develop domestic growth areas, we are actively seeking growth opportunities in overseas markets. We aim to supplement earnings from the domestic life insurance business by expanding the earnings base through regionally distributing the life insurance business that is concentrated in Japan, and securing the profitability and growth potential of overseas life insurance markets. Through these initiatives, we strive to strengthen sustainability.

Through sharing information and producing synergies with overseas life insurance companies that we invest in, we strive to sophisticate our asset management, diversify our product development, and create added value such as business innovation through utilizing InsurTech. Our long-term goal is to secure 20% of the Group's core business profit from overseas operations.

In response to the spread of COVID-19, we support the companies we invested in to recover and enhance their profitability, while monitoring their performance with a particular focus on soundness in light of the deterioration of the global economy and the risk of a prolonged low interest rate environment in the United States.

North America

In 2016, we acquired full ownership of Symetra Financial Corporation, a U.S. life insurance group. The U.S. is the world's largest life insurance market where stable growth is expected for the future.

Symetra operates in three business lines of benefits, retirement, and life. Symetra has achieved stable growth supported by strong trust relationships with its national network of benefit consultants, financial institutions and independent agents and advisors. In addition to expanding sales of medical stop loss insurance and fixed annuities for which Symetra holds a leading position in the industry, we will make use of the relationships developed with benefit consultants and independent agencies through these products in an effort to increase sales of other products as well.

Its annualized premiums from new policies were ¥79.2 billion, approximately 42% of the total of the Sumitomo Life Group's ¥190.7 billion for fiscal 2020. For policies in force, Symetra owns ¥462.5 billion, approximately 16% of the total of the Sumitomo Life Group's ¥2,804.4 billion. (US\$1 = ¥103.50, as of the end of December 2020.)

We have assigned several of its employees to work in Symetra at the board and operational levels in order to establish strong communications between Sumitomo Life and Symetra. We aim to support long-term enhancement of our policyholder interests through the acquisition of Symetra, which is expected to realize enhancement of earnings base, risk diversification and enjoyment of growth opportunity in the U.S. market.

Asia

We have expanded overseas operations in Asia through efforts including capital investments in and the dispatchment of our employees and officers to leading local partners in China, Vietnam, Indonesia and Singapore.

We established PICC Life Insurance Company Limited in November 2005 in partnership with the People's Insurance Company (Group) of China Limited which is the parent company of PICC Property & Casualty Limited, China's largest non-life insurance company. Sumitomo Life presently owns 10% of PICC Life as a strategic partner, and dispatches Directors to PICC Life to participate in its management. PICC Life operates business offices across the country. The company maintained its eighth place in the industry in terms of total premiums, although its total premiums for fiscal 2020 decreased by 2.0% year on year.

In 2013, we acquired 18% of the issued shares of Baoviet Holdings, Vietnam's largest insurance and financial group. We are now the largest shareholder after the Vietnamese government, and are dispatching our employees and officers, including directors to life insurance companies of the Group. To capitalize on the growth in the Vietnamese market, we are supporting the Group by providing our expertise, including product development and IT system development. We singlehandedly underwrote a capital increase for the growth of the company in 2019, which resulted in our equity stake reaching approximately 22%. Premium income from life insurance of Baoviet Holdings increased by 10.2% year on year in 2020, and the company ranked 1st among domestic life insurance companies in terms of premium income.

In 2014, we acquired approximately 40% of the total number of issued shares of PT BNI Life Insurance, a life insurance subsidiary of PT Bank Negara Indonesia (Persero) Tbk, one of the major state-owned commercial banks in Indonesia. We are dispatching our employees and officers, including directors and auditors to BNI Life in an effort to establish the Indonesian market through technical support in areas including bancassurance, group insurance, and risk management. In 2020, BNI Life moved to 10th in the industry from the 12th position the previous year, although total premiums decreased by 3.2% year on year.

Furthermore, in June 2019, we acquired approximately 25% of the total number of issued and outstanding shares of Singlife, with a seat on the board of directors. When Singlife merged with the Singapore business of the British company Aviva Plc (Aviva Ltd.), we made an additional investment to support the transaction. After this additional investment, our equity stake became 20.75%, and our equity interests in Singlife were exchanged for those of Aviva Singlife Holdings Pte. Ltd, a holding company that was newly established. We hope to benefit from the high growth potential of the Asian life insurance market through the investment in the company, and at the same time, improve convenience for the Group's customers and achieve greater management efficiency by gathering information on the latest trends in Singapore where there has been a rapid development in InsurTech, and Singlife's deployment of InsurTech for its business.

In 2020, Singlife's total premium income significantly increased by 791.1% year on year, and Aviva Ltd.'s total premium income increased by 8.5% year on year. In the industry ranking based on annualized premiums from new policies, Singlife jumped from the 18th position the previous year to the 9th position, and Aviva Ltd. was ranked 6th in the industry.

Representative Offices

We have overseas representative offices in New York, Beijing and Hanoi, which we utilize as platforms for our research and information gathering concerning further overseas expansion and broad range of business development in insurance and other financial fields.



Asset Management (General Account)

Our basic strategy is to promote the Asset-Liability Management (ALM) framework. In order to secure stable earnings and reliably make payments such as insurance claims, we will invest mainly in yen-denominated interest-bearing assets such as long-term public and corporate bonds and loans. Furthermore, we aim to improve returns by investing in stocks and foreign bonds within acceptable risks. We will also manage our investments considering sustainability over the medium- to long-term including ESG factors (responsible investment), thereby contributing to the realization of a sustainable society as well as securing stable earnings over the medium- to long-term as a responsible institutional investor.

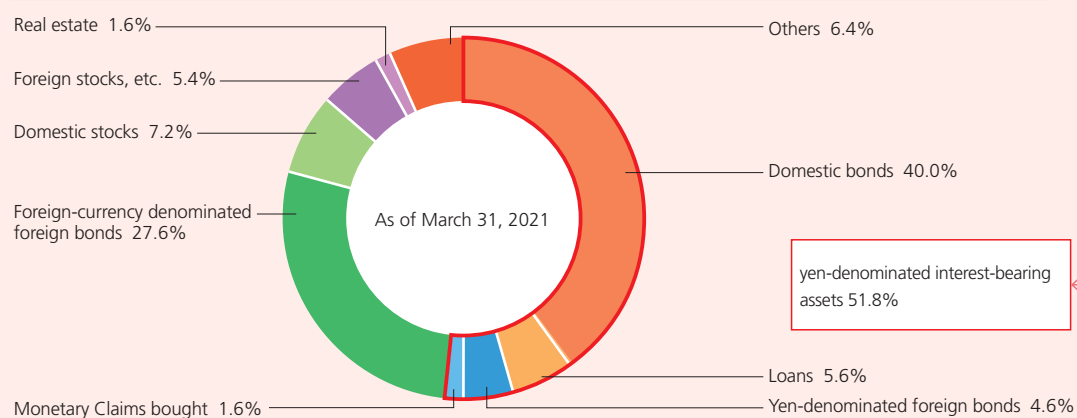
Asset Management

Our asset management portfolio is divided into two categories, the “ALM Investment Portfolio” and the “Balanced Investment Portfolio.” We strive to sophisticate our asset management through “reinforcing risk control” and “improving returns” according to the purpose of each investment, in order to offer insurance products that meet customer needs.

With respect to the “ALM Investment Portfolio” focused on yen-denominated interest-bearing assets serving objectives of reliable payments of insurance claims, etc., we worked to promote ALM and steadily reduce domestic interest rate risk, which is the biggest risk for our asset management at present, by investing in super-long-term domestic bonds. We also actively invested in currency-hedged foreign credit assets, to improve asset management profitability.

Concerning the “Balanced Investment Portfolio” focused on highly liquid securities such as stocks and foreign government bonds serving objectives of the sustainable growth of corporate value, we invested in domestic and foreign stocks and unhedged foreign bonds with currency risk within an acceptable scope of risks, while managing risks appropriately through building hedge positions in case of significant decline in stock prices and foreign exchange rates.

General Account Assets Portfolio (Balance sheet basis)



(As of March 31)	2017	2018	2019	2020	2021
General account assets	¥28.8 trillion	¥30.5 trillion	¥31.9 trillion	¥32.2 trillion	¥34.5 trillion
Domestic bonds	43.8%	41.1%	40.4%	41.1%	40.0%
Loans	10.3%	9.1%	9.0%	6.5%	5.6%
Yen-denominated foreign bonds*1	5.8%	5.3%	4.9%	5.0%	4.6%
Monetary Claims bought	0.8%	0.9%	1.0%	1.0%	1.6%
Foreign-currency denominated foreign bonds*2	22.7%	25.1%	25.9%	26.5%	27.6%
Domestic stocks	5.9%	6.3%	5.9%	5.3%	7.2%
Foreign stocks, etc.	3.4%	3.5%	3.9%	4.2%	5.4%
Real estate	2.0%	1.9%	1.7%	1.7%	1.6%
Others	5.4%	6.8%	7.3%	8.6%	6.4%

*1 Yen-denominated foreign bonds include foreign-currency denominated foreign bonds with a fixed amount in Japanese yen.
 *2 Foreign-currency denominated foreign bonds (including those issued by residents) include hedged foreign bonds.

Furthermore, as a responsible institutional investor, we are promoting responsible investment (ESG investment and stewardship activities) with the aim of realizing a sustainable society and improving investment returns over the medium- to long-term. We started full-scale ESG investment from fiscal 2019, formulating the ESG Investment Policy in March 2019 and signing the United Nations Principles for Responsible Investment in April 2019. At the beginning of fiscal 2021, we formulated the basic principles on responsible investment and reinforced the organizational structure by setting up the Responsible Investment Team to promote stewardship activities and ESG investment. We are further stepping up efforts, such as commitment to net zero GHG emissions in our asset portfolios by 2050.

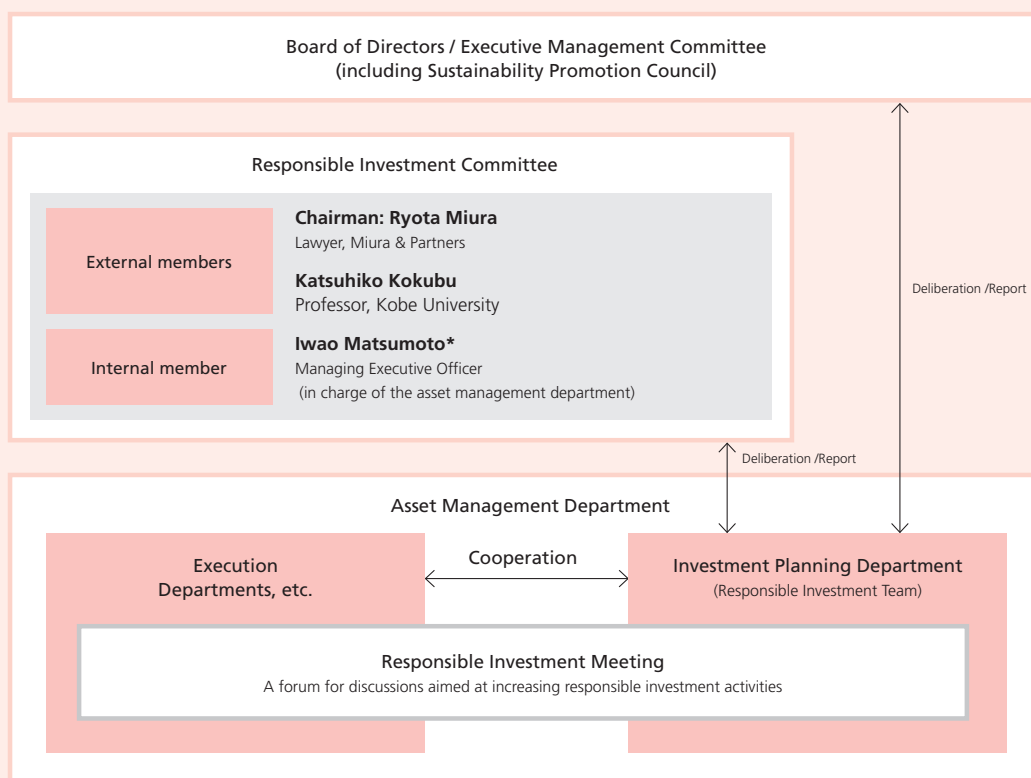
Key Initiatives

ESG Investment Methodology	Description
ESG integration	<ul style="list-style-type: none"> Incorporate an ESG perspective in the investment process All assets subject to ESG integration from fiscal 2021
Stewardship activities	<ul style="list-style-type: none"> Engage in dialogue and stewardship activities with investees Study on collaborative engagement and other actions under international initiatives from fiscal 2021, in addition to dialogue with portfolio companies of domestic listed stocks and domestic bonds
Thematic investing	<ul style="list-style-type: none"> Investments and loans aimed at resolving ESG issues Set a target of JPY 500bn for new investments and loans described above during the new medium-term business plan (2020-2022)
Negative screening	<ul style="list-style-type: none"> Exclude companies that manufacture inhumane weapons from the scope of investments, and do not engage in investment in coal power generation projects

Key Initiatives to Date

Examples of Key Initiatives to Date	Related SDGs
Investment in sustainable development bonds, investment in sustainability bonds, investment in schemes related to COVID-19 response, investment in positive impact finance, investment in green bonds, microfinance funds, solar power projects, and environment-friendly real estate properties, etc.	

Organizational Structure for Responsible Investment



*Mr. Iwao Matsumoto is not involved in deliberations on conflicts of interest, as he may be involved in decision making on the exercise of voting rights.

Governance

As a mutual insurance company, each holder of our participating policy is a member of the Company, or in other words, a part owner.

At the Annual Board of Policyholder Representatives Meeting, 180 elected policyholder representatives make decisions on important matters, including the appropriation of the Company's net surplus, changes to the articles of incorporation, and the appointment of directors.

As for the design of bodies involved in management including the Board of Directors, the Company transitioned to Company with Committees in July 2015, with a view to further strengthening its corporate governance framework.

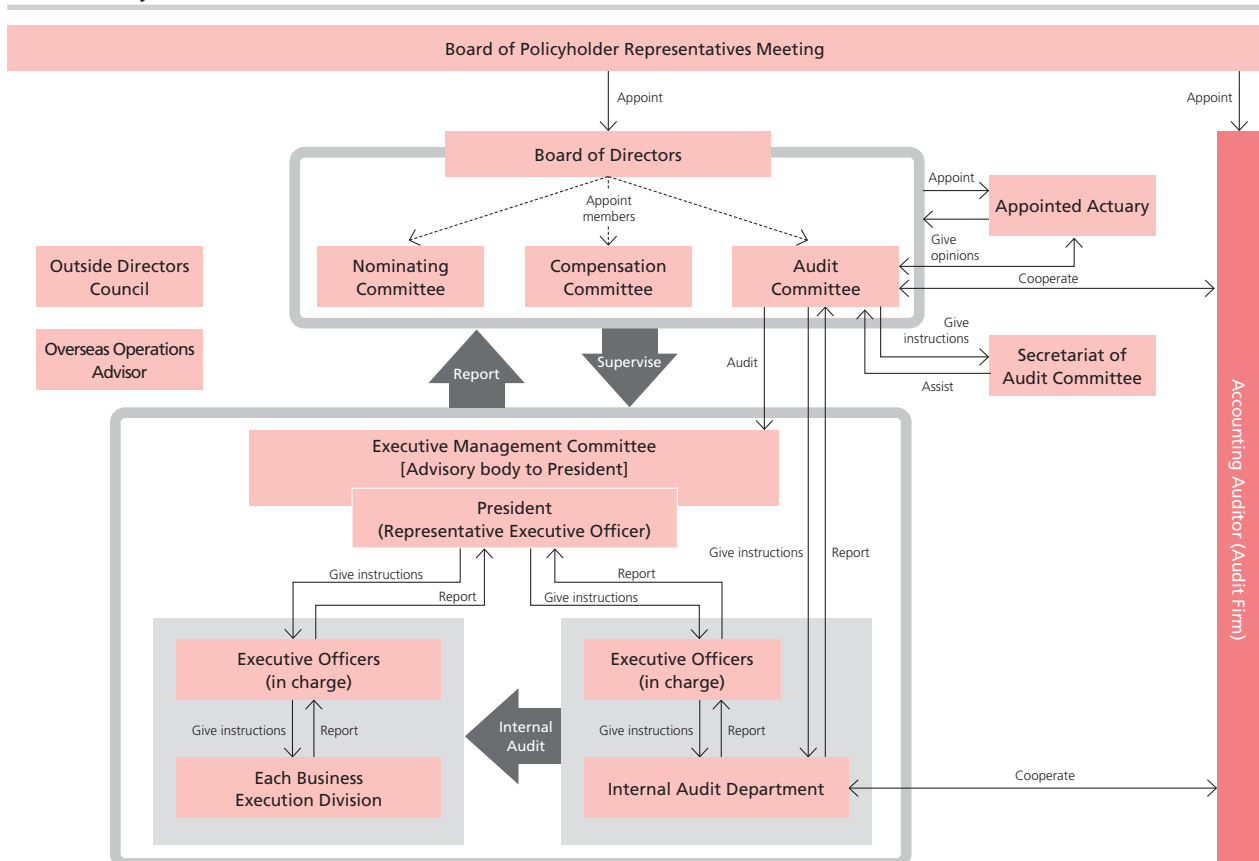
As Company with Committees, the Company has established three committees namely Nominating Committee, Audit Committee and Compensation Committee, each with majority of members represented by Outside Directors.

Important management matters such as nomination of candidates for Directors, compensation for Directors and Executive Officers and matters relating to audit has been decided by the respective Committee, which is expected to lead to further enhancement of management transparency and objectivity of decision-making.

Furthermore, the Company, by this transition, strives to speed up the pace of management through delegating business execution decisions to Executive Officers, for the purpose of prompt and resolute decision-making, to ensure continuous corporate growth and enhancement of corporate value over the medium- to long-term.

In parallel with the transition to Company with Committees, Outside Directors Council has been estab-

Governance System



lished comprising all Outside Directors.

The Council has been established to facilitate exchange of opinions, as well as to achieve consensus between Outside Directors and top management, regarding important management matters such as those concerning medium- to long-term management strategies and corporate governance.

Policyholder Dialogues are held annually and, in 2021, we held 89 such Dialogues at branches throughout the country for executives to listen directly to the opinions of policyholders and reflect those opinions in company management.

Additionally, the Board of Councilors, a body of academic experts and policyholders elected at the Annual Board of Policyholder Representatives Meeting to discuss important business issues, meets every year so that those opinions will be reflected in company management.

Our Measures for the Corporate Governance Code

The Company prepares and discloses on a voluntary basis the report in accordance with “Corporate- Governance Report” as prescribed by the Tokyo Stock Exchange, from the viewpoint of enhancing information disclosure.

In addition, Corporate Governance Code is not directly applicable to the Company since it is not a listed company. However, based on the recognition that corporate governance is a common issue regardless of corporate structures, the Company responds to this issue on a voluntary basis. The Company also responds on a voluntary basis to “Reasons for not implementing each principle in the Corporate Governance Code” and “Disclosure based on each principle in the Corporate Governance Code” in this report.

Promoting Compliance

We consider strictly observing law and regulations to be an important management issue in order to more firmly establish the basic business policy of living up to the trust of customers, and based on this belief, we have established a system to promote compliance.

In order to fulfill our mission of contributing to social and public welfare through the life insurance business, we faithfully conduct business in accordance with our Management Policy and the Sumitomo Life Group Code of Conduct. In addition, we have formulated the Legal Compliance Policy and Insurance Solicitation Management Policy to clarify the basic policy concerning compliance, based upon which we have developed a compliance promotion system.

Furthermore, in an aim to foster a corporate culture that values compliance, we utilize the Compliance Manual and Insurance Solicitation Compliance Manual that cover matters such as the basic approach to compliance and particularly important matters in order to ensure that they become fully aware of compliance, and have also been holding broad training programs concerning compliance.

In addition, Compliance Committee has been established with the President as the chairman to receive reports on matters such as the status of monitoring and analysis on individual issues and to conduct discussions aimed at resolving these issues.

Furthermore, the Compliance Control Department that supervises compliance for the Company works to address the individual issues described above, makes reports on the state of compliance for the entire Company to bodies including the Board of Directors, and receives instructions as required for the management of operations.

Under the compliance promotion system, risk-based measures for money laundering and terrorist financing are implemented in consideration of laws and regulations as well as the external environment to maintain the soundness of the financial system.

Risk Management

In Japan, introduction of an economic value-based solvency regime is expected.

In anticipation of the future introduction, we have taken advanced measures such as implementation of an economic value-based integrated risk management and disclosure of EEV for the first time as a mutual company in Japan.

We are utilizing and continuously upgrading our integrated risk management system as an effective tool that contributes to management's strategic decision making by comprehensively evaluating various risks arising in the changing business environment from a company-wide perspective, and measuring the risk relative to the level of capital, etc.

The Company's Basic Policies for "Japan's Stewardship Code"

The Company invests in the corporate stocks that are believed to present with medium- to long-term increase in equity values, and strives to get involved with investee companies as a shareholder through active dialogue in terms of various viewpoints, including sustainable profit growth, profit distribution to shareholders, and corporate governance, in order to promote the enhancement of medium- to long-term increase in equity values. Accordingly, for the exercise of its voting rights, the Company makes decisions based on such dialogues from medium- to long-term viewpoints.

Meanwhile, we announced the acceptance of "the Principles for Responsible Institutional Investors (Japan's Stewardship Code)," as we agree to its underlying objective to promote sustainable growth as well as enhancement of corporate value of investees through dialogues.

In May 2017, we established the "Policy on customer-oriented business operations," and as a part of the measures based on these, we established the "Third-party Committee Regarding Stewardship Activities" and started disclosing the results for the exercise of voting rights individually, in order to strengthen and increase the transparency of the management of conflicts of interests related to stewardship activities, including the exercise of voting rights.

In fiscal 2020, we reorganized the "Third-party Committee Regarding Stewardship Activities" into the "Responsible Investment Committee" ahead of the transition to a responsible investment structure. The "Responsible Investment Committee" is tasked with enhancing all aspects of responsible investment by holding discussions and making recommendations not only to promote ESG investment but also to ensure the appropriateness of stewardship activities. The committee consists of two outside members (one of whom is the Chairman) and one internal member. However, the internal member will not be involved in deliberations regarding conflicts of interest in making decisions on the exercise of voting rights. We also strive to improve the transparency of stewardship activities by disclosing the results of our exercise of voting rights for each company.



Corporate Information

(As of July 2, 2021)

Directors



Chairman of the Board
Masahiro Hashimoto *



Director
Yukinori Takada *



Director
Kenichi Nagataki



Director
Hideyuki Sumi *



Director
Kazuhiko Kusaka *



Outside Director
Toru Yamashita
School Corporation
Den-en-chofu
Futaba Gakuen
President



Outside Director
Kazuaki Kama
Special Advisor,
IHI Corporation



Outside Director
Kimitaka Mori
Adviser of The Japanese
Institute of Certified Public
Accountants as former
President



Outside Director
Toshiko Katayama
Partner, Katayama -
Hiraizumi Law Offices



Outside Director
Masaaki Oka
Attorney at Law,
Kajitani Law Offices



Outside Director
Kenzo Yamamoto
Representative,
Office KY Initiative

* Executive Officer

The designation of committee members and the Chairman of each committee are as follows:

Nominating Committee

Toru Yamashita (Chairman)
Toshiko Katayama
Kenzo Yamamoto
Masahiro Hashimoto
Yukinori Takada

Audit Committee

Kazuaki Kama (Chairman)
Kimitaka Mori
Masaaki Oka
Kenichi Nagataki

Compensation Committee

Toru Yamashita (Chairman)
Toshiko Katayama
Kenzo Yamamoto
Masahiro Hashimoto
Yukinori Takada

Corporate Information

Executive Officers, as defined in the Companies Act

Representative Executive Officer

Masahiro Hashimoto *

President & Chief Executive Officer

Representative Executive Officer

Yukinori Takada *

Senior Managing Executive Officer

Representative Executive Officer

Hideyuki Sumi *

Kazuhiko Kusaka *

Senior Managing Executive Officer

Hirokazu Kitagoshi

Managing Executive Officers

Takeshi Eimori

Iwao Matsumoto

Tatsuya Yuri

Toyoki Iwai

Kiyoshi Horie

Makoto Matsumoto

Toru Shiomitsu

* Director

Executive Officers, as defined in our internal regulations

Managing Executive Officers

Katsunori Hirai

Hideki Oyama

Yasuo Kobayashi

Fumihiko Komatsu

Hideo Fuji

Ichiryu Kawai

Makoto Kayama

Senior Executive Officers

Kazuhiko Arai

Yoshihiro Nakano

Tatsuro Nakanishi

Fumito Fujimoto

Satoshi Sadanaga

Satoshi Mouri

Atsushi Hashimoto

Hiroki Fujimoto

Executive Officers

Muneo Sasagawa

Masateru Matsuyama

Keisuke Terasaki

Nobuji Takao

Katsusuke Nagahashi

Kentaro Tsukamoto

Nobukazu Yoshihara

Kensei Kawaguchi

Takumi Ishihara

Keiji Sano

Hiromi Yamamoto

Number of Directors and Executive Officers, as defined in the Companies Act

Male: 18, Female: 1

The ratio of female Directors and Executive Officers, as defined in the Companies Act: 5.3%

Directory

SUMITOMO LIFE INSURANCE COMPANY

Head Office

1-4-35, Shiromi, Chuo-ku, Osaka 540-8512, Japan
Tel: +81 (6) 6937-1435

Tokyo Head Office

7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan
Tel: +81 (3) 5550-1100

* If you have any inquiries, please contact:

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Corporate Planning Department

7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan

Email: sumisei_ir@am.sumitomolife.co.jp

Representative Offices

New York Representative Office

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Tel: +1 (212) 521-8340

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Chao Yang District, Beijing 100004, China
Tel: +86 (10) 6561-6120 Fax: +86 (10) 6561-6142

Hanoi Representative Office

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Hoan Kiem, Hanoi, Vietnam
Tel: +84 (24) 3946-0444 Fax: +84 (24) 3946-0445

Subsidiaries and Affiliates

Name	Country	Main business	Issued capital (millions of yen)	Equity held directly or indirectly by Sumitomo Life (%)
Domestic				
Medicare Life Insurance Co., Ltd.*	Japan	Life insurance business	¥50,000	100.00%
AIARU Small Amount & Short Term Insurance Co., Ltd.*	Japan	Small-amount and short-term insurance business	¥299	98.84
SUMISEI Insurance Service Corporation*	Japan	Life insurance confirmation business	¥15	100.00
Izumi Life Designers Co., Ltd.*	Japan	Insurance solicitation business	¥100	100.00
SUMISEI-Support & Consulting Co., Ltd.*	Japan	Insurance solicitation business	¥100	100.00
INSURANCE DESIGN*	Japan	Insurance solicitation business	¥20	95.00
Agent Co., Ltd.*	Japan	Insurance solicitation business	¥231	44.83
Mycommunication Co., Ltd.*	Japan	Insurance solicitation business	¥76	43.00
Japan Pension Navigator Co., Ltd.*	Japan	Defined contribution pension administration business	¥1,600	15.95
Nippon Building Fund Management Ltd.*	Japan	Investment trust business and investment corporation asset management business	¥495	35.00
Sumisei Building Management Co., Ltd.*	Japan	Real estate maintenance and management	¥100	100.00
Shinjuku Green Building Kanri K.K.*	Japan	Real estate maintenance and management	¥20	64.70
Sumisei Bussan K.K.*	Japan	Merchandising business	¥10	100.00
Sumisei Business Service Co., Ltd.*	Japan	Clerical work agency	¥70	100.00
SUMISEI Harmony K.K.*	Japan	Administrative business	¥50	100.00
Japan Pension Service Co., Ltd.	Japan	Corporate pension service agency	¥2,000	39.67
Sumitomo Life Information Systems Co., Ltd.*	Japan	Computer operations	¥300	100.00
CSS Co., Ltd.*	Japan	Payment collection agency	¥10	100.00
Overseas				
PT BNI Life Insurance*	Indonesia	Life insurance business	IDR300,699 million	39.99
Symetra Financial Corporation*	U.S.A.	Bank holding company	\$1	100.00
Baoviet Holdings*	Vietnam	Bank holding company	VND 7,423,227 million	22.08
Aviva Singlife Holdings Pte. Ltd.*	Singapore	Bank holding company	SGD2,077 million	20.75

* Consolidated subsidiaries and affiliated companies accounted for by the equity method as of March 31, 2021.

(Notes) 1. Agent Co., Ltd. changed its name to Agent Insurance Group Co., Ltd. on July 1, 2021.

2. 3 companies including SUMISEI-SBI Limited Partnership which conducts investment management business, are included in our subsidiaries.

3. 12 subsidiaries of Symetra Financial Corporation, including Symetra Life Insurance Company, are included in our subsidiaries.

4. Baoviet Life Corporation, which is a subsidiary of Baoviet Holdings, is included in our affiliates.

5. 2 subsidiaries of Aviva Singlife Holdings Pte. Ltd., including Singapore Life Pte. Ltd., are included in our affiliates.

To support healthy lifestyles, we have constantly carried out various activities in consideration of the impact of our business activities on the global environment. We will continue to actively engage in such activities while keeping abreast of the times.

Sumisei Environmental Policy

Sumitomo Life believes that maintaining and preserving the global environment is indispensable for our goal of realizing a society of affluence, vitality and longevity.

In keeping with the public nature of our business and our responsibilities to society, the CSR Management Policy stipulates that “To support healthy lifestyles, we will constantly consider the impact of our business activities on the global environment and actively work on protecting it.” We will observe the following principles in our daily activities and carry out actions to steadily and sustainably protect the global environment.

1. We shall fully recognize the importance of protecting the global environment and the environmental impact of our business activities, and promote global environmental protection through our business activities.
2. We shall pursue energy and resource conservation, waste recycling, and green purchasing for consumables, fixtures and equipment in offices.
3. We shall raise the environmental awareness of each officer and employee of the Company, support their activities to protect the global environment, and actively contribute to society on the environmental front.

Addressing Climate Change

With climate change becoming a major talking point, as seen in the adoption of the Paris Agreement in 2015, we announced our endorsement of the final recommendations report published by the Task Force on Climate-related Financial Disclosures (TCFD), referred to as the “TCFD recommendations,” which set out a framework for disclosure of information on climate-related risks and opportunities. In 2021, we decided to aim for net-zero greenhouse gas (“GHG”) emissions by 2050 and set reduction targets for 2030.

<GHG Emissions*1 Reduction Targets>

Category	2030 Target	2050 Target
Scope 1 + 2	-40% (compared with 2013)	Net zero
Scope 3*2	-30% (compared with 2019)	
Asset portfolio*3	-42% (compared with 2019)	

*1 Scope 1, 2, and 3 are concepts in the GHG emissions accounting and reporting standards for businesses stipulated by the GHG Protocol and refer to the following.

- Scope 1: Direct emissions from fuel use at Sumitomo Life
- Scope 2: Indirect emissions from use of electricity and heat purchased by Sumitomo Life
- Scope 3: Indirect emissions from business activities other than those in Scope 1 and 2

*2 This covers the items in which emissions are to be reduced through the proactive efforts of Sumitomo Life and its employees.

It includes Category 1 (Purchased Goods and Services), Category 3 (Fuel and Energy-Related Activities Not Included in Scope 1 or Scope 2), Category 4 (Upstream Transportation and Distribution at the expense of Sumitomo Life), Category 5 (Waste Generated in Operations), Category 6 (Business Travel), Category 7 (Employee Commuting), Category 12 (End-of-Life Treatment of Sold Products), and Category 13 (Downstream Leased Assets). As we work to reduce emissions in these categories, we will consider adding other categories in the future if necessary. Category 15 (Investments) is managed separately as emissions from the asset portfolio.

*3 From the perspective of tackling global social issues, all assets including overseas assets (excluding government bonds, etc.) will be covered. Government bonds, etc. are excluded from the viewpoint of covering the core economic activities, such as production and consumption, which lead to GHG emissions.

<GHG Emissions Performance>

	Unit	FY2013	FY2017	FY2018	FY2019
Scope 1 + 2	t CO ₂	50,114	46,468	46,768	38,813
Scope 1	t CO ₂	5,198	4,505	2,899	2,716
Scope 2	t CO ₂	44,916	41,963	43,869	36,097
Scope 3	t CO ₂	-	276,371	225,144	205,378



Sumisei Lief, a mobile terminal



[Initiatives as a life insurance company]

<Energy and resource conservation>

Each department takes the initiative in reducing paper and electricity consumption in its business activities, which has a large environmental impact. In addition, we began digitalizing new policy application in 2019 and commenced online application for new policies in 2021. These efforts are expected to further reduce paper consumption.

<Environment-friendly print materials>

We use environment-friendly print materials for calendars and product pamphlets we provide to our customers, and for in-house training materials. We also put our unique eco symbol on such print materials, raising environmental awareness of our employees as part of company-wide efforts.

<Environment-friendly property management>

We make efforts to save energy by installing energy-saving equipment and carefully setting the temperature of air conditioners at approximately 100 tenanted buildings owned by the Company across Japan.

[Initiatives as an institutional investor]

We have been promoting responsible investment (ESG investment and stewardship activities) with the aim of realizing a sustainable society while also improving our medium- to long-term investment returns. In particular, we have been promoting initiatives to reduce the GHG emissions of our investees including dialogue on environmental issues and investments that contribute to decarbonization. We are also a signatory to the "Climate Action 100+" and "CDP" international initiatives in order to motivate our portfolio companies in collaboration with other investors. We will continue to promote ESG integration, dialogue (engagement) with our portfolio companies, thematic investment including environment-related financing, thereby further augmenting our responsible investment efforts.

Support for the Environment and Social Contribution Activities

[Coral Reef Conservation Project]

Coral reefs, a gift of nature to human beings and also serving an important role from the perspective of biodiversity, are being destroyed by such factors as global warming, marine pollution, development, and natural disasters. To conserve coral reefs and foster sustainable communities, we have been engaged in the Coral Reef Conservation Project since 2008, supporting WWF Japan's activities to save the coral reef ecosystem in the Nansei Islands.

[Addressing the marine plastic issue]

We abolished the use of plastic straws and switched to paper straws at our Head Office and Tokyo Head Office in October 2019. In addition, the stores at our Head Office and Tokyo Head Office stopped giving out plastic shopping bags in July 2020 to encourage the use of reusable shopping bags.

In support of the Ministry of the Environment's Plastics Smart Campaign, we engage in efforts to reduce disposable plastics and in beach and river cleanup activities.



Creation of Affluent Society

We believe that contributing and returning to society is one of our most important management priorities, and are advancing social contribution activities primarily focused on priority themes: “health enhancement,” “support for child raising,” and “global environmental protection,” considering the affinity of these activities with the life insurance business.

Health Enhancement

[Sumisei Vitality Action initiative]

Through the “Sumisei Vitality Action,” a social contribution program with the theme of health enhancement, which uses a characteristic approach of CSV called “collective impact,” we are working on the social issue of health enhancement with the cooperation of local governments, foundations, athletes, and others. Specifically, we began rolling out a program, centered on parent-child sports events hosted by top athletes of various sports, in 2017. We have held such sports events at 110 locations across Japan as of the end of fiscal 2020.

[Initiatives related to cancer]

We support cancer patient associations, etc. for the purpose of promoting early detection and treatment of cancer as well as the cancer patients and their families. Furthermore, under the supervision of the National Cancer Center Japan, we have created tools such as “Things to Know about Cancer,” and educate the public about cutting-edge cancer treatment and particle beam therapy. We also support pink ribbon campaigns to raise awareness of the importance of early detection, diagnosis, and treatment of breast cancer. In addition, as part of the “Active Challenge,” one of the programs of SUMITOMO LIFE Vitality, we plan to start making donations to the Japan Cancer Society, an organization that supports cancer patients.

[Initiatives related to dementia]

We provide support to associations that engage in dementia care. In addition, through specified courses, we have been training “dementia supporters.” 47,155 supporters (as of March 31, 2021) have completed the course so far. Aiming to widely allocate dementia supporters to our branches, we have made a particular effort since January 2020 and trained 35,395 people nationwide. In recognition of our efforts to allocate dementia supporters nationwide and our activities to harness our knowledge in dealing with customers, we received the award for excellence for dementia supporter activities by corporations and occupational organizations in fiscal 2020 from the National Caravan-Mate Coordinating Committee.

Under the supervision of dementia specialists and care managers, we created tools such as “Things to Know about Dementia” and are engaging in educational activities.



Support for Child Raising

Sumitomo Life provides support in child raising, mainly from before childbirth to later childhood, focusing on the concept of “a place for children,” in order to support the healthy growth of children and child raising in society.

[Child Raising Project to Empower the Future]

Sumitomo Life sponsors “Awards in Support of Child Raising” and “Sumisei Woman Researcher Encouragement Prizes” backed up by the Ministry of Education, Culture, Sports, Science and Technology, and the Ministry of Health, Labour and Welfare. The project started in 2007 and will enter its 15th year in 2021. We grant the Awards in Support of Child Raising to and thereby assist distinguished activities that support child raising across the country, while introducing them as role models in an effort to spread the good practice to other areas. The awards have been given to 157 groups so far.

The “Sumisei Woman Researcher Encouragement Prize” is a grant program intended to support both studies and child raising by woman researchers, and has been awarded in support of 140 researchers so far.

[Sumisei After School Project]

We have been running the “Sumisei After School Project,” another activity in support of child raising aimed at improving the child-raising environments in all regions of Japan since 2014. The project is supported by the Ministry of Education, Culture, Sports, Science and Technology. With the aim of creating a more enjoyable and safer environment for elementary school children to spend their time after school, we visit after-school childcare centers throughout Japan to offer classes under the themes of life, health, and the future. Classes are given to roughly 50 groups per year, and so far, we have provided opportunities for learning and experience to about 11,500 children in approximately 310 locations nationwide (as of the end of March 2021). This initiative has received various awards including the “2017 Good Design Award.”



Creation of Affluent Society

[Children's Drawing Contests]

Since 1977, we have also organized international children's drawing contests to help the healthy growth of children. Over 11.5 million works have been submitted since the start of this program. The winning works have been exhibited at the Louvre Museum in Paris every year since 2000, inspiring the dreams of children. We also donate one yen for each drawing paper distributed and ten yen for each work submitted to support the activities of the Japan Committee for UNICEF.

The exhibition at the Louvre Museum was canceled, and applications were temporarily suspended in fiscal 2020 due to the COVID-19 outbreak, but we resumed accepting applications in March 2021, taking measures to prevent the spread of infection.



Financial Statements

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Notes: 1. U.S. dollar amounts are converted at U.S. \$1.00 = ¥110.71, the rate prevailing on March 31, 2021
2. Amounts of less than one million yen or less than one million dollars have been truncated.

Consolidated Balance Sheets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

As of March 31	Millions of Yen		Millions of U.S. Dollars	
	2019	2020	2021	2021
ASSETS:				
Cash and deposits (Notes 3, 4 and 13)	¥ 1,604,760	¥ 1,603,446	¥ 1,386,540	\$ 12,524
Call loans (Note 4)	238,792	354,415	192,142	1,735
Monetary claims bought (Note 4)	317,252	326,239	565,143	5,104
Securities (Notes 4, 6, 13 and 14)	30,006,016	31,224,974	34,343,796	310,214
Loans (Notes 4, 13, 15 and 16)	3,550,593	2,834,875	2,645,407	23,894
Tangible fixed assets (Notes 5, 7 and 18)	571,169	573,778	570,045	5,149
Land	351,911	360,839	360,256	3,254
Buildings	185,680	178,097	174,980	1,580
Lease assets	8,045	6,225	4,548	41
Construction in progress	17,748	20,871	23,711	214
Other tangible fixed assets	7,784	7,744	6,548	59
Intangible fixed assets	271,938	234,531	193,877	1,751
Software	34,956	34,970	37,258	336
Goodwill	55,528	51,599	42,918	387
Lease assets	41	12	—	—
Other intangible fixed assets	181,412	147,948	113,699	1,027
Due from agents	179	181	145	1
Reinsurance receivables	2,203	1,186	1,241	11
Other assets (Note 24)	1,103,996	1,264,231	1,112,257	10,046
Net defined benefit assets (Note 10)	20,818	7,258	18,370	165
Deferred tax assets (Notes 11 and 19)	124,912	218,110	69,056	623
Allowance for possible loan losses	(1,164)	(1,178)	(3,938)	(35)
Total assets	¥37,811,470	¥38,642,050	¥41,094,086	\$371,186

As of March 31	Millions of Yen			Millions of
	2019	2020	2021	U.S. Dollars
LIABILITIES:				2021
Policy reserves and other reserves	¥31,052,893	¥31,698,335	¥32,295,045	\$291,708
Reserve for outstanding claims	142,074	138,733	138,027	1,246
Policy reserves	30,684,495	31,338,115	31,938,861	288,491
Policyholders' dividend reserves (Note 9)	226,323	221,485	218,156	1,970
Reinsurance payables	12,846	11,958	12,837	115
Corporate bonds (Notes 4 and 20)	528,305	477,709	474,969	4,290
Other liabilities (Notes 21 and 24)	3,803,492	4,058,781	5,272,243	47,622
Payables under repurchase agreements (Note 4)	1,893,213	1,948,528	2,870,573	25,928
Payables under securities borrowing transactions (Note 4)	772,360	590,008	501,353	4,528
Other	1,137,918	1,520,244	1,900,316	17,164
Net defined benefit liabilities (Note 10)	10,445	13,655	4,775	43
Reserve for price fluctuation	744,582	787,707	883,835	7,983
Deferred tax liabilities (Notes 11 and 19)	166	14,729	33,615	303
Deferred tax liabilities for land revaluation	13,014	12,923	12,894	116
Total liabilities	36,165,746	37,075,800	38,990,217	352,183
NET ASSETS:				
Foundation funds (Note 12)	50,000	—	—	—
Reserve for redemption of foundation funds (Note 12)	589,000	639,000	639,000	5,771
Reserve for revaluation	2	2	2	0
Surplus	203,072	102,654	81,850	739
Total funds, reserve and surplus	842,075	741,656	720,853	6,511
Net unrealized gains (losses) on available-for-sale securities	899,876	949,379	1,526,505	13,788
Deferred gains (losses) on derivatives under hedge accounting	810	405	104	—
Land revaluation differences	(61,417)	(59,708)	(59,397)	(536)
Foreign currency translation adjustments	(56,487)	(61,476)	(84,516)	(763)
Remeasurements of defined benefit plans	20,756	(4,127)	185	1
Total accumulated other comprehensive income	803,538	824,471	1,382,881	12,491
Non-controlling interests	109	121	133	1
Total net assets	1,645,723	1,566,249	2,103,868	19,003
Total liabilities and net assets	¥37,811,470	¥38,642,050	¥41,094,086	\$371,186

Consolidated Statements of Income and Consolidated Statements of

Sumitomo Life Insurance Company and Consolidated Subsidiaries

[Consolidated Statements of Income]

Years ended March 31	Millions of Yen			Millions of
	2019	2020	2021	U.S. Dollars
				2021
Ordinary income	¥3,639,446	¥ 3,485,973	¥3,517,715	\$31,774
Insurance premiums and other	2,605,680	2,446,744	2,415,578	21,818
Investment income	899,775	904,006	981,812	8,868
Interest, dividends and other income	769,003	766,032	748,445	6,760
Gains on trading securities	—	24,055	12,785	115
Gains on sales of securities	103,679	94,074	91,348	825
Gains on redemption of securities	2,011	14,001	16,592	149
Foreign exchange gains	4,461	—	—	—
Other investment income	4,994	5,842	5,597	50
Investment gains on separate accounts	15,624	—	107,044	966
Other ordinary income	133,990	135,222	120,324	1,086
Ordinary expenses	3,488,605	3,448,381	3,399,491	30,706
Benefits and other payments	2,065,538	2,011,767	1,873,355	16,921
Claims paid	666,493	636,852	592,713	5,353
Annuity payments	504,170	488,078	439,632	3,971
Benefits payments	368,394	394,265	379,375	3,426
Surrender benefits	459,457	430,784	405,680	3,664
Other refunds	67,022	61,787	55,954	505
Provision for policy reserves and other reserves	557,329	553,536	771,972	6,972
Provision for reserves for outstanding claims	4,548	—	296	2
Provision for policy reserves	552,746	553,504	771,646	6,969
Provision for interest on policyholders' dividend reserves (Note 9)	35	32	29	0
Investment expenses	294,168	325,237	173,751	1,569
Interest expenses	30,271	28,553	14,480	130
Losses on trading securities	2,514	—	—	—
Losses on sales of securities	97,320	17,108	19,970	180
Losses on valuation of securities	6,364	55,202	4,824	43
Losses on redemption of securities	1,460	5,847	1,657	14
Losses on derivative financial instruments	119,914	84,282	53,720	485
Foreign exchange losses	—	11,645	11,113	100
Provision for allowance for possible loan losses	141	26	1,257	11
Depreciation of real estate for investments	8,648	8,635	8,439	76
Other investment expenses	27,533	91,969	58,287	526
Investment losses on separate accounts	—	21,964	—	—
Operating expenses (Note 17)	409,598	401,645	422,875	3,819
Other ordinary expenses	161,970	156,194	157,536	1,422
Ordinary profit	¥ 150,840	¥ 37,591	¥ 118,223	\$ 1,067

Comprehensive Income

Years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Extraordinary gains	¥ 1,031	¥ 247	¥ 241	\$ 2
Gains on disposals of fixed assets	1,031	247	241	2
Extraordinary losses	101,786	46,712	98,693	891
Losses on disposals of fixed assets	2,976	1,991	793	7
Impairment losses (Note 18)	10,458	873	1,111	10
Provision for reserve for price fluctuation	87,522	43,124	96,128	868
Payments to social responsibility reserve	829	723	659	5
Surplus (loss) before income taxes	50,085	(8,873)	19,771	178
Income taxes (Notes 11 and 19)				
Current	44,165	56,078	39,834	359
Deferred	(42,357)	(70,168)	(47,041)	(424)
Total income taxes	1,807	(14,090)	(7,206)	(65)
Net surplus	48,277	5,217	26,978	243
Net surplus attributable to non-controlling interests	10	10	12	0
Net surplus attributable to the Parent Company	¥ 48,266	¥ 5,207	¥ 26,965	\$ 243

[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Net surplus	¥ 48,277	¥ 5,217	¥ 26,978	\$ 243
Other comprehensive income (loss) (Note 22)	44,547	19,403	558,098	5,041
Net unrealized gains (losses) on available-for-sale securities	73,444	47,474	575,067	5,194
Deferred gains (losses) on derivatives under hedge accounting	3,367	(345)	(300)	(2)
Foreign currency translation adjustments	(7,826)	(5,157)	(19,738)	(178)
Remeasurements of defined benefit plans	(18,659)	(24,884)	4,313	38
Share of other comprehensive income (loss) of associates under the equity method	(5,779)	2,317	(1,243)	(11)
Comprehensive income (loss)	92,825	24,620	585,076	5,284
Comprehensive income (loss) attributable to the Parent Company	92,814	24,610	585,064	5,284
Comprehensive income (loss) attributable to non-controlling interests	10	10	12	0

Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2019	Millions of Yen												
	Funds, reserve and surplus				Accumulated other comprehensive income (loss)								
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	100,000	539,000	2	248,102	887,104	841,320	(2,556)	(63,710)	(44,853)	39,415	769,616	99	1,656,820
Cumulative effect due to U.S. GAAP (ASU 2016-01) used for U.S. subsidiaries				12,918	12,918	(12,918)					(12,918)		—
Beginning balance after reflecting U.S. GAAP (ASU 2016-01) used for U.S. subsidiaries	100,000	539,000	2	261,020	900,022	828,402	(2,556)	(63,710)	(44,853)	39,415	756,697	99	1,656,820
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(52,804)	(52,804)								(52,804)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—								—
Payment of interest on foundation funds				(1,116)	(1,116)								(1,116)
Net surplus attributable to the Parent Company				48,266	48,266								48,266
Redemption of foundation funds	(50,000)				(50,000)								(50,000)
Reversal of land revaluation differences				(2,293)	(2,293)								(2,293)
Net changes, excluding funds, reserve and surplus						71,473	3,367	2,293	(11,634)	(18,659)	46,840	9	46,850
Net changes in the fiscal year	(50,000)	50,000	—	(57,947)	(57,947)	71,473	3,367	2,293	(11,634)	(18,659)	46,840	9	(11,096)
Ending balance	50,000	589,000	2	203,072	842,075	899,876	810	(61,417)	(56,487)	20,756	803,538	109	1,645,723
Year ended March 31, 2020	Millions of Yen												
	Funds, reserve and surplus				Accumulated other comprehensive income (loss)								
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	50,000	589,000	2	203,072	842,075	899,876	810	(61,417)	(56,487)	20,756	803,538	109	1,645,723
Cumulative effect due to U.S. GAAP (ASU2017-12) used for U.S. subsidiaries				60	60		(60)				(60)		—
Beginning balance after reflecting U.S. GAAP (ASU2017-12) used for U.S. subsidiaries	50,000	589,000	2	203,133	842,135	899,876	750	(61,417)	(56,487)	20,756	803,478	109	1,645,723
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(50,285)	(50,285)								(50,285)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—								—
Payment of interest on foundation funds				(556)	(556)								(556)
Net surplus attributable to the Parent Company				5,207	5,207								5,207
Redemption of foundation funds	(50,000)				(50,000)								(50,000)
Change in scope of equity method				(3,135)	(3,135)								(3,135)
Reversal of land revaluation differences				(1,708)	(1,708)								(1,708)
Net changes, excluding funds, reserve and surplus						49,503	(345)	1,708	(4,988)	(24,884)	20,993	11	21,004
Net changes in the fiscal year	(50,000)	50,000	—	(100,478)	(100,478)	49,503	(345)	1,708	(4,988)	(24,884)	20,993	11	(79,474)
Ending balance	—	639,000	2	102,654	741,656	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,249

Year ended March 31, 2021

Millions of Yen

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)								
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	—	639,000	2	102,654	741,656	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,249
Cumulative effect due to U.S. GAAP (ASU2016-13, ASU2019-05) used for U.S. subsidiaries				(6)	(6)								(6)
Beginning balance after reflecting U.S. GAAP (ASU2016-13, ASU2019-05) used for U.S. subsidiaries	—	639,000	2	102,648	741,650	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,243
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(47,451)	(47,451)								(47,451)
Net surplus attributable to the Parent Company				26,965	26,965								26,965
Reversal of land revaluation differences				(311)	(311)								(311)
Net changes, excluding funds, reserve and surplus						577,125	(300)	311	(23,039)	4,313	558,410	11	558,422
Net changes in the fiscal year	—	—	—	(20,797)	(20,797)	577,125	(300)	311	(23,039)	4,313	558,410	11	537,624
Ending balance	—	639,000	2	81,850	720,853	1,526,505	104	(59,397)	(84,516)	185	1,382,881	133	2,103,868

Year ended March 31, 2021

Millions of U.S. Dollars

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)								
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	—	5,771	0	927	6,699	8,575	3	(539)	(555)	(37)	7,447	1	14,147
Cumulative effect due to U.S. GAAP (ASU2016-13, ASU2019-05) used for U.S. subsidiaries				(0)	(0)								(0)
Beginning balance after reflecting U.S. GAAP (ASU2016-13, ASU2019-05) used for U.S. subsidiaries	—	5,771	0	927	6,699	8,575	3	(539)	(555)	(37)	7,447	1	14,147
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(428)	(428)								(428)
Net surplus attributable to the Parent Company				243	243								243
Reversal of land revaluation differences				(2)	(2)								(2)
Net changes, excluding funds, reserve and surplus						5,212	(2)	2	(208)	38	5,043	0	5,044
Net changes in the fiscal year	—	—	0	(187)	(187)	5,212	(2)	2	(208)	38	5,043	0	4,856
Ending balance	—	5,771	0	739	6,511	13,788	0	(536)	(763)	1	12,491	1	19,003

Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
I Cash flows from operating activities				
Surplus (loss) before income taxes	¥ 50,085	¥ (8,873)	¥ 19,771	\$ 178
Depreciation of real estate for investments	8,648	8,635	8,439	76
Depreciation	31,524	32,162	33,708	304
Impairment losses	10,458	873	1,111	10
Amortization of goodwill	6,340	3,673	5,826	52
Increase (Decrease) in reserve for outstanding claims	7,464	(3,016)	902	8
Increase (Decrease) in policy reserves	680,328	681,090	831,622	7,511
Provision for interest on policyholders' dividend reserves	35	32	29	0
Increase (Decrease) in allowance for possible loan losses	128	17	1,011	9
Increase (Decrease) in net defined benefit liabilities	(15,883)	(17,779)	(13,995)	(126)
Increase (Decrease) in reserve for price fluctuation	87,522	43,124	96,128	868
Interest, dividends, and other income	(769,003)	(766,032)	(748,445)	(6,760)
Losses (Gains) on securities	13,317	6,065	(192,148)	(1,735)
Interest expenses	30,271	28,553	14,480	130
Foreign exchange losses (gains)	(3,916)	11,381	11,365	102
Losses (Gains) on tangible fixed assets	1,795	1,696	427	3
Investment losses (gains) under the equity method	12,344	(175)	6,716	60
Decrease (Increase) in due from agents	(71)	(4)	26	0
Decrease (Increase) in reinsurance receivables	488	997	(111)	(1)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(674,913)	6,432	16,236	146
Increase (Decrease) in reinsurance payables	5,392	(1,279)	1,870	16
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	629,173	48,693	8,815	79
Others, net	99,862	51,589	48,742	440
Subtotal	211,392	127,859	152,532	1,377
Interest, dividends, and other income received	839,009	845,549	790,054	7,136
Interest paid	(31,628)	(30,611)	(15,482)	(139)
Policyholders' dividends paid	(62,064)	(55,155)	(50,810)	(458)
Others, net	(829)	(723)	(659)	(5)
Income taxes paid	(63,563)	(37,894)	(45,261)	(408)
Net cash provided by operating activities	¥ 892,314	¥ 849,025	¥ 830,371	\$ 7,500

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
II Cash flows from investing activities				
Net decrease (increase) in deposits	¥ (81,913)	¥ 150,380	¥ 204,089	\$ 1,843
Purchase of monetary claims bought	(155,924)	(245,999)	(961,921)	(8,688)
Proceeds from sales and redemption of monetary claims bought	122,717	237,501	720,425	6,507
Purchase of securities	(6,073,745)	(5,211,014)	(5,073,449)	(45,826)
Proceeds from sales and redemption of securities	5,029,382	3,697,814	3,234,239	29,213
Loans made	(2,414,395)	(1,518,948)	(451,769)	(4,080)
Proceeds from collection of loans	2,283,581	2,210,826	576,602	5,208
Others, net	597,985	(81,078)	828,345	7,482
Total investment activities (IIa)	(692,311)	(760,519)	(923,438)	(8,341)
[I+IIa]	[200,003]	[88,506]	[(93,066)]	[(840)]
Purchase of tangible fixed assets	(18,804)	(24,166)	(16,105)	(145)
Proceeds from sales of tangible fixed assets	8,378	1,320	2,148	19
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(443)	—	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	—	805	7
Others, net	(11,162)	(14,501)	(10,973)	(99)
Net cash used in investing activities	(713,899)	(798,310)	(947,562)	(8,558)
III Cash flows from financing activities				
Proceeds from issuance of debt	0	50,000	70,000	632
Repayments of debt	(33,300)	—	—	—
Redemption of corporate bonds	(16,650)	(50,000)	(1,129)	(10)
Redemption of foundation funds	(50,000)	(50,000)	—	—
Payment of interest on foundation funds	(1,116)	(556)	—	—
Others, net	(2,016)	149,362	39,595	357
Net cash provided by (used in) financing activities	(103,082)	98,805	108,465	979
IV Effect of foreign exchange rate changes on cash and cash equivalents	(1,061)	(426)	(4,058)	(36)
V Net increase (decrease) in cash and cash equivalents	74,270	149,094	(12,783)	(115)
VI Cash and cash equivalents at the beginning of the year	360,858	435,129	584,224	5,277
VII Cash and cash equivalents at the end of the year (Note 3)	¥ 435,129	¥ 584,224	¥ 571,440	\$ 5,161

Note 1

Basis of Presentation

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

Japanese yen amounts are rounded down to million yen amounts. As a result, the totals do not add up. The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate as of March 31, 2021 which was ¥110.71 to U.S. \$1. The convenience translation should not be construed as representations that Japanese yen amounts were, have been, or may in the future be, converted into U.S. dollars at this or any other exchange rate.

Note 2

Summary of Significant Accounting Policies

1) Principles of consolidation

a) Consolidated subsidiaries

The numbers of consolidated subsidiaries were 25, 26 and 26 as of March 31, 2019, 2020 and 2021, respectively.

The major subsidiaries as of March 31, 2021 are listed as follows:

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

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of newly establishment from the period ended March 31, 2021.

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to the sale of equity from the period ended March 31, 2021.

The major unconsolidated subsidiary is SUMISEI-SBI Limited Partnership.

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

b) Affiliates

The numbers of affiliates under the equity method were 8, 8 and 10 as of March 31, 2019, 2020, and 2021, respectively.

The major affiliates as of March 31, 2021 are listed as follows:

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

Aviva Singlife Holdings Pte. Ltd. and its subsidiary were included in the scope of affiliates under the equity method as a result of the establishment of a holding company by Singapore Life Pte. Ltd., an existing affiliate company under the equity method, and share acquisition by the newly established holding company from the period ended March 31, 2021.

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

c) Fiscal year-end of consolidated subsidiaries

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

d) Valuation of assets and liabilities of consolidated subsidiaries and affiliates

The Company applies the mark-to-market method.

e) Goodwill on consolidation

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

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

The goodwill recorded in U.S. subsidiaries was amortized on a straight-line basis over 20 years, however, from the beginning of the fiscal year ended March 31, 2021, amortization term has been changed to a straight-line basis over 10 years, due to adoption of accounting alternative under Financial Accounting Standards Board ("FASB") Accounting Standards Codification, Topic 350, "Intangible-Goodwill and Other" which became available to elect in U.S. subsidiaries. The effect of this change was to decrease ordinary profit and surplus before income taxes by ¥2,796 million compared with the former method, respectively.

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

2) Cash and cash equivalents

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

3) Securities, derivative instruments, and hedge accounting

a) Securities

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

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

Held-to-maturity debt securities are stated at amortized cost and the cost of the securities sold is calculated using the moving average method. Amortization is calculated using the straight-line method.

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

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

Equity securities with the readily determinable market values classified as available-for-sale securities are stated at the market value which is determined as the average of the market value during the last month of the fiscal year. The other available-for-sale securities with the readily determinable market values are stated mainly at the market value on the balance sheet date. Available-for-sale securities for which determination of the fair value is impracticable are stated mainly at cost. The cost of the securities sold is calculated using the moving average method.

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

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

b) Derivative instruments

Derivatives are stated at the fair value.

c) Hedge accounting

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

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

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

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

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

The Company mainly adopts the fair value hedge method and the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies.

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 corresponding subsections - segregated by type of insurance, remaining coverage period and investment policy - of the liabilities provided for future payments of insurance claims in individual insurances, individual annuities and group annuities 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.

5) Foreign currency translation

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

Foreign-currency-denominated debt securities classified as available-for-sale securities, which are exposed to significant foreign exchange rate fluctuations, are translated at the average of exchange rates during the last month of the fiscal year.

6) Tangible fixed assets

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

a) Buildings

Calculated using the straight-line method.

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

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

c) Other tangible fixed assets

Calculated using the declining-balance method.

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

The estimated useful lives of major items are as follows:

Buildings 2 to 50 years

Other tangible fixed assets 2 to 20 years

Revaluation of land

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

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

The revaluation method is stipulated in Article 3, Paragraph 3 of the Act on Revaluation of Land.

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

7) Software

Capitalized software for internal use owned by the Company (included in intangible fixed assets) is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

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, 2019, 2020 and 2021 amounted to ¥35 million, ¥35 million and ¥260 million (U.S. \$2 million), respectively.

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

9) Net defined benefit liabilities

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

10) Reserve for price fluctuation

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

11) Accounting for consumption taxes

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

12) Policy reserves

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

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

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

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

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

Unearned premiums are accumulated as policy reserves pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

Contingency reserves, one of the components of policy reserves, are accumulated pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act to ensure performing future obligations under its insurance contracts.

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

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

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

13) Recognition of insurance premiums and claims

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

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

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

14) Policy acquisition costs

The Company recognizes policy acquisition costs when incurred.

15) Accounting Standards and guidance not yet applied

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

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020)

a) Overview

In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Guidance on Accounting Standard for Fair Value Measurement" have been developed and the guidance of calculation of fair value was established. These accounting standards will be applied to the following items:

- Financial instruments defined in "Accounting Standard for Financial Instruments"

The component of every levels on fair value of financial instruments needs to be disclosed because "Guidance on Disclosures about Fair Value of Financial Instruments" was revised.

b) Effective date

These accounting standards will be effective from the beginning of the fiscal year ending March 31, 2022.

c) Impact of applying the standards and guidance

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

16) Accounting estimates

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

a) Valuation of Goodwill

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

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

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

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

In performing the triggering event indication and qualitative assessment, the Company assesses macroeconomic conditions, trends in the U.S. life insurance industry, operating results of U.S. subsidiaries, future profit plans reflecting the impact of the pandemic of the novel coronavirus (COVID-19) and other relevant entity-specific events. When performing the quantitative impairment test, U.S. subsidiaries will determine key assumptions such as future cash flows reflecting the insurance premiums based on prediction of future economic circumstances and the rates of paying claims, discount rate, and long-term growth rate.

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

The Company determined that no triggering event was identified and recorded no impairment losses for the fiscal year ended March 31, 2021.

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

The Company recorded other intangible fixed assets which included Value of Business Acquired (VOBA) accompanied by the acquisition of U.S. subsidiaries of ¥3,796 million and other assets included Deferred Policy Acquisition Costs (DAC) of U.S. subsidiaries of ¥82,668 million on the consolidated balance sheets.

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

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

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

17) Additional Information

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

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

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, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. dollars
	2019	2020	2021	2021
Cash and deposits	¥1,604,760	¥1,603,446	¥1,386,540	\$12,524
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(1,168,585)	(1,019,222)	(815,099)	(7,362)
Restricted cash of foreign consolidated subsidiaries	(1,045)	—	—	—
Short-term investment securities of foreign consolidated subsidiaries	—	—	—	—
Cash and cash equivalents	¥ 435,129	¥ 584,224	¥ 571,440	\$ 5,161

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 hedge effectiveness is regularly assessed by comparing fluctuations in the fair value of hedged items and hedging instruments.

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

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

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

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

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

2) Fair value of financial instruments

The following table shows the carrying amounts in the consolidated balance sheets, the fair values and their differences of financial instruments as of March 31, 2019, 2020 and 2021.

As of March 31	Millions of Yen			Millions of Yen		
	2019			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,604,760	¥ 1,604,760	¥ —	¥ 1,603,446	¥ 1,603,446	¥ —
[Available-for-sale securities] ^{*1}	[386,779]	[386,779]	—	[435,863]	[435,863]	—
Call loans	238,792	238,792	—	354,415	354,415	—
Monetary claims bought	317,252	319,745	2,493	326,239	329,205	2,966
[Available-for-sale securities] ^{*1}	[174,259]	[174,259]	—	[193,071]	[193,071]	—
Securities ^{*2}	29,709,964	32,225,984	2,516,019	31,107,116	33,429,771	2,322,654
Trading securities	1,021,016	1,021,016	—	1,008,273	1,008,273	—
Held-to-maturity debt securities	1,869,326	2,215,434	346,108	1,795,570	2,131,695	336,124
Policy-reserve-matching bonds	11,674,328	13,813,577	2,139,248	12,029,249	14,032,115	2,002,866
Investments in subsidiaries and affiliated companies	24,911	55,574	30,662	44,205	27,869	(16,336)
Available-for-sale securities	15,120,382	15,120,382	—	16,229,817	16,229,817	—
Loans	3,550,593			2,834,875		
Allowance for possible loan losses ^{*3}	(784)			(768)		
	3,549,808	3,570,221	20,413	2,834,106	2,852,340	18,233
Corporate bonds	528,305	540,002	11,696	477,709	464,761	(12,948)
Payables under repurchase agreements	1,893,213	1,893,213	—	1,948,528	1,948,528	—
Payables under securities borrowing transactions	772,360	772,360	—	590,008	590,008	—
Derivative transactions ^{*4}	51,576	51,576	—	179,494	179,494	—
Hedge accounting not applied	11,388	11,388	—	39,568	39,568	—
Hedge accounting applied	40,188	40,188	—	139,925	139,925	—

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2021			2021		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,386,540	¥ 1,386,540	¥ —	\$ 12,524	\$ 12,524	\$ —
[Available-for-sale securities] ^{*1}	[491,530]	491,530	—	4,439	4,439	—
Call loans	192,142	192,142	—	1,735	1,735	—
Monetary claims bought	565,143	567,468	2,324	5,104	5,125	21
[Available-for-sale securities] ^{*1}	[439,749]	439,749	—	3,972	3,972	—
Securities ^{*2}	34,148,858	36,023,018	1,874,159	308,453	325,381	16,928
Trading securities	1,143,093	1,143,093	—	10,325	10,325	—
Held-to-maturity debt securities	1,661,737	1,933,862	272,125	15,009	17,467	2,457
Policy-reserve-matching bonds	12,470,906	14,068,089	1,597,183	112,644	127,071	14,426
Investments in subsidiaries and affiliated companies	42,011	46,861	4,850	379	423	43
Available-for-sale securities	18,831,109	18,831,109	—	170,094	170,094	—
Loans	2,645,407			23,894		
Allowance for possible loan losses ^{*3}	(3,258)			(29)		
	2,642,149	2,677,466	35,316	23,865	24,184	318
Corporate bonds	474,969	485,900	10,930	4,290	4,388	98
Payables under repurchase agreements	2,870,573	2,870,573	—	25,928	25,928	—
Payables under securities borrowing transactions	501,353	501,353	—	4,528	4,528	—
Derivative transactions ^{*4}	(464,448)	(464,448)	—	(4,195)	(4,195)	—
Hedge accounting not applied	(89,026)	(89,026)	—	(804)	(804)	—
Hedge accounting applied	(375,421)	(375,421)	—	(3,391)	(3,391)	—

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

*2 This table does not include financial instruments for which fair values are not practically determinable, such as unlisted securities. The consolidated balance sheet amounts of these securities were ¥296,052 million, ¥117,857 million and ¥194,937 million (U.S. \$1,760 million) as of March 31, 2019, 2020 and 2021, respectively.

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

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

Note 1: Valuation methods for financial instruments

Assets

1) Cash and deposits and call loans

In principle, the book value is deemed as the fair value.

As for certain deposits regarded as securities pursuant to “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10), the fair value is measured based on the closing market value on the balance sheet date.

2) Monetary claims bought

The fair value is measured mainly based on the closing market value on the balance sheet date.

3) Securities

As for stocks with the market values, the fair value is measured based on the average market value during the last month of the fiscal year.

As for the other securities with the market values, the fair value is measured based on the closing market value on the balance sheet date.

4) Loans

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.

As for general loans, the fair value is measured mainly as the present value of estimated future cash flows from the loans.

As for loans to borrowers that are legally or substantially bankrupt and borrowers likely to become bankrupt, the fair values are, in principle, measured as the carrying amounts less the allowance for possible loan losses.

Liabilities

1) Corporate bonds

The fair value is measured mainly based on the closing market value on the balance sheet date.

2) Payables under repurchase agreements and payables under securities borrowing transactions

The book value is deemed as the fair value since the fair value approximates the book value.

Derivative transactions

For details on derivative transactions, please refer to Note 4 below: Fair values of derivative transactions.

Note 2: Matters related to securities, including certain deposits regarded as securities pursuant to “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

The following tables show the carrying amounts in the consolidated balance sheets, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2019, 2020 and 2021.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen			Millions of Yen		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
			2019			2020
Type						
Fair value exceeds the balance sheet amount						
Bonds	¥ 427,604	¥ 470,400	¥ 42,795	¥ 379,792	¥ 416,661	¥ 36,869
Foreign securities (bonds)	1,440,600	1,743,924	303,324	1,414,600	1,713,866	299,266
Fair value does not exceed the balance sheet amount						
Bonds	1,122	1,109	(12)	1,178	1,167	(11)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,869,326	2,215,434	346,108	1,795,570	2,131,695	336,124

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
			2021			2021
Type						
Fair value exceeds the balance sheet amount						
Bonds	¥ 352,775	¥ 384,396	¥ 31,621	\$ 3,186	\$ 3,472	\$ 285
Foreign securities (bonds)	1,305,600	1,546,196	240,596	11,792	13,966	2,173
Fair value does not exceed the balance sheet amount						
Bonds	3,361	3,268	(92)	30	29	0
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,661,737	1,933,862	272,125	15,009	17,467	2,457

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen			Millions of Yen		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
			2019			2020
Type						
Fair value exceeds the balance sheet amount						
Bonds	¥10,988,196	¥13,119,392	¥2,131,195	¥10,989,452	¥12,959,664	¥1,970,212
Foreign securities (bonds)	416,916	432,782	15,865	559,223	603,107	43,884
Fair value does not exceed the balance sheet amount						
Bonds	151,573	146,912	(4,661)	302,785	297,241	(5,543)
Foreign securities (bonds)	117,641	114,489	(3,151)	177,788	172,101	(5,687)
Total	11,674,328	13,813,577	2,139,248	12,029,249	14,032,115	2,002,866

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
			2021			2021
Type						
Fair value exceeds the balance sheet amount						
Bonds	¥10,346,526	¥11,949,729	¥1,603,203	\$ 93,456	\$107,937	\$14,481
Foreign securities (bonds)	613,425	664,746	51,321	5,540	6,004	463
Fair value does not exceed the balance sheet amount						
Bonds	1,269,774	1,229,897	(39,877)	11,469	11,109	(360)
Foreign securities (bonds)	241,179	223,715	(17,464)	2,178	2,020	(157)
Total	12,470,906	14,068,089	1,597,183	112,644	127,071	14,426

The following table shows the acquisition costs or amortized costs, the carrying amounts in the consolidated balance sheets and their differences of available-for-sale securities as of March 31, 2019, 2020 and 2021.

3) Available-for-sale securities

As of March 31	Millions of Yen			Millions of Yen		
			2019			2020
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs						
Negotiable certificates of deposit	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	151,297	159,271	7,973	159,666	168,153	8,486
Bonds	1,764,026	1,875,360	111,334	1,659,026	1,754,917	95,891
Stocks	659,033	1,606,017	946,984	590,729	1,270,735	680,005
Foreign securities	6,176,880	6,486,590	309,709	9,473,520	10,184,734	711,214
Foreign bonds	5,786,900	6,085,256	298,356	9,159,745	9,856,756	697,011
Other foreign securities	389,980	401,333	11,353	313,774	327,978	14,203
Other securities	57,271	72,548	15,276	54,551	66,754	12,202
Balance sheet amount does not exceed acquisition costs or amortized costs						
Negotiable certificates of deposit	386,800	386,779	(20)	435,900	435,863	(36)
Monetary claims bought	14,999	14,988	(11)	24,952	24,918	(34)
Bonds	91,546	90,157	(1,389)	591,297	577,571	(13,725)
Stocks	180,614	142,018	(38,595)	405,472	324,583	(80,889)
Foreign securities	4,913,718	4,795,219	(118,499)	1,885,745	1,819,711	(66,033)
Foreign bonds	4,823,385	4,705,231	(118,154)	1,427,585	1,383,966	(43,618)
Other foreign securities	90,332	89,987	(345)	458,160	435,744	(22,415)
Other securities	52,623	52,469	(153)	248,971	230,808	(18,163)
Total	14,448,811	15,681,421	1,232,610	15,529,834	16,858,752	1,328,917

As of March 31	Millions of Yen			Millions of U.S. Dollars		
			2021			2021
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs						
Negotiable certificates of deposit	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
Monetary claims bought	131,002	137,430	6,427	1,183	1,241	58
Bonds	1,749,909	1,841,971	92,062	15,806	16,637	831
Stocks	951,446	2,204,160	1,252,714	8,594	19,909	11,315
Foreign securities	10,727,140	11,632,175	905,035	96,894	105,068	8,174
Foreign bonds	9,880,183	10,692,680	812,496	89,243	96,582	7,338
Other foreign securities	846,956	939,495	92,538	7,650	8,486	835
Other securities	329,067	367,843	38,775	2,972	3,322	350
Balance sheet amount does not exceed acquisition costs or amortized costs						
Negotiable certificates of deposit	491,600	491,530	(69)	4,440	4,439	0
Monetary claims bought	302,887	302,319	(567)	2,735	2,730	(5)
Bonds	866,604	831,411	(35,193)	7,827	7,509	(317)
Stocks	164,279	134,282	(29,996)	1,483	1,212	(270)
Foreign securities	1,886,365	1,800,000	(86,364)	17,038	16,258	(780)
Foreign bonds	1,559,224	1,477,596	(81,627)	14,083	13,346	(737)
Other foreign securities	327,140	322,403	(4,737)	2,954	2,912	(42)
Other securities	20,000	19,265	(735)	180	174	(6)
Total	17,620,302	19,762,389	2,142,087	159,157	178,505	19,348

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

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

As of March 31

	Millions of Yen				Millions of Yen			
	2019				2020			
	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
Deposits	¥1,604,608	¥ —	¥ —	¥ —	¥1,603,343	¥ —	¥ —	¥ —
Call loans	238,792	—	—	—	354,415	—	—	—
Monetary claims bought	14,446	267	275	294,271	24,116	203	282	293,163
Securities	504,341	3,131,361	7,380,421	14,319,291	699,726	3,043,624	8,459,941	13,699,243
Held-to-maturity debt securities	54,218	185,209	597,526	1,030,381	117,198	283,826	402,846	989,981
Policy-reserve-matching bonds	20,796	522,045	2,040,638	9,009,764	62,917	618,889	3,325,789	7,920,101
Available-for-sale securities	429,326	2,424,106	4,742,256	4,279,145	519,611	2,140,909	4,731,305	4,789,159
Loans	1,219,422	556,855	660,861	793,078	401,786	547,750	630,543	947,115
Corporate bonds	—	—	27,750	499,924	—	27,390	—	449,924
Payables under repurchase agreements	1,893,213	—	—	—	1,948,528	—	—	—
Payables under securities borrowing transactions	772,360	—	—	—	590,008	—	—	—

As of March 31

	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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
Deposits	¥1,386,599	¥ —	¥ —	¥ —	\$12,524	\$ —	\$ —	\$ —
Call loans	192,142	—	—	—	1,735	—	—	—
Monetary claims bought	280,549	208	288	278,221	2,534	1	2	2,513
Securities	487,926	3,938,537	9,055,851	14,394,458	4,407	35,575	81,797	130,019
Held-to-maturity debt securities	2,912	592,931	220,841	843,626	26	5,355	1,994	7,620
Policy-reserve-matching bonds	160,260	690,872	3,949,273	7,573,284	1,447	6,240	35,672	68,406
Available-for-sale securities	324,754	2,654,734	4,885,736	5,977,547	2,933	23,979	44,130	53,992
Loans	181,062	561,019	595,083	1,025,841	1,635	5,067	5,375	9,266
Corporate bonds	—	24,745	—	449,924	—	223	—	4,063
Payables under repurchase agreements	2,870,573	—	—	—	25,928	—	—	—
Payables under securities borrowing transactions	501,353	—	—	—	4,528	—	—	—

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.

Note 4: Fair values of derivative transactions

1) Interest-rate related

a) Hedge accounting not applied

Type	Millions of Yen				Millions of Yen			
	2019				2020			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts floating, payments fixed	¥49,945	¥49,945	¥349	¥349	¥ 48,973	¥ —	¥(544)	¥(544)
Others	—	—	—	—	130,010	130,010	(16)	(16)
Total				349				(560)

Type	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts floating, payments fixed	¥83,032	¥ —	¥6,081	¥6,081	\$750	\$ —	\$54	\$54
Others	61,409	61,409	3,828	3,828	554	554	34	34
Total				9,909				89

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

b) Hedge accounting applied

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of Yen		
			2019			2020		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Exceptional method	Interest rate swaps Receipts fixed, payments floating	Loans	¥ 14,236	¥ 4,535	¥ 64	¥ 4,535	¥ 145	¥ 5
Cash flow hedge	Interest rate swaps Receipts fixed, payments floating	Bonds	116,747	116,044	(2,639)	114,755	114,061	1,012
Total					(2,575)			1,018

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars		
			2021			2021		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Exceptional method	Interest rate swaps Receipts fixed, payments floating	Loans	¥ 145	¥ 80	¥ 1	\$ 1	\$ 0	\$ 0
Cash flow hedge	Interest rate swaps Receipts fixed, payments floating	Bonds	107,501	100,499	3,649	971	907	32
Total					3,650			32

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

2) Currency-related

a) Hedge accounting not applied

As of March 31

Type	Millions of Yen				Millions of Yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
				2019				2020
Foreign currency forward contracts								
Sold	¥652,734	¥—	¥ 7,430	¥ 7,430	¥2,458,184	¥ —	¥ 21,491	¥ 21,491
(U.S. dollar)	147,543	—	(2,178)	(2,178)	1,304,922	—	(21,989)	(21,989)
(Euro)	32,214	—	509	509	750,151	—	6,909	6,909
(Australian dollar)	462,061	—	8,999	8,999	156,299	—	13,987	13,987
Bought	291,802	—	(6,908)	(6,908)	2,354,980	165,027	(22,626)	(22,626)
(Euro)	400	—	(0)	(0)	907,915	165,027	(1,984)	(1,984)
(U.S. dollar)	23,024	—	125	125	1,189,033	—	1,595	1,595
(Australian dollar)	266,038	—	(7,036)	(7,036)	22,344	—	(1,519)	(1,519)
Currency options								
Sold								
Call	172,500	—			220,250	—		
	[465]		425	39	[907]		1,783	(876)
(U.S. dollar)	172,500	—			220,250	—		
	[465]		425	39	[907]		1,783	(876)
Bought								
Put	157,500	—			199,000	—		
	[1,585]		1,434	(151)	[1,986]		1,201	(784)
(U.S. dollar)	157,500	—			199,000	—		
	[1,585]		1,434	(151)	[1,986]		1,201	(784)
Total				410				(2,795)

As of March 31

Type	Millions of Yen				Millions of U.S. Dollars			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
				2021				2021
Foreign currency forward contracts								
Sold	¥3,235,486	¥—	¥(214,996)	¥(214,996)	\$29,224	\$—	\$(1,941)	\$(1,941)
(U.S. dollar)	1,500,512	—	(58,407)	(58,407)	13,553	—	(527)	(527)
(Euro)	1,149,871	—	(72,428)	(72,428)	10,386	—	(654)	(654)
(Australian dollar)	278,675	—	(67,010)	(67,010)	2,517	—	(605)	(605)
Bought	3,542,436	—	100,313	100,313	31,997	—	906	906
(Euro)	1,540,936	—	44,898	44,898	13,918	—	405	405
(U.S. dollar)	1,418,949	—	47,159	47,159	12,816	—	425	425
(Australian dollar)	272,639	—	5,311	5,311	2,462	—	47	47
Currency options								
Sold								
Call	172,500	—			1,558	—		
	[726]		172	553	[6]		1	5
(U.S. dollar)	172,500	—			1,558	—		
	[726]		172	553	[6]		1	5
Put	135,000	—			1,219	—		
	[681]			681	[6]			6
(U.S. dollar)	135,000	—			1,219	—		
	[681]			681	[6]			6
Bought								
Put	150,000	—			1,354	—		
	[2,186]		2	(2,184)	[19]		0	(19)
(U.S. dollar)	150,000	—			1,354	—		
	[2,186]		2	(2,184)	[19]		0	(19)
Total				(115,631)				(1,044)

*1. Option fees are shown in [].

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

b) Hedge accounting applied

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of Yen			
			2019			2020			
			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	¥6,760,420	¥437,618	¥ 28,497	¥7,329,758	¥1,191,995	¥134,617
			(U.S. dollar)	3,009,559	—	(37,510)	3,754,163	1,138,338	(24,521)
			(Euro)	2,404,420	—	73,119	2,155,977	—	24,938
	(Australian dollar)	952,792	437,618	(4,106)	915,189	53,656	97,658		
Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	155,908	155,908	8,192	168,916	168,916	12,234	
			155,908	155,908	8,192	168,916	168,916	12,234	
Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated liabilities	244,924	244,924	11,553	244,924	244,924	28,825	
			244,924	244,924	11,553	244,924	244,924	28,825	
Cash flow hedge	Currency swaps (Great Britain pound)	Foreign-currency-denominated assets	126,745	121,902	11,486	139,541	131,908	5,422	
			68,266	63,423	11,504	73,309	67,473	7,878	
			(U.S. dollar)	35,351	35,351	(893)	35,351	35,351	(3,656)
			(Euro)	19,711	19,711	630	27,328	25,530	1,138
Total				59,729			181,100		

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars			
			2021			2021			
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets							
			Sold	¥7,954,817	¥2,386,505	¥(374,068)	\$71,852	\$21,556	\$(3,378)
			(U.S. dollar)	3,670,328	1,116,818	(161,117)	33,152	10,087	(1,455)
			(Euro)	2,412,569	906,783	(84,208)	21,791	8,190	(760)
	(Australian dollar)	1,234,976	248,123	(109,166)	11,155	2,241	(986)		
Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	179,829	173,945	4,776	1,624	1,571	43	
			179,829	173,945	4,776	1,624	1,571	43	
Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated liabilities	244,924	244,924	29,996	2,212	2,212	270	
			244,924	244,924	29,996	2,212	2,212	270	
Cash flow hedge	Currency swaps (Great Britain pound)	Foreign-currency-denominated assets	124,047	112,113	(1,052)	1,120	1,012	(9)	
			54,240	44,444	4,059	489	401	36	
			(U.S. dollar)	35,351	35,351	(3,685)	319	319	(33)
			(Euro)	28,501	26,363	(1,118)	257	238	(10)
Total				(340,346)			(3,074)		

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

3) Stock-related

a) Hedge accounting not applied

As of March 31

		Millions of Yen				Millions of Yen			
		2019				2020			
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	¥ 684	¥ —	¥ 3	¥ 3	¥ —	¥ —	¥ —	¥ —
	Bought	8,365	2,796	(55)	(55)	32,153	12,652	1,344	1,344
Over-the-counter transactions	Stock index options								
	Sold								
	Call	2,415	—	39	(43)	—	—	—	—
		[82]				[—]			
	Put	566	—	30	23	10,751	5,723	(134)	(157)
	[6]				[(292)]				
	Bought								
	Call	910,712	3,261			961,900	736,347		
	[22,960]			6,863	(16,097)	[25,412]		39,796	14,384
Total					(16,168)				15,571

As of March 31

		Millions of Yen				Millions of U.S. Dollars			
		2021				2021			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ 2,344	¥ —	¥ (58)	¥ (58)	\$ 21	\$ —	\$ (0)	\$ (0)
	Bought	33,041	—	487	487	298	—	4	4
	Commodity index futures								
	Sold	—	—	—	—	—	—	—	—
	Bought	100	—	5	5	0	—	0	0
Over-the-counter transactions	Stock index options								
	Sold								
	Call	148,470	—	28,555	(26,881)	1,341	—	257	(242)
		[1,674]				[15]			
	Put	151,707	2,622	(725)	3,282	1,370	23	(6)	29
		[645]				[5]			
	Bought								
	Call	1,027,089	7,083	41,838	13,964	9,277	63	377	126
	[27,873]					[251]			
	Put	149,985	—	—	(5,481)	1,354	—	—	(49)
	[5,481]					[49]			
Total					(14,680)				(132)

*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, 2019, 2020 and 2021.

4) Bond-related

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2019				2020			
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	—	—	—	—	—	—	—	—
Total		—				—			

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2021				2021			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures								
	Sold	¥20,393	¥ —	¥ 99	¥ 99	\$184	\$ —	\$ 0	\$ 0
	Bought	33,536	—	(47)	(47)	302	—	(0)	(0)
Total		51				0			

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

b) Hedge accounting applied

No ending balances as of March 31, 2019, 2020 and 2021.

5) Other

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2019				2020			
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	¥78,933	¥ —			¥139,122	¥ —		
		[34]		¥ 197	¥ (163)	[337]		¥ 62	¥ 275
	Bought	72,059	—			128,961	—		
		[1,567]		2,963	1,395	[2,816]		900	(1,915)
Total		1,232				(1,639)			

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2021				2021			
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	¥134,140	¥ —			\$1,211	\$ —		
		[445]		¥ 549	¥(103)	[4]		\$ 4	\$(0)
	Bought	127,843	—			1,154	—		
		[2,630]		3,421	790	[23]		30	7
Total		687				6			

*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, 2019, 2020 and 2021.

Note **5**

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥384,351 million, ¥393,623 million and ¥397,361 million (U.S. \$3,589 million), and their fair values were ¥483,378 million, ¥504,776 million and ¥516,728 million (U.S. \$4,667 million) as of March 31, 2019, 2020 and 2021, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amounts of ¥1,326 million, ¥1,364 million and ¥1,384 million (U.S. \$12 million) as of March 31, 2019, 2020 and 2021, respectively.

Note **6**

Securities Lending

Securities loaned under security lending agreements amounted to ¥3,420,988 million, ¥3,905,476 million and ¥4,366,031 million (U.S. \$39,436 million) as of March 31, 2019, 2020 and 2021, respectively.

Note **7**

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥418,389 million, ¥424,009 million and ¥433,122 million (U.S. \$3,912 million) as of March 31, 2019, 2020 and 2021, respectively.

Note **8**

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥829,521 million, ¥726,126 million and ¥828,123 million (U.S. \$7,480 million) as of March 31, 2019, 2020 and 2021, respectively. The total amounts of separate account liabilities were the same as these.

Note **9**

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars	
	2019	2020	2021	2021	2021
At the beginning of the fiscal year	¥235,548	¥226,323	¥221,485		\$2,000
Transfer from surplus in the previous fiscal year	52,804	50,285	47,451		428
Dividend payments to policyholders during the fiscal year	(62,064)	(55,155)	(50,810)		(458)
Interest accrued during the fiscal year	35	32	29		0
At the end of the fiscal year	¥226,323	¥221,485	¥218,156		\$1,970

Note **10**

Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	2019	2020	2021
	Benefit formula basis	Benefit formula basis	Benefit formula basis
Method of attributing benefits to period of service			
Amortization period for actuarial losses			
(Commencing in the following fiscal year after they are incurred)	8 years	8 years	8 years
Amortization period for past service costs	3 years	3 years	3 years

The following provide details of the retirement benefit plans.

1) Summary of the retirement benefit plans

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

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

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

Certain foreign consolidated subsidiaries have defined contribution plans.

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
At the beginning of the fiscal year	¥293,067	¥290,529	¥279,090	\$2,520
Service costs	12,470	12,154	11,888	107
Interest costs on projected benefit obligations	4,220	4,179	4,009	36
Actuarial losses (gains)	1,800	(60)	33,137	299
Benefits paid	(21,127)	(27,087)	(23,255)	(210)
Past service costs	—	(737)	—	—
Others	96	112	106	0
At the end of the fiscal year	¥290,529	¥279,090	¥304,975	\$2,754

b) Changes in the plan assets for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
At the beginning of the fiscal year	¥313,452	¥300,902	¥272,693	\$2,463
Expected return on plan assets	3,865	3,719	2,146	19
Actuarial gains (losses)	(14,050)	(24,323)	47,593	429
Contribution by employer	6,753	7,012	6,985	63
Benefits paid	(9,122)	(14,608)	(10,877)	(98)
Others	3	(9)	29	0
At the end of the fiscal year	¥300,902	¥272,693	¥318,570	\$2,877

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheets as of March 31, 2019, 2020 and 2021 were determined as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Present value of funded obligations	¥ 288,746	¥ 277,305	¥ 303,128	\$ 2,738
Plan assets at fair value	(300,902)	(272,693)	(318,570)	(2,877)
Net present value of funded obligations	(12,155)	4,612	(15,442)	(139)
Present value of unfunded obligations	1,782	1,784	1,847	16
Net value on the balance sheet	(10,372)	6,396	(13,595)	(122)
Net defined benefit liabilities	10,445	13,655	4,775	43
Net defined benefit assets	(20,818)	(7,258)	(18,370)	(165)
Net value on the balance sheet	¥ (10,372)	¥ 6,396	¥ (13,595)	\$ (122)

d) The amounts recognized in retirement benefit expenses in the consolidated statements of income for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Service costs	¥12,470	¥12,154	¥11,888	\$107
Interest costs on projected benefit obligations	4,220	4,179	4,009	36
Expected return on plan assets	(3,865)	(3,719)	(2,146)	(19)
Amortization of net actuarial losses (gains)	(6,249)	(7,227)	(4,734)	(42)
Amortization of net past service costs	(3,795)	(3,795)	(3,724)	(33)
Others	123	135	85	0
Retirement benefit expenses	¥ 2,905	¥ 1,726	¥ 5,376	\$ 48

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, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Actuarial gains (losses)	¥(22,100)	¥(31,491)	¥ 9,721	\$ 87
Past service costs	(3,795)	(3,057)	(3,724)	(33)
Total	¥(25,895)	¥(34,548)	¥ 5,997	\$ 54

Major components of accumulated other comprehensive income (before income tax effect adjustments) as of March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Unrecognized actuarial gains (losses)	¥21,539	¥(9,951)	¥(229)	\$(2)
Unrecognized past service costs	7,274	4,216	491	4
Total	¥28,813	¥(5,735)	¥ 261	\$ 2

f) The plan assets

The plan assets as of March 31, 2019, 2020 and 2021 were comprised as follows:

	% of total fair value of plan assets		
	2019	2020	2021
General accounts of life insurance companies	43	46	41
Equity securities	38	32	35
Debt securities	6	7	7
Investment trusts	7	8	6
Others	6	7	11
Total	100	100	100

43%, 40% and 47% of the plan assets were the retirement benefit trusts as of March 31, 2019, 2020 and 2021, 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, 2019, 2020 and 2021 were as follows:

	2019	2020	2021
Discount rate	1.473%	1.473%	0.575%
Expected long-term rates of return on the plan assets			
Defined benefit pension plans	2.3%	2.2%	1.3%
Retirement benefit trusts	0.0%	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥2,046 million, ¥2,170 million and ¥2,317 million (U.S. \$20 million) for the fiscal years ended March 31, 2019, 2020 and 2021, respectively.

Note 11

Income Taxes

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

Note 12

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, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserves for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company redeemed ¥50,000 million, ¥50,000 million and nil of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act for the fiscal years ended March 31, 2019, 2020 and 2021, respectively.

Note 13

Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥1,593,874 million, ¥2,565,127 million and ¥3,407,982 million (U.S. \$30,782 million), loans in the amounts of nil, ¥203,300 million and ¥325,829 million (U.S. \$2,943 million) and cash and deposits in the amounts of nil, ¥1,102 million and ¥1,035 million (U.S. \$9 million) as of March 31, 2019, 2020 and 2021, respectively.

Note 14

Investments in Affiliates

Total amounts of investments in affiliates were ¥52,779 million, ¥76,949 million and ¥151,065 million (U.S. \$1,364 million) as of March 31, 2019, 2020 and 2021, respectively.

Note 15**Loans**

The aggregate amounts of risk-monitored loans, which were comprised of loans to bankrupt borrowers, loans in arrears, loans in arrears for three months or longer and restructured loans, were ¥787 million, ¥1,062 million and ¥2,031 million (U.S. \$18 million) as of March 31, 2019, 2020 and 2021, respectively.

The amounts of loans to bankrupt borrowers were nil, nil and nil, and loans in arrears were ¥787 million, ¥808 million and ¥831 million (U.S. \$7 million) as of March 31, 2019, 2020 and 2021, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets were ¥21 million, ¥21 million and ¥247 million (U.S. \$2 million) for loans in arrears as of March 31, 2019, 2020 and 2021, respectively.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikeliness of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96, Paragraph 1 Item 3 or 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965).

Loans in arrears represent non-accrual loans excluding loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in self-assessment of asset quality.

The amounts of loans in arrears for three months or longer were nil, ¥254 million and nil as of March 31, 2019, 2020 and 2021, respectively.

Loans in arrears for three months or longer represent loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were nil, nil and ¥1,200 million (U.S. \$10 million) as of March 31, 2019, 2020 and 2021, respectively.

Restructured loans represent loans 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 loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

Note 16**Loan Commitments**

The amounts of loan commitments outstanding were ¥17,312 million, ¥17,777 million and ¥9,896 million (U.S. \$89 million) as of March 31, 2019, 2020 and 2021, respectively.

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

The Company and a domestic life insurance business subsidiary estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥38,388 million, ¥37,924 million and ¥36,294 million (U.S. \$327 million) as of March 31, 2019, 2020 and 2021, respectively, pursuant to Article 259 of the Insurance Business Act.

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

Impairment of Fixed Assets

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

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

1) Method for grouping the assets

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

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

2) Description of impairment losses

For the fiscal years ended March 31, 2019, 2020 and 2021, the Company recognized impairment losses on real estates for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in the fair value. For these assets, the Company reduced the carrying amounts to the recoverable amounts, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

3) Breakdown of impairment losses for the fiscal years ended March 31, 2019, 2020 and 2021

Asset Group	Asset Category	Millions of Yen			Millions of U.S. Dollars	
		2019	2020	2021	2019	2021
Real estates for investment	Land and buildings	¥ —	¥ —	¥ —	\$ —	
Idle assets, etc.	Land and buildings	10,443	514	1,082	9	
Total		¥10,443	¥514	¥1,082	\$ 9	

4) The recoverable amounts

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

Note 19

Deferred Taxes

1) Deferred tax assets/liabilities as of March 31, 2019, 2020 and 2021 were recognized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Deferred tax assets	¥ 570,498	¥ 648,740	¥ 701,323	\$ 6,334
Valuation allowance for deferred tax assets	(15,622)	(16,234)	(18,331)	(165)
Subtotal	554,875	632,505	682,991	6,169
Deferred tax liabilities	(430,128)	(429,125)	(647,550)	(5,849)
Net deferred tax assets (liabilities)	124,746	203,380	35,440	320

Major components of deferred tax assets/liabilities as of March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Deferred tax assets:				
Policy reserves and other reserves	¥ 246,238	¥ 309,500	¥ 340,808	\$ 3,078
Reserve for price fluctuation	208,182	220,239	247,115	2,232
Net defined benefit liabilities	29,645	34,322	28,691	259
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	(363,320)	(354,974)	(567,898)	(5,129)
Other intangible fixed assets	(36,233)	(28,291)	(22,349)	(201)

2) The actual effective income tax rates were 3.6% and (36.4)% for the fiscal years ended March 31, 2019 and 2021, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2019	2020	2021
Policyholders' dividend reserves	(28.0)%		(76.5)%
Investment tax credits of foreign consolidated subsidiaries	(8.9)%		(13.6)%
Change in valuation allowance	0.6 %	*1	10.6 %
Investment losses and gains under the equity method	6.8 %		9.5 %
Amortization of goodwill	3.5 %		6.1 %

*1 The reconciliation for the fiscal year ended March 31, 2020, was not presented because of loss before income taxes.

Note 20

Subordinated Bonds

The amounts of corporate bonds in liabilities included ¥499,924 million, ¥449,924 million and ¥449,924 million (U.S. \$4,063 million) of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of March 31, 2019, 2020 and 2021, respectively.

Note 21

Subordinated Debt

Other liabilities included subordinated debt of nil, ¥50,000 million and ¥120,000 million (U.S. \$1,083 million), the repayments of which are subordinated to other obligations, as of March 31, 2019, 2020 and 2021.

Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

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

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Net unrealized gains (losses) on available-for-sale securities:				
Amount arising during the fiscal year	¥ 41,524	¥ 66,193	¥ 818,328	\$ 7,391
Reclassification adjustments	71,412	(17,252)	(30,336)	(274)
Before income tax effect adjustments	112,936	48,940	787,992	7,117
Income tax effects	(39,491)	(1,466)	(212,924)	(1,923)
Net unrealized gains (losses) on available-for-sale securities	73,444	47,474	575,067	5,194
Deferred gains (losses) on derivatives under hedge accounting:				
Amount arising during the fiscal year	¥ 2,409	¥ (310)	¥ 2,071	\$ 18
Reclassification adjustments	1,730	(364)	(2,475)	(22)
Before income tax effect adjustments	4,140	(674)	(403)	(3)
Income tax effects	(772)	329	103	0
Deferred gains (losses) on derivatives under hedge accounting	3,367	(345)	(300)	(2)
Foreign currency translation adjustments:				
Amount arising during the fiscal year	¥ (7,826)	¥ (5,157)	¥ (19,738)	\$ (178)
Reclassification adjustments	—	—	—	—
Before income tax effect adjustments	(7,826)	(5,157)	(19,738)	(178)
Income tax effects	—	—	—	—
Foreign currency translation adjustments	(7,826)	(5,157)	(19,738)	(178)
Remeasurements of defined benefit plans:				
Amount arising during the fiscal year	¥ (15,850)	¥(23,525)	¥ 14,456	\$ 130
Reclassification adjustments	(10,044)	(11,023)	(8,459)	(76)
Before income tax effect adjustments	(25,895)	(34,548)	5,997	54
Income tax effects	7,236	9,664	(1,683)	(15)
Remeasurements of defined benefit plans	(18,659)	(24,884)	4,313	38
Share of other comprehensive income of associates under the equity method:				
Amount arising during the fiscal year	¥ (4,421)	¥ 2,104	¥ (807)	\$ (7)
Reclassification adjustments	(1,357)	212	(436)	(3)
Share of other comprehensive income of associates under the equity method	(5,779)	2,317	(1,243)	(11)
Total other comprehensive income (loss)	¥ 44,547	¥ 19,403	¥ 558,098	\$ 5,041

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 ¥63,886 million, ¥34,460 million and ¥824 million (U.S. \$7 million), and none of the securities was pledged as collateral as of March 31, 2019, 2020 and 2021, respectively.

Note 24**Other assets and other liabilities**

Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥657,168 and ¥620,478 as of March 31, 2019, respectively. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥617,869 million and ¥651,281 million as of March 31, 2020, respectively. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥553,964 million (U.S. \$5,003 million) and ¥616,675 million (U.S. \$5,570 million) as of March 31, 2021, respectively.



Independent auditor's report

To the Board of Directors of Sumitomo Life Insurance Company:

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Life Insurance Company ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2019, 2020 and 2021, 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, 2019, 2020 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the amount of policy reserves	
The key audit matter	How the matter was addressed in our audit
In the consolidated financial statements of SUMITOMO LIFE INSURANCE COMPANY ("the Company"), policy reserves of ¥31,938,861 million were recognized. Of this amount, the policy reserves of the Company (the parent company) amounted to ¥27,262,040 million, which accounted for a significant portion (approximately 81%) of	In order to assess whether the amount of policy reserves of the Company was appropriate, we primarily performed the following audit procedures with the assistance of actuarial specialists and IT system specialists within our firm: (I) Internal control testing

<p>total liabilities in the consolidated financial statements.</p> <p>As described in Note 2 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 performance of the future obligations, an additional policy reserve needs to be recognized based on Article 69, Paragraph 5 of the Ordinance.</p> <p>Policy reserves are calculated based on assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) by gender, age and other attributes. Since the calculation methodology of policy reserves is complex and requires actuarial expertise, an experienced internal actuary is involved in the examination of whether the calculation of policy reserves is appropriately reflected in the policy reserve calculation system (i.e., whether the amount of policy reserves is calculated in accordance with the statement of calculation procedures) when a new product is developed or the assumed incidence rate of an existing product is revised, as well as examination of the results of the policy reserve calculation at the end of each fiscal year.</p> <p>In addition, in order to validate whether the amount of policy reserves is sufficient, a future cash flow analysis is performed by the appointed actuary. In this analysis, the appointed actuary determines whether the Company will be able to maintain the ability to make future benefit payments by estimating future cash flows based on several scenarios. Future cash flows need to be estimated using actuarial expertise in accordance with applicable laws and regulations. Management determines the amount of policy reserves to be recognized by referencing the results of the future</p>	<p>We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the process of validating the appropriateness of the amount of policy reserves by involving IT system specialists within our firm in our assessment. In this assessment, we focused our testing on the following controls:</p> <p>(i) Accuracy of the amount of policy reserves</p> <ul style="list-style-type: none"> • controls to validate that the Actuarial Department examines whether the calculation methodology was appropriately reflected in the policy reserve calculation system; • IT system controls to accurately calculate the amount of policy reserves through the policy reserve calculation system developed by the Information System Department; • controls to ensure that the Actuarial Department confirms the policy reserves were completely recognized for all the insurance contracts; and • controls to validate that the Actuarial Department recalculates the amount of policy reserves on a sample basis to evaluate the accuracy of the results of the policy reserve calculation. <p>(ii) Sufficiency of the amount of policy reserves</p> <ul style="list-style-type: none"> • controls to validate that management determines the amount of policy reserves based on the opinion report on the future cash flow analysis provided by the appointed actuary. <p>(2) Assessment of the appropriateness of the amount of policy reserves</p> <p>In order to assess whether the amount of policy reserves recognized by the Company was appropriate, we primarily performed the following procedures by involving actuarial specialists and IT system specialists within our firm who assisted our assessment:</p> <p>(i) Accuracy of the amount of policy reserves</p> <ul style="list-style-type: none"> • recalculated the policy reserves for insurance products newly launched and existing insurance products whose assumed incidence rate was revised in the current fiscal year in accordance with the statement of calculation procedures and examined whether the results were
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<p>cash flow analysis performed by the appointed actuary.</p> <p>We, therefore, determined that our assessment of the appropriateness of the amount of policy reserves of the Company was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>consistent;</p> <ul style="list-style-type: none"> • assessed whether the changes in policy reserves from the previous fiscal year were consistent with insurance premiums, benefit payments and operating expenses for the current fiscal year; and • assessed whether the year-end in-force contract data used in the policy reserve calculation system were consistent with the year-end insurance contract data prepared based on data of contracts and condition changes in insurance contract system. <p>(ii) Sufficiency of the amount of policy reserves</p> <ul style="list-style-type: none"> • assessed whether the future cash flow analysis was performed in accordance with applicable laws and regulations and “Standard of Practice for Appointed Actuaries of Life Insurance Companies” (issued by the Institute of Actuaries of Japan), by inspecting the opinion report provided by the appointed actuary and inquiring of the appointed actuary regarding the matter; • examined whether the appointed actuary was given the appropriate authority by the board of directors to execute his/her duties as well as whether the appointed actuary was independent of revenue generating departments, revenue management departments and product development departments, by inspecting the organization rules and the rules on the appointed actuary and inquiring of the appointed actuary regarding these matters; and • examined whether management determined the amount of policy reserved by referencing the results of the future cash flow analysis performed by the appointed actuary to validate whether the amount of policy was sufficient, by inquiring of management regarding the matter and inspecting the document for managerial approval related to policy reserves.
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Appropriateness of the changes in the accounting for goodwill arising from the acquisition of Symetra and the judgment as to whether an impairment loss should be recognized	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated financial statements of the Company (the parent company), goodwill of ¥42,918 million arising from the acquisition of Symetra Financial Corporation (hereinafter "Symetra") was recognized.</p> <p>As described in Note 2 1) "Principles of consolidation" to the consolidated financial statements, e) "Goodwill on consolidation", goodwill is amortized on a straight-line basis over the period in which the economic benefits are expected to be realized. If the excess earnings potential of goodwill initially assumed is no longer expected due to a significant reduction in its profitability, an impairment loss may be recognized on related goodwill. As described in Note 2 16) "Accounting estimates", a) "Valuation of Goodwill", goodwill arising from the acquisition of Symetra is recognized in the consolidated financial statements of Symetra and assessed as to whether there are any triggering events and changes in circumstances that may indicate impairment in accordance with U.S. generally accepted accounting principles ("GAAP"). 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, goodwill is tested for impairment using quantitative information.</p> <p>As Symetra elected to apply the accounting alternatives allowed for private companies under FASB Accounting Standards Codification Topic 350, "Intangibles—Goodwill and Other" from the current fiscal year, the following changes were made to the accounting treatment for its goodwill:</p> <ul style="list-style-type: none"> • Symetra had previously tested its goodwill for impairment at the level of each reporting unit categorized by business. However, Symetra elected to test its goodwill for impairment at the entity level since such an option became available. Accordingly, the Company also elected to test the goodwill of Symetra for impairment at the entity level in its consolidated financial statements. • Previously, Symetra had not amortized its goodwill in the consolidated financial statements of Symetra. However, Symetra 	<p>The primary procedures we performed to assess the appropriateness of the changes in the accounting treatment for goodwill arising from the acquisition of Symetra and the judgment as to whether an impairment loss should be recognized are described below. For certain of those procedures, we requested the component auditor of Symetra to perform an audit. Then we evaluated the report of the component auditor as to whether sufficient and appropriate audit evidence was obtained.</p> <p>(1) Internal control testing</p> <p>For the purpose of our evaluation on the design and operating effectiveness of certain of Symetra's internal controls relevant to determining whether an impairment loss on goodwill should be recognized, the component auditor ensured that the following controls were implemented:</p> <ul style="list-style-type: none"> • controls that Symetra's management reviews and approves the results of an analysis on macroeconomic conditions, Symetra's operating results and trends in the U.S. life insurance industry to determine whether there were any impairment indicators. <p>(2) Assessment of the appropriateness of the changes in accounting treatments due to the election of the accounting alternatives allowed for private companies</p> <p>With respect to the changes in accounting treatments due to the election of the accounting alternatives allowed for private companies, the following procedure was performed by the component auditor of Symetra:</p> <ul style="list-style-type: none"> • assessed whether the election to test goodwill for impairment at the entity level and the amortization of goodwill were appropriate in accordance with U.S. GAAP. <p>In order to assess whether the changes in the accounting treatment for goodwill at the Company in its consolidated financial statements were appropriate, we:</p> <ul style="list-style-type: none"> • inquired of the Company's management regarding the election to test goodwill for impairment at the Symetra entity level and

<p>started to amortize its goodwill on a straight-line basis over 10 years in the current fiscal year since such an option became available. Accordingly, the Company also changed its policy to amortize goodwill on a straight-line basis over 10 years from 20 years previously used, in its consolidated financial statements.</p> <p>The conformity with U.S. GAAP at Symetra and the appropriateness of accounting treatments at the Company in its consolidated financial statements have a significant impact on the accounting for goodwill.</p> <p>In addition, in the current fiscal year, Symetra assessed at the entity level whether there were any triggering events and changes in circumstances related to macroeconomic conditions, Symetra's operating results and trends in the U.S. life insurance industry that may indicate impairment of its goodwill, based on mainly the matters described below. As a result of the assessment, Symetra determined that there was no impairment indicator for its goodwill. The Company reached the same conclusion in the consolidated financial statements of the Company after its evaluation of the results of Symetra's assessment.</p> <ul style="list-style-type: none"> • the operating results of Symetra for the current fiscal year and its future profit plan reflecting the impact of the pandemic of the novel coronavirus disease (COVID-19) • the level of life insurance stock index in the U.S. stock markets <p>The assessment as to whether there were any triggering events and changes in circumstances that may indicate impairment involved significant management judgment.</p> <p>We, therefore, determined that our assessment of the appropriateness of the changes in the accounting treatment for goodwill arising from the acquisition of Symetra and the judgment as to whether an impairment loss should be recognized was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>inspected relevant documents; and</p> <ul style="list-style-type: none"> • assessed whether the goodwill was appropriately amortized on a straight-line basis over 10 years, instead of 20 years. <p>(3) Appropriateness of the judgment as to whether there were any impairment indicators</p> <p>With respect to the judgment as to whether there were any impairment indicators for goodwill at Symetra, the following procedures were performed by the component auditor:</p> <ul style="list-style-type: none"> • inquired of Symetra's management regarding the effects of its future profit plan reflecting the impact of the COVID-19 pandemic, on the judgment as to whether there were any impairment indicators; and • reviewed the results of Symetra's analysis including the following matters to examine whether there were any triggering events and changes in circumstances that may indicate impairment: <ul style="list-style-type: none"> • revision of Symetra's future profit plan reflecting the impact of the COVID-19 pandemic; and • changes in the life insurance stock index in the U.S. stock markets. <p>Furthermore, we inquired of the Company's management and inspected relevant documents to examine the appropriateness of the judgment as to whether there were any impairment indicators for goodwill in the Company's consolidated financial statements.</p>
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Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 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/Kanako Ogura
Designated Engagement Partner
Certified Public Accountant

/S/Yukihisa Tatsumi
Designated Engagement Partner
Certified Public Accountant

/S/Takao Suzuki
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan

June 30, 2021

Notes to the Reader of Independent Auditor's Report:

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

Non-Consolidated Balance Sheets

Sumitomo Life Insurance Company

As of March 31	Millions of Yen			Millions of
	2019	2020	2021	U.S. Dollars
ASSETS:				2021
Cash and deposits (Note 3)	¥ 1,510,097	¥ 1,467,878	¥ 1,198,652	\$ 10,826
Cash	169	136	10	0
Deposits	1,509,927	1,467,741	1,198,642	10,826
Call loans (Note 3)	238,792	354,415	192,142	1,735
Monetary claims bought (Note 3)	317,252	326,239	565,143	5,104
Securities (Notes 3, 5, 14 and 15)	26,764,618	27,423,878	30,463,881	275,168
National government bonds	10,198,381	10,182,036	10,774,290	97,319
Local government bonds	169,012	235,930	238,126	2,150
Corporate bonds	3,307,330	3,683,890	3,715,977	33,564
Domestic stocks	2,010,333	1,831,515	2,623,466	23,696
Foreign securities	10,875,563	11,181,658	12,643,660	114,205
Other securities	203,996	308,848	468,359	4,230
Loans (Notes 3, 16 and 17)	2,874,970	2,099,584	1,945,518	17,573
Policy loans	289,747	281,112	258,549	2,335
Industrial and consumer loans	2,585,222	1,818,472	1,686,968	15,237
Tangible fixed assets (Notes 4, 6 and 22)	565,893	569,148	566,262	5,114
Land	351,684	360,643	359,957	3,251
Buildings	184,413	177,036	173,740	1,569
Lease assets	6,787	5,525	4,387	39
Construction in progress	17,640	20,871	23,711	214
Other tangible fixed assets	5,367	5,070	4,465	40
Intangible fixed assets	38,494	40,387	38,193	344
Software	32,586	31,627	32,682	295
Other intangible fixed assets	5,908	8,760	5,511	49
Due from agents	0	0	—	—
Reinsurance receivables	196	110	181	1
Other assets	293,671	443,657	347,619	3,139
Accounts receivable	20,323	26,944	33,143	299
Prepaid expenses	4,585	5,042	5,353	48
Accrued income	135,686	132,779	142,574	1,287
Money on deposit	3,792	4,258	4,315	38
Deposits for futures transactions	2,271	3,663	13,407	121
Derivative financial instruments (Note 3)	114,604	241,663	108,906	983
Cash collateral paid for financial instruments	—	9	25,786	232
Suspense	6,933	5,078	6,779	61
Other assets	5,473	24,218	7,353	66
Prepaid pension cost (Note 11)	3,376	12,482	15,726	142
Deferred tax assets (Notes 12 and 23)	123,979	214,138	68,356	617
Allowance for possible loan losses	(870)	(816)	(890)	(8)
Total assets	¥32,730,472	¥32,951,105	¥35,400,786	\$319,761

As of March 31	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
LIABILITIES:				
Policy reserves and other reserves	¥26,579,948	¥26,965,750	¥27,586,099	\$249,174
Reserve for outstanding claims (Note 18)	114,734	108,199	105,903	956
Policy reserves (Note 18)	26,238,890	26,636,065	27,262,040	246,247
Policyholders' dividend reserves (Note 9)	226,323	221,485	218,156	1,970
Reinsurance payables	150	200	196	1
Corporate bonds (Notes 3 and 25)	499,924	449,924	449,924	4,063
Other liabilities	3,091,489	3,085,190	4,330,415	39,114
Payables under repurchase agreements (Note 3)	1,893,213	1,948,528	2,870,573	25,928
Payables under securities borrowing transactions (Note 3)	772,360	590,008	501,353	4,528
Loans payable (Notes 3 and 26)	—	50,000	120,000	1,083
Income taxes payable	6,835	22,503	16,204	146
Accounts payable	60,489	94,843	34,738	313
Accrued expenses	40,518	37,892	39,907	360
Deferred income	1,344	1,384	851	7
Deposits received	67,487	67,316	70,349	635
Guarantee deposits received	28,321	28,750	28,596	258
Derivative financial instruments (Note 3)	82,744	110,413	626,965	5,663
Cash collateral received for financial instruments	73,646	118,280	4,389	39
Lease obligations	7,081	5,762	4,563	41
Asset retirement obligations	1,711	1,749	1,768	15
Suspense receipts	6,499	6,609	7,079	63
Rest of other liabilities	49,235	1,147	3,074	27
Accrued retirement benefits (Note 11)	19,371	10,730	—	—
Reserve for price fluctuation	744,447	787,547	883,647	7,981
Deferred tax liabilities for land revaluation	13,014	12,923	12,894	116
Total liabilities	30,948,346	31,312,267	33,263,179	300,453
NET ASSETS:				
Foundation funds (Note 13)	50,000	—	—	—
Reserve for redemption of foundation funds (Note 13)	589,000	639,000	639,000	5,771
Reserve for revaluation	2	2	2	0
Surplus	273,890	220,677	227,648	2,056
Reserve for future losses	5,604	5,804	6,004	54
Other surplus	268,286	214,873	221,643	2,002
Reserve for fund redemption (Note 13)	42,600	—	—	—
Fund for price fluctuation allowance	165,000	165,000	165,000	1,490
Reserve for assisting social responsibility	1,321	1,298	1,338	12
Other reserves	223	223	223	2
Unappropriated surplus	59,141	48,351	55,081	497
Total funds, reserve and surplus	912,893	859,680	866,650	7,828
Net unrealized gains on available-for-sale securities	931,081	841,237	1,332,915	12,039
Deferred gains (losses) on derivatives under hedge accounting	(431)	(2,371)	(2,561)	(23)
Land revaluation differences	(61,417)	(59,708)	(59,397)	(536)
Total unrealized gains, revaluation reserve and adjustments	869,233	779,157	1,270,957	11,480
Total net assets	1,782,126	1,638,837	2,137,607	19,308
Total liabilities and net assets	¥32,730,472	¥32,951,105	¥35,400,786	\$319,761

Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen			Millions of
	2019	2020	2021	U.S. Dollars
				2021
Ordinary income	¥3,285,089	¥3,085,037	¥3,108,974	\$28,082
Insurance premiums and other	2,405,338	2,224,303	2,187,755	19,761
Insurance premiums	2,402,089	2,221,182	2,185,080	19,736
Reinsurance revenue	427	526	338	3
Other income to policy reserves	2,821	2,594	2,336	21
Investment income (Note 20)	759,829	740,064	816,010	7,370
Interest, dividends and other income	638,543	639,439	611,775	5,525
Interest on deposits	17,575	13,656	2,595	23
Interest and dividends on securities	541,597	549,407	535,731	4,839
Interest on loans	30,851	27,182	23,518	212
Rent revenue from real estate	35,338	35,206	34,717	313
Other interest and dividend	13,180	13,986	15,211	137
Gains on sales of securities	100,357	86,022	79,393	717
Gains on redemption of securities	—	13,534	16,323	147
Foreign exchange gains	4,432	—	—	—
Reversal of allowance for possible loan losses	38	44	—	—
Other investment income	832	1,022	1,474	13
Investment gains on separate accounts	15,624	—	107,044	966
Other ordinary income	119,921	120,670	105,208	950
Annuity supplementary contract premiums	9,198	7,141	5,288	47
Proceeds from deferred insurance	72,994	66,119	57,546	519
Reversal of reserves for outstanding claims (Note 21)	—	6,535	2,295	20
Reversal of accrued retirement benefits	16,087	17,746	13,974	126
Other ordinary income	21,640	23,127	26,102	235
Ordinary expenses	3,084,497	2,989,898	2,953,340	26,676
Benefits and other payments	1,953,487	1,885,624	1,746,005	15,770
Claims paid	639,442	608,258	558,220	5,042
Annuity payments	504,134	488,059	439,604	3,970
Benefits payments	294,861	306,947	296,512	2,678
Surrender benefits	457,526	428,994	403,822	3,647
Other refunds	56,509	52,323	46,791	422
Reinsurance premiums	1,013	1,040	1,053	9

Years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Provision for policy reserves and other reserves	¥441,408	¥397,207	¥626,004	\$5,654
Provision for reserve for outstanding claims (Note 21)	3,054	—	—	—
Provision for policy reserves (Note 21)	438,319	397,174	625,975	5,654
Provision for interest on policyholders' dividend reserves (Note 9)	35	32	29	0
Investment expenses (Note 20)	244,150	268,467	137,046	1,237
Interest expenses	28,850	24,529	10,484	94
Losses on trading securities	25	—	—	—
Losses on sales of securities	92,827	14,782	17,087	154
Losses on valuation of securities	2,746	52,233	2,025	18
Losses on redemption of securities	—	4,028	5	0
Losses on derivative financial instruments	99,104	118,531	74,286	671
Foreign exchange losses	—	11,416	10,974	99
Provision for allowance for possible loan losses	—	—	318	2
Depreciation of real estate for investments	8,611	8,601	8,422	76
Other investment expenses	11,983	12,380	13,441	121
Investment losses on separate accounts	—	21,964	—	—
Operating expenses (Note 19)	327,952	320,034	330,027	2,981
Other ordinary expenses	117,497	118,563	114,257	1,032
Payments of benefits left to accumulate at interest	65,285	62,947	53,441	482
Taxes	24,213	24,760	26,671	240
Depreciation	15,271	17,007	17,951	162
Other ordinary expenses	12,727	13,848	16,192	146
Ordinary profit	200,591	95,138	155,634	1,405
Extraordinary gains	1,031	198	241	2
Gains on disposals of fixed assets	1,031	198	241	2
Extraordinary losses	127,300	46,290	98,463	889
Losses on disposals of fixed assets	2,946	1,952	621	5
Impairment losses (Note 22)	10,443	514	1,082	9
Losses on valuation of shares of subsidiaries and affiliates	25,580	—	—	—
Provision for reserve for price fluctuation	87,500	43,100	96,100	868
Payments to social responsibility reserve	829	723	659	5
Surplus before income taxes	74,322	49,046	57,412	518
Income taxes (Notes 12 and 23)				
Current	45,982	54,336	47,680	430
Deferred	(32,265)	(54,627)	(45,001)	(406)
Total income taxes	13,716	(290)	2,678	24
Net surplus	¥ 60,605	¥ 49,337	¥ 54,733	\$ 494

Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Year ended March 31, 2019

Millions of Yen

	Funds, reserve and surplus										
	Surplus										Total funds, reserve and surplus
	Other surplus									Total surplus	
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption (Note 13)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	100,000	539,000	2	5,404	77,000	165,000	1,450	223	70,421	319,499	958,502
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(52,804)	(52,804)	(52,804)
Additions to reserve for future losses				200					(200)	—	—
Additions to reserve for redemption of foundation funds		50,000									50,000
Payment of interest on foundation funds									(1,116)	(1,116)	(1,116)
Net surplus									60,605	60,605	60,605
Redemption of foundation funds	(50,000)										(50,000)
Additions to reserve for fund redemption					15,600				(15,600)	—	—
Reversal of reserve for fund redemption					(50,000)					(50,000)	(50,000)
Additions to reserve for assisting social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(829)		829	—	—
Reversal of land revaluation differences									(2,293)	(2,293)	(2,293)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(50,000)	50,000	—	200	(34,400)	—	(129)	—	(11,279)	(45,608)	(45,608)
Ending balance	50,000	589,000	2	5,604	42,600	165,000	1,321	223	59,141	273,890	912,893

	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	768,377	573	(63,710)	705,239	1,663,742
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)				(52,804)	
Additions to reserve for future losses				—	
Additions to reserve for redemption of foundation funds				50,000	
Payment of interest on foundation funds				(1,116)	
Net surplus				60,605	
Redemption of foundation funds				(50,000)	
Additions to reserve for fund redemption				—	
Reversal of reserve for fund redemption				(50,000)	
Additions to reserve for assisting social responsibility				—	
Reversal of reserve for assisting social responsibility				—	
Reversal of land revaluation differences				(2,293)	
Net changes, excluding funds, reserve and surplus	162,704	(1,004)	2,293	163,993	163,993
Net changes in the fiscal year	162,704	(1,004)	2,293	163,993	118,384
Ending balance	931,081	(431)	(61,417)	869,233	1,782,126

Year ended March 31, 2020

Millions of Yen

	Funds, reserve and surplus										
	Surplus										Total funds, reserve and surplus
	Other surplus									Total surplus	
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption (Note 13)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	50,000	589,000	2	5,604	42,600	165,000	1,321	223	59,141	273,890	912,893
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(50,285)	(50,285)	(50,285)
Additions to reserve for future losses				200					(200)	—	—
Additions to reserve for redemption of foundation funds		50,000									50,000
Payment of interest on foundation funds									(556)	(556)	(556)
Net surplus									49,337	49,337	49,337
Redemption of foundation funds	(50,000)										(50,000)
Additions to reserve for fund redemption					7,400				(7,400)	—	—
Reversal of reserve for fund redemption					(50,000)					(50,000)	(50,000)
Additions to reserve for assisting social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(723)		723	—	—
Reversal of land revaluation differences									(1,708)	(1,708)	(1,708)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(50,000)	50,000	—	200	(42,600)	—	(23)	—	(10,790)	(53,213)	(53,213)
Ending balance	—	639,000	2	5,804	—	165,000	1,298	223	48,351	220,677	859,680

	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	931,081	(431)	(61,417)	869,233	1,782,126
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)				(50,285)	
Additions to reserve for future losses				—	
Additions to reserve for redemption of foundation funds				50,000	
Payment of interest on foundation funds				(556)	
Net surplus				49,337	
Redemption of foundation funds				(50,000)	
Additions to reserve for fund redemption				—	
Reversal of reserve for fund redemption				(50,000)	
Additions to reserve for assisting social responsibility				—	
Reversal of reserve for assisting social responsibility				—	
Reversal of land revaluation differences				(1,708)	
Net changes, excluding funds, reserve and surplus	(89,844)	(1,939)	1,708	(90,075)	(90,075)
Net changes in the fiscal year	(89,844)	(1,939)	1,708	(90,075)	(143,289)
Ending balance	841,237	(2,371)	(59,708)	779,157	1,638,837

Year ended March 31, 2021

Millions of Yen

	Funds, reserve and surplus										Total funds, reserve and surplus
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Other surplus					Total surplus	
					Reserve for fund redemption (Note 13)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	—	639,000	2	5,804	—	165,000	1,298	223	48,351	220,677	859,680
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(47,451)	(47,451)	(47,451)
Additions to reserve for future losses				200					(200)	—	—
Net surplus									54,733	54,733	54,733
Additions to reserve for assisting social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(659)		659	—	—
Reversal of land revaluation differences									(311)	(311)	(311)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	200	—	—	40	—	6,729	6,970	6,970
Ending balance	—	639,000	2	6,004	—	165,000	1,338	223	55,081	227,648	866,650

	Unrealized gains (losses), revaluation reserve				
	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	841,237	(2,371)	(59,708)	779,157	1,638,837
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)					(47,451)
Additions to reserve for future losses					—
Net surplus					54,733
Additions to reserve for assisting social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of land revaluation differences					(311)
Net changes, excluding funds, reserve and surplus	491,678	(190)	311	491,799	491,799
Net changes in the fiscal year	491,678	(190)	311	491,799	498,770
Ending balance	1,332,915	(2,561)	(59,397)	1,270,957	2,137,607

	Funds, reserve and surplus										
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Surplus					Total surplus	Total funds, reserve and surplus
					Other surplus						
					Reserve for fund redemption (Note 13)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	—	5,771	0	52	—	1,490	11	2	436	1,993	7,765
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(428)	(428)	(428)
Additions to reserve for future losses				1					(1)	—	—
Net surplus									494	494	494
Additions to reserve for assisting social responsibility							6		(6)	—	—
Reversal of reserve for assisting social responsibility							(5)		5	—	—
Reversal of land revaluation differences									(2)	(2)	(2)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	1	—	—	0	—	60	62	62
Ending balance	—	5,771	0	54	—	1,490	12	2	497	2,056	7,828

	Unrealized gains (losses), revaluation reserve				
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve	Total net assets
Beginning balance	7,598	(21)	(539)	7,037	14,802
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)					(428)
Additions to reserve for future losses					—
Net surplus					494
Additions to reserve for assisting social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of land revaluation differences					(2)
Net changes, excluding funds, reserve and surplus	4,441	(1)	2	4,442	4,442
Net changes in the fiscal year	4,441	(1)	2	4,442	4,505
Ending balance	12,039	(23)	(536)	11,480	19,308

Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen			Millions of
	2019	2020	2021	U.S. Dollars
Unappropriated surplus	¥59,141	¥48,351	¥55,081	\$497
Appropriation of surplus	59,141	48,351	55,081	497
Policyholders' dividend reserves	50,285	47,451	54,181	489
Net surplus	8,856	900	900	8
Reserve for future losses	200	200	200	1
Interest on foundation funds	556	—	—	—
Voluntary surplus reserves	8,100	700	700	6
Reserve for fund redemption	7,400	—	—	—
Reserve for assisting social responsibility	700	700	700	6

Note 1

Basis of Presentation

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

Japanese yen amounts are rounded down to million yen amounts. As a result, the totals do not add up. The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate as of March 31, 2021, which was ¥110.71 to U.S. \$1. The convenience translation should not be construed as representations that Japanese yen amounts were, have been, or may in the future be, converted into U.S. dollars at this or any other exchange rate.

Note 2

Summary of Significant Accounting Policies

1) Securities, derivative instruments, and hedge accounting

a) Securities

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

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

Held-to-maturity debt securities are stated at amortized cost and the cost of the securities sold is calculated using the moving average method. Amortization is calculated using the straight-line method.

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

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

Equity securities with the readily determinable market values classified as available-for-sale securities are stated at the market value which is determined as the average of the market value during the last month of the fiscal year. The other available-for-sale securities with the readily determinable market values are stated mainly at the market value on the balance sheet date. Available-for-sale securities for which determination of the fair value is impracticable are stated mainly at cost. The cost of the securities sold is calculated using the moving average method.

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

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

b) Derivative instruments

Derivatives are stated at the fair value.

c) Hedge accounting

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

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

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

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

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

The Company mainly adopts the fair value hedge method and the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies.

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 corresponding subsections - segregated by type of insurance, remaining coverage period and investment policy - of the liabilities provided for future payments of insurance claims in individual insurances, individual annuities and group annuities 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.

3) Foreign currency translation

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

Foreign-currency-denominated debt securities classified as available-for-sale securities, which are exposed to significant foreign exchange rate fluctuations, are translated at the average of exchange rates during the last month of the fiscal year.

4) Tangible fixed assets

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

a) Buildings

Calculated using the straight-line method.

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

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

c) Other tangible fixed assets

Calculated using the declining-balance method.

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

The estimated useful lives of major items are as follows:

Buildings 2 to 50 years

Other tangible fixed assets 2 to 20 years

Revaluation of land

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

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

The revaluation method is stipulated in Article 3, Paragraph 3 of the Act on Revaluation of Land.

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

5) Software

Capitalized software for internal use included in intangible fixed assets is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

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, 2019, 2020 and 2021 amounted to ¥35 million, ¥35 million and ¥260 million (U.S. \$2 million), respectively.

7) Accrued retirement benefits

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

8) Reserve for price fluctuation

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

9) Accounting for consumption taxes

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

10) Policy reserves

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

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

a) For contracts which are subject to the standard policy reserve requirements, premium reserves are calculated using the method stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996).

b) For contracts which are not subject to the standard policy reserve requirements, premium reserves are calculated using the net level premium method.

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

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

Unearned premiums are accumulated as a component of policy reserves pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

Contingency reserves, one of the components of policy reserves, are accumulated pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act to ensure performing future obligations under its insurance contracts.

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

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

11) Recognition of insurance premiums and claims

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

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

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

12) Policy acquisition costs

The Company recognizes policy acquisition costs when incurred.

13) Accounting Standards and guidance not yet applied

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

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020)

a) Overview

In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Guidance on Accounting Standard for Fair Value Measurement" have been developed and the guidance of calculation of fair value was established. These accounting standards will be applied to the following items:

-Financial instruments defined in "Accounting Standard for Financial Instruments"

The component of every levels on fair value of financial instruments needs to be disclosed because "Guidance on Disclosures about Fair Value of Financial Instruments" was revised.

b) Effective date

These accounting standards will be effective from the beginning of the fiscal year ending March 31, 2022.

c) Impact of applying the standards and guidance

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

14) Additional Information

The consolidation tax filings were adopted, with the Company being a parent company under the system from the fiscal year ended March 31, 2018.

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

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 hedge effectiveness is regularly assessed by comparing fluctuations in the fair value of hedged items and hedging instruments.

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

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

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

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

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

2) Fair value of financial instruments

The following table shows the carrying amounts in the non-consolidated balance sheets and the fair values and their differences of financial instruments as of March 31, 2019, 2020 and 2021.

As of March 31	Millions of Yen			Millions of Yen		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
			2019			2020
Cash and deposits	¥ 1,510,097	¥ 1,510,097	¥ —	¥ 1,467,878	¥ 1,467,878	¥ —
[Available-for-sale securities] ^{*1}	[386,779]	[386,779]	—	[435,863]	[435,863]	—
Call loans	238,792	238,792	—	354,415	354,415	—
Monetary claims bought	317,252	319,745	2,493	326,239	329,205	2,966
[Available-for-sale securities] ^{*1}	[174,259]	[174,259]	—	[193,071]	[193,071]	—
Securities ^{*2}	25,925,558	28,419,737	2,494,178	26,762,393	29,064,098	2,301,705
Trading securities	782,809	782,809	—	633,006	633,006	—
Held-to-maturity debt securities	1,799,665	2,132,194	332,529	1,725,807	2,049,016	323,208
Policy-reserve-matching bonds	11,674,328	13,813,577	2,139,248	12,029,249	14,032,115	2,002,866
Investments in subsidiaries and affiliated companies	33,173	55,574	22,400	52,238	27,869	(24,369)
Available-for-sale securities	11,635,582	11,635,582	—	12,322,091	12,322,091	—
Loans	2,874,970			2,099,584		
Allowance for possible loan losses ^{*3}	(618)			(598)		
	2,874,352	2,909,763	35,411	2,098,985	2,104,022	5,036
Corporate bonds	499,924	512,782	12,857	449,924	435,958	(13,965)
Payables under repurchase agreements	1,893,213	1,893,213	—	1,948,528	1,948,528	—
Payables under securities borrowing transactions	772,360	772,360	—	590,008	590,008	—
Loans payable	—	—	—	50,000	49,680	(320)
Derivative transactions ^{*4}	31,860	31,860	—	131,250	131,250	—
Hedge accounting not applied	4,295	4,295	—	247	247	—
Hedge accounting applied	27,565	27,565	—	131,002	131,002	—

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
			2021			2021
Cash and deposits	¥ 1,198,652	¥ 1,198,652	¥ —	\$ 10,826	\$ 10,826	\$ —
[Available-for-sale securities] ^{*1}	[491,530]	[491,530]	—	[4,439]	[4,439]	—
Call loans	192,142	192,142	—	1,735	1,735	—
Monetary claims bought	565,143	567,468	2,324	5,104	5,125	21
[Available-for-sale securities] ^{*1}	[439,749]	[439,749]	—	[3,972]	[3,972]	—
Securities ^{*2}	29,694,760	31,547,963	1,853,202	268,221	284,960	16,739
Trading securities	707,708	707,708	—	6,392	6,392	—
Held-to-maturity debt securities	1,590,707	1,852,103	261,395	14,368	16,729	2,361
Policy-reserve-matching bonds	12,470,906	14,068,089	1,597,183	112,644	127,071	14,426
Investments in subsidiaries and affiliated companies	52,238	46,861	(5,376)	471	423	(48)
Available-for-sale securities	14,873,199	14,873,199	—	134,343	134,343	—
Loans	1,945,518			17,573		
Allowance for possible loan losses ^{*3}	(649)			(5)		
	1,944,868	1,958,383	13,514	17,567	17,689	122
Corporate bonds	449,924	458,557	8,632	4,063	4,141	77
Payables under repurchase agreements	2,870,573	2,870,573	—	25,928	25,928	—
Payables under securities borrowing transactions	501,353	501,353	—	4,528	4,528	—
Loans payable	120,000	120,167	167	1,083	1,085	1
Derivative transactions ^{*4}	(518,059)	(518,059)	—	(4,679)	(4,679)	—
Hedge accounting not applied	(140,102)	(140,102)	—	(1,265)	(1,265)	—
Hedge accounting applied	(377,956)	(377,956)	—	(3,413)	(3,413)	—

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

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

The non-consolidated balance sheet amounts of these securities were ¥839,059 million, ¥661,485 million and ¥769,120 million (U.S. \$6,947 million) as of March 31, 2019, 2020 and 2021, respectively.

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

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

Note 1: Valuation methods for financial instruments

Assets

1) Cash and deposits and call loans

In principle, the book value is deemed as the fair value.

As for certain deposits regarded as securities pursuant to "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10), the fair value is measured based on the closing market value on the balance sheet date.

2) Monetary claims bought

The fair value is measured mainly based on the closing market value on the balance sheet date.

3) Securities

As for stocks with the market values, the fair value is measured based on the average market value during the last month of the fiscal year.

As for the other securities with the market values, the fair value is measured based on the closing market value on the balance sheet date.

4) Loans

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.

As for general loans, the fair value is measured mainly as the present value of estimated future cash flows from the loans.

As for loans to borrowers that are legally or substantially bankrupt and borrowers likely to become bankrupt, the fair values are, in principle, measured as the carrying amounts less the allowance for possible loan losses.

Liabilities

1) Corporate bonds

The fair value is measured mainly based on the closing market value on the balance sheet date.

2) Payables under repurchase agreements and payables under securities borrowing transactions

The book value is deemed as the fair value since the fair value approximates the book value.

3) Loans payable

The fair value is measured at the fair value of the corporate bonds issued to back the loans payable on the balance sheet date.

Derivative transactions

For details on derivative transactions, please refer to Note 4 below: Fair values of derivative transactions.

Note 2: Matters related to securities, including certain deposits regarded as securities pursuant to “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

The following tables show the carrying amounts in the non-consolidated balance sheets, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2019, 2020 and 2021.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen			Millions of Yen		
		2019		2020		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 358,543	¥ 387,748	¥ 29,205	¥ 310,662	¥ 334,609	¥ 23,947
Foreign securities (bonds)	1,440,600	1,743,924	303,324	1,414,600	1,713,866	299,266
Fair value does not exceed the balance sheet amount						
Bonds	522	521	(0)	545	540	(5)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,799,665	2,132,194	332,529	1,725,807	2,049,016	323,208

As of March 31	Millions of Yen			Millions of U.S. Dollars		
		2021		2021		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 284,558	¥ 305,365	¥ 20,807	\$ 2,570	\$ 2,758	\$ 187
Foreign securities (bonds)	1,305,600	1,546,196	240,596	11,792	13,966	2,173
Fair value does not exceed the balance sheet amount						
Bonds	549	541	(8)	4	4	(0)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,590,707	1,852,103	261,395	14,368	16,729	2,361

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen			Millions of Yen		
		2019		2020		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥10,988,196	¥13,119,392	¥2,131,195	¥10,989,452	¥12,959,664	¥1,970,212
Foreign securities (bonds)	416,916	432,782	15,865	559,223	603,107	43,884
Fair value does not exceed the balance sheet amount						
Bonds	151,573	146,912	(4,661)	302,785	297,241	(5,543)
Foreign securities (bonds)	117,641	114,489	(3,151)	177,788	172,101	(5,687)
Total	11,674,328	13,813,577	2,139,248	12,029,249	14,032,115	2,002,866

As of March 31	Millions of Yen			Millions of U.S. Dollars		
		2021		2021		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥10,346,526	¥11,949,729	¥1,603,203	\$ 93,456	\$107,937	\$14,481
Foreign securities (bonds)	613,425	664,746	51,321	5,540	6,004	463
Fair value does not exceed the balance sheet amount						
Bonds	1,269,774	1,229,897	(39,877)	11,469	11,109	(360)
Foreign securities (bonds)	241,179	223,715	(17,464)	2,178	2,020	(157)
Total	12,470,906	14,068,089	1,597,183	112,644	127,071	14,426

The following table shows the acquisition costs or amortized costs, the carrying amounts in the non-consolidated balance sheets and their differences of available-for-sale securities as of March 31, 2019, 2020 and 2021.

3) Available-for-sale securities

As of March 31	Millions of Yen			Millions of Yen		
	2019			2020		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs						
Negotiable certificates of deposit	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	151,297	159,271	7,973	159,666	168,153	8,486
Bonds	1,660,058	1,764,458	104,399	1,565,064	1,655,370	90,306
Stocks	658,977	1,605,890	946,912	590,674	1,270,621	679,946
Foreign securities	5,442,279	5,727,096	284,817	6,376,328	6,920,454	544,125
Foreign bonds	5,052,299	5,325,762	273,463	6,062,554	6,592,476	529,922
Other foreign securities	389,980	401,333	11,353	313,774	327,978	14,203
Other securities	57,271	72,548	15,276	54,551	66,754	12,202
Balance sheet amount does not exceed acquisition costs or amortized costs						
Negotiable certificates of deposit	386,800	386,779	(20)	435,900	435,863	(36)
Monetary claims bought	14,999	14,988	(11)	24,952	24,918	(34)
Bonds	86,513	85,159	(1,353)	563,691	550,254	(13,437)
Stocks	180,614	142,018	(38,595)	405,472	324,583	(80,889)
Foreign securities	2,220,984	2,185,939	(35,044)	1,363,273	1,303,244	(60,028)
Foreign bonds	2,131,873	2,097,173	(34,699)	905,113	867,499	(37,613)
Other foreign securities	89,111	88,766	(345)	458,160	435,744	(22,415)
Other securities	52,623	52,469	(153)	248,971	230,808	(18,163)
Total	10,912,420	12,196,621	1,284,201	11,788,547	12,951,026	1,162,478

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2021			2021		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs						
Negotiable certificates of deposit	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
Monetary claims bought	131,002	137,430	6,427	1,183	1,241	58
Bonds	1,648,506	1,735,325	86,818	14,890	15,674	784
Stocks	951,390	2,203,981	1,252,591	8,593	19,907	11,314
Foreign securities	7,580,013	8,181,944	601,930	68,467	73,904	5,437
Foreign bonds	6,733,057	7,242,449	509,392	60,817	65,418	4,601
Other foreign securities	846,956	939,495	92,538	7,650	8,486	835
Other securities	329,067	367,843	38,775	2,972	3,322	350
Balance sheet amount does not exceed acquisition costs or amortized costs						
Negotiable certificates of deposit	491,600	491,530	(69)	4,440	4,439	0
Monetary claims bought	302,887	302,319	(567)	2,735	2,730	(5)
Bonds	828,731	794,415	(34,315)	7,485	7,175	(309)
Stocks	164,279	134,282	(29,996)	1,483	1,212	(270)
Foreign securities	1,516,097	1,436,141	(79,956)	13,694	12,972	(722)
Foreign bonds	1,188,957	1,113,738	(75,219)	10,739	10,059	(679)
Other foreign securities	327,140	322,403	(4,737)	2,954	2,912	(42)
Other securities	20,000	19,265	(735)	180	174	(6)
Total	13,963,576	15,804,479	1,840,903	126,127	142,755	16,628

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

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

As of March 31	Millions of Yen				Millions of Yen			
	2019				2020			
	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
Deposits	¥1,509,947	¥ —	¥ —	¥ —	¥1,467,778	¥ —	¥ —	¥ —
Call loans	238,792	—	—	—	354,415	—	—	—
Monetary claims bought	14,446	267	275	294,271	24,116	203	282	293,163
Securities	351,172	2,127,895	6,043,472	13,339,419	547,096	1,961,310	7,185,892	12,534,174
Held-to-maturity debt securities	54,118	184,416	595,915	963,653	117,000	283,031	400,400	924,088
Policy-reserve-matching bonds	20,796	522,045	2,040,638	9,009,764	62,917	618,889	3,325,789	7,920,101
Available-for-sale securities	276,258	1,421,433	3,406,919	3,366,001	367,179	1,059,390	3,459,702	3,689,983
Loans	1,214,128	518,500	478,753	363,840	441,242	454,636	446,426	466,166
Corporate bonds	—	—	—	499,924	—	—	—	449,924
Payables under repurchase agreements	1,893,213	—	—	—	1,948,528	—	—	—
Payables under securities borrowing transactions	772,360	—	—	—	590,008	—	—	—
Loans payable	—	—	—	—	—	—	—	50,000

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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
Deposits	¥1,198,712	¥ —	¥ —	¥ —	\$10,827	\$ —	\$ —	\$ —
Call loans	192,142	—	—	—	1,735	—	—	—
Monetary claims bought	280,549	208	288	278,221	2,534	1	2	2,513
Securities	336,202	2,810,959	7,952,005	12,742,022	3,036	25,390	71,827	115,093
Held-to-maturity debt securities	2,717	592,331	214,400	780,229	24	5,350	1,936	7,047
Policy-reserve-matching bonds	160,260	690,872	3,949,273	7,573,284	1,447	6,240	35,672	68,406
Available-for-sale securities	173,224	1,527,755	3,788,332	4,388,508	1,564	13,799	34,218	39,639
Loans	162,860	478,612	501,410	533,973	1,471	4,323	4,529	4,823
Corporate bonds	—	—	—	449,924	—	—	—	4,063
Payables under repurchase agreements	2,870,573	—	—	—	25,928	—	—	—
Payables under securities borrowing transactions	501,353	—	—	—	4,528	—	—	—
Loans payable	—	—	—	120,000	—	—	—	1,083

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.

Note 4: Fair values of derivative transactions

1) Interest-rate related

a) Hedge accounting not applied

No ending balances as of March 31, 2019, 2020 and 2021.

b) Hedge accounting applied

As of March 31		Millions of Yen			Millions of Yen			
		2019			2020			
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
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	¥14,236	¥ 4,535	¥ 64	¥ 4,535	¥ 145	¥ 5
	Receipts floating, payments fixed	Loans	49,945	49,945	349	48,973	—	(544)
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	15,000	15,000	39	15,500	15,500	23
Total					452	(515)		

As of March 31		Millions of Yen			Millions of U.S. Dollars			
		2021			2021			
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
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	¥ 145	¥ 80	¥ 1	\$ 1	\$ 0	\$ 0
	Receipts floating, payments fixed	Loans	83,032	83,032	6,081	750	750	54
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	15,500	11,500	12	140	103	0
Total					6,094	55		

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

2) Currency-related
a) Hedge accounting not applied

As of March 31	Millions of Yen				Millions of Yen				
	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	2019	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	2020
Net gains (losses)					Net gains (losses)				
Foreign currency forward contracts									
Sold	¥652,734	¥—	¥ 7,430	¥ 7,430	¥2,458,184	¥ —	¥ 21,491	¥ 21,491	
(U.S. dollar)	147,543	—	(2,178)	(2,178)	1,304,922	—	(21,989)	(21,989)	
(Euro)	32,214	—	509	509	750,151	—	6,909	6,909	
(Australian dollar)	462,061	—	8,999	8,999	156,299	—	13,987	13,987	
Bought	291,802	—	(6,908)	(6,908)	2,354,980	165,027	(22,626)	(22,626)	
(Euro)	400	—	(0)	(0)	907,915	165,027	(1,984)	(1,984)	
(U.S. dollar)	23,024	—	125	125	1,189,033	—	1,595	1,595	
(Australian dollar)	266,038	—	(7,036)	(7,036)	22,344	—	(1,519)	(1,519)	
Currency options									
Sold									
Call	172,500	—			220,250	—			
	[465]		425	39	[907]		1,783	(876)	
(U.S. dollar)	172,500	—			220,250	—			
	[465]		425	39	[907]		1,783	(876)	
Bought									
Put	157,500	—			199,000	—			
	[1,585]		1,434	(151)	[1,986]		1,201	(784)	
(U.S. dollar)	157,500	—			199,000	—			
	[1,585]		1,434	(151)	[1,986]		1,201	(784)	
Total				410				(2,795)	

As of March 31	Millions of Yen				Millions of U.S. Dollars				
	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	2021	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	2021
Net gains (losses)					Net gains (losses)				
Foreign currency forward contracts									
Sold	¥3,235,486	¥—	¥(214,996)	¥(214,996)	\$29,224	\$—	\$(1,941)	\$(1,941)	
(U.S. dollar)	1,500,512	—	(58,407)	(58,407)	13,553	—	(527)	(527)	
(Euro)	1,149,871	—	(72,428)	(72,428)	10,386	—	(654)	(654)	
(Australian dollar)	278,675	—	(67,010)	(67,010)	2,517	—	(605)	(605)	
Bought	3,542,436	—	100,313	100,313	31,997	—	906	906	
(Euro)	1,540,936	—	44,898	44,898	13,918	—	405	405	
(U.S. dollar)	1,418,949	—	47,159	47,159	12,816	—	425	425	
(Australian dollar)	272,639	—	5,311	5,311	2,462	—	47	47	
Currency options									
Sold									
Call	172,500	—			1,558	—			
	[726]		172	553	[6]		1	5	
(U.S. dollar)	172,500	—			1,558	—			
	[726]		172	553	[6]		1	5	
Put	135,000	—			1,219	—			
	[681]		—	681	[6]		—	6	
(U.S. dollar)	135,000	—			1,219	—			
	[681]		—	681	[6]		—	6	
Bought									
Put	150,000	—			1,354	—			
	[2,186]		2	(2,184)	[19]		0	(19)	
(U.S. dollar)	150,000	—			1,354	—			
	[2,186]		2	(2,184)	[19]		0	(19)	
Total				(115,631)				(1,044)	

*1. Option fees are shown in [].

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

b) Hedge accounting applied

As of March 31			Millions of Yen			Millions of Yen			
			2019		2020				
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	¥6,760,420	¥437,618	¥ 28,497	¥7,329,758	¥1,191,995	¥134,617
			(U.S. dollar)	3,009,559	—	(37,510)	3,754,163	1,138,338	(24,521)
			(Euro)	2,404,420	—	73,119	2,155,977	—	24,938
	(Australian dollar)		952,792	437,618	(4,106)	915,189	53,656	97,658	
Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	155,908	155,908	8,192	168,916	168,916	12,234	
			155,908	155,908	8,192	168,916	168,916	12,234	
Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated liabilities	244,924	244,924	11,553	244,924	244,924	28,825	
			244,924	244,924	11,553	244,924	244,924	28,825	
Deferred hedge method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	37,806	37,806	(972)	37,806	37,806	(3,638)	
			35,351	35,351	(893)	35,351	35,351	(3,656)	
Total					47,271	172,039			

As of March 31			Millions of Yen			Millions of U.S. Dollars			
			2021		2021				
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	¥7,954,817	¥2,386,505	¥(374,068)	\$71,852	\$21,556	\$(3,378)
			(U.S. dollar)	3,670,328	1,116,818	(161,117)	33,152	10,087	(1,455)
			(Euro)	2,412,569	906,783	(84,208)	21,791	8,190	(760)
	(Australian dollar)		1,234,976	248,123	(109,166)	11,155	2,241	(986)	
Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	179,829	173,945	4,776	1,624	1,571	43	
			179,829	173,945	4,776	1,624	1,571	43	
Allocation method	Currency swaps (U.S. dollar)	Foreign-currency-denominated liabilities	244,924	244,924	29,996	2,212	2,212	270	
			244,924	244,924	29,996	2,212	2,212	270	
Deferred hedge method	Currency swaps (U.S. dollar)	Foreign-currency-denominated assets	37,806	37,806	(3,900)	341	341	(35)	
			35,351	35,351	(3,685)	319	319	(33)	
Total					(343,195)	(3,099)			

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

3) Stock-related

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2019				2020			
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	¥ 684	¥ —	¥ 3	¥ 3	¥ —	¥ —	¥ —	¥ —
	Bought	5,568	—	(5)	(5)	19,501	—	1,126	1,126
Total					(1)	1,126			

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2021				2021			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ 2,344	¥ —	¥ (58)	¥ (58)	\$ 21	\$ —	\$ 0	\$ 0
	Bought	30,720	—	440	440	277	—	3	3
Over-the counter transactions	Stock index options								
	Sold								
	Call	148,470	—			1,341	—		
	Put	[1,674]	—	28,555	(26,881)	[15]	—	257	(242)
	Bought								
	Put	122,715	—		2,326	1,108	—		21
		[2,326]				[21]			
	Put	149,985	—			1,354	—		
		[5,481]			(5,481)	[49]			(49)
Total					(29,654)	(267)			

*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, 2019, 2020 and 2021.

4) Bond-related

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2019				2020			
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	—	—	—	—	—	—	—	—
Total					—	—			

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2021				2021			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures								
	Sold	¥20,393	¥ —	¥ 99	¥ 99	\$184	\$ —	\$ 0	\$ 0
	Bought	33,536	—	(47)	(47)	302	—	(0)	(0)
Total					51	0			

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

b) Hedge accounting applied

No ending balances as of March 31, 2019, 2020 and 2021.

5) Other

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2019		2020					
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	¥78,933 [34]	¥—	¥ 197	¥ (163)	¥139,122 [337]	¥—	¥ 62	¥ 275
	Bought								
	Call	72,059 [1,567]	—	2,963	1,395	128,961 [2,816]	—	900	(1,915)
Total					1,232				(1,639)

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2021		2021					
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Over-the-counter transactions	Multi-Asset index options								
	Sold								
	Call	¥134,140 [445]	¥—	¥ 549	¥(103)	\$1,211 [4]	\$—	\$ 4	\$(0)
	Bought								
	Call	127,843 [2,630]	—	3,421	790	1,154 [23]	—	30	7
Total					687				6

*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, 2019, 2020 and 2021.

Note 4

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥383,454 million, ¥392,983 million and ¥396,511 million (U.S. \$3,581 million), and their fair values were ¥482,402 million, ¥504,136 million and ¥515,877 million (U.S. \$4,659 million) as of March 31, 2019, 2020 and 2021, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amounts of ¥1,326 million, ¥1,364 million and ¥1,384 million (U.S. \$12 million) as of March 31, 2019, 2020 and 2021, respectively.

Note 5

Securities Lending

Securities loaned under security lending agreements amounted to ¥3,420,988 million, ¥3,905,476 million and ¥4,366,031 million (U.S. \$39,436 million) as of March 31, 2019, 2020 and 2021, respectively.

Note 6

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥414,133 million, ¥419,213 million and ¥427,522 million (U.S. \$3,861 million) as of March 31, 2019, 2020 and 2021, respectively.

Note 7

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥829,521 million, ¥726,126 million and ¥828,123 million (U.S. \$7,480 million) as of March 31, 2019, 2020 and 2021, respectively. The total amounts of separate account liabilities were the same as these.

Note 8

Monetary Receivable from and Payable to Subsidiaries

The total amounts of monetary receivable from and payable to subsidiaries as of March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars	
	2019	2020	2021	2019	2021
Monetary receivable	¥51,312	¥50,195	¥84,223		\$760
Monetary payable	12,108	11,474	14,792		133

Note 9

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars	
	2019	2020	2021	2019	2021
At the beginning of the fiscal year	¥235,548	¥226,323	¥221,485		\$2,000
Transfer from surplus in the previous fiscal year	52,804	50,285	47,451		428
Dividend payments to policyholders during the fiscal year	(62,064)	(55,155)	(50,810)		(458)
Interest accrued during the fiscal year	35	32	29		0
At the end of the fiscal year	¥226,323	¥221,485	¥218,156		\$1,970

Note **10**

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 ¥930,652 million, ¥838,868 million and ¥1,330,356 million (U.S. \$12,016 million) as of March 31, 2019, 2020 and 2021, respectively.

Note **11**

Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	2019	2020	2021
Method of attributing benefits to period of service	Benefit formula basis	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	8 years
Amortization period for past service costs	3 years	3 years	3 years

The following provide details of the retirement benefit plans.

1) Summary of the retirement benefit plans

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

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

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
At the beginning of the fiscal year	¥284,862	¥282,010	¥270,390	\$2,442
Service costs	12,085	11,764	11,495	103
Interest costs on projected benefit obligations	4,196	4,154	3,982	35
Actuarial losses (gains)	1,770	(22)	33,123	299
Benefits paid	(20,904)	(26,777)	(23,049)	(208)
Past service costs	—	(737)	—	—
At the end of the fiscal year	¥282,010	¥270,390	¥295,943	\$2,673

b) Changes in the plan assets for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
At the beginning of the fiscal year	¥307,619	¥294,803	¥266,550	\$2,407
Expected return on plan assets	3,759	3,607	2,033	18
Actuarial gains (losses)	(13,979)	(24,159)	47,337	427
Contribution by employer	6,419	6,676	6,648	60
Benefits paid	(9,015)	(14,377)	(10,763)	(97)
At the end of the fiscal year	¥294,803	¥266,550	¥311,806	\$2,816

c) The amounts of the defined benefit liabilities and the defined benefit assets in the non-consolidated balance sheets as of March 31, 2019, 2020 and 2021 were determined as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Present value of funded obligations	¥ 282,010	¥ 270,390	¥ 295,943	\$ 2,673
Plan assets at fair value	(294,803)	(266,550)	(311,806)	(2,816)
Net present value of funded obligations	(12,793)	3,840	(15,862)	(143)
Unrecognized actuarial gains (losses)	21,513	(9,808)	(355)	(3)
Unrecognized past service costs	7,274	4,216	491	4
Net value on the balance sheet	15,994	(1,751)	(15,726)	(142)
Accrued retirement benefits	19,371	10,730	—	—
Prepaid pension cost	(3,376)	(12,482)	(15,726)	(142)
Net value on the balance sheet	¥ 15,994	¥ (1,751)	¥ (15,726)	\$ (142)

d) The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Service costs	¥12,085	¥11,764	¥11,495	\$103
Interest costs on projected benefit obligations	4,196	4,154	3,982	35
Expected return on plan assets	(3,759)	(3,607)	(2,033)	(18)
Amortization of net actuarial losses (gains)	(6,506)	(7,185)	(4,759)	(42)
Amortization of net past service costs	(3,795)	(3,795)	(3,724)	(33)
Retirement benefit expenses	¥ 2,220	¥ 1,329	¥ 4,960	\$ 44

e) The plan assets

The plan assets as of March 31, 2019, 2020 and 2021 were comprised as follows:

	% of total fair value of plan assets		
	2019	2020	2021
Equity securities	39	33	42
General accounts of life insurance companies	43	46	35
Investment trusts	7	8	6
Debt securities	5	6	6
Others	6	7	11
Total	100	100	100

44%, 41% and 48% of the plan assets were the retirement benefit trusts as of March 31, 2019, 2020 and 2021, 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, 2019, 2020 and 2021 were as follows:

	2019	2020	2021
Discount rate	1.473%	1.473%	0.575%
Expected long-term rates of return on the plan assets			
Defined benefit pension plans	2.3%	2.2%	1.3%
Retirement benefit trusts	0.0%	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥969 million, ¥1,008 million and ¥1,147 million (U.S. \$10 million) for the fiscal years ended March 31, 2019, 2020 and 2021, respectively.

Note 12

Income Taxes

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

Note 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, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserves for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company redeemed ¥50,000 million, ¥50,000 million and nil of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act for the fiscal years ended March 31, 2019, 2020 and 2021, respectively.

Note 14

Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥1,566,969 million, ¥2,508,450 million and ¥3,360,448 million (U.S. \$30,353 million) as of March 31, 2019, 2020 and 2021, respectively.

Note 15

Equity Investments in Subsidiaries

Total amounts of equity investments in subsidiaries were ¥620,073 million, ¥646,220 million and ¥749,854 million (U.S. \$6,773 million) as of March 31, 2019, 2020 and 2021, respectively.

Note 16**Loans**

The aggregate amounts of risk-monitored loans, which were comprised of loans to bankrupt borrowers, loans in arrears, loans in arrears for three months or longer and restructured loans, were ¥787 million, ¥808 million and ¥2,031 million (U.S. \$18 million) as of March 31, 2019, 2020 and 2021, respectively.

The amounts of loans to bankrupt borrowers were nil, nil and nil, and loans in arrears were ¥787 million, ¥808 million and ¥831 million (U.S. \$7 million) as of March 31, 2019, 2020 and 2021, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets were ¥21 million, ¥21 million and ¥247 million (U.S. \$2 million) for loans in arrears as of March 31, 2019, 2020 and 2021, respectively.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikeliness of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96, Paragraph 1 Item 3 or 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965).

Loans in arrears represent non-accrual loans excluding loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in self-assessment of asset quality.

The amounts of loans in arrears for three months or longer were nil, nil and nil as of March 31, 2019, 2020 and 2021, respectively.

Loans in arrears for three months or longer represent loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were nil, nil and ¥1,200 million (U.S. \$10 million) as of March 31, 2019, 2020 and 2021, respectively.

Restructured loans represent loans 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 loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

Note 17**Loan Commitments**

The amounts of loan commitments outstanding were ¥10,000 million, ¥7,185 million and ¥7,278 million (U.S. \$65 million) as of March 31, 2019, 2020 and 2021, respectively.

Note 18**Reinsurance**

The amounts of reinsurance recoverable on outstanding claims pursuant to Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act which applies mutatis mutandis to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act ("reinsurance recoverable on outstanding claims"), were ¥14 million, ¥8 million and ¥36 million (U.S. \$0 million) as of March 31, 2019, 2020 and 2021, respectively.

The amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act ("reinsurance recoverable on policy reserves") were ¥1,171 million, ¥1,300 million and ¥1,056 million (U.S. \$9 million) as of March 31, 2019, 2020 and 2021, respectively.

Note **19**

Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥38,076 million, ¥37,567 million and ¥35,900 million (U.S. \$324 million) as of March 31, 2019, 2020 and 2021, respectively, pursuant to Article 259 of the Insurance Business Act.

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

Note **20**

Investment Income and Expenses

Major components of gains on sales of securities for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Domestic bonds including national government bonds	¥80,132	¥41,035	¥46,798	\$422
Domestic stocks	13,049	8,177	15,991	144
Foreign securities	7,175	36,810	16,603	149

Major components of losses on sales of securities for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Domestic bonds including national government bonds	¥ 3,440	¥ 186	¥ 4,197	\$37
Domestic stocks	2,593	9,654	2,100	18
Foreign securities	86,792	4,940	10,789	97

Major components of losses on valuation of securities for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Domestic stocks	¥1,453	¥36,524	¥1,875	\$16
Foreign securities	1,293	15,709	149	1

Major components of gains (losses) on trading securities for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Interest and dividend income	¥ 10	¥—	¥—	\$—
Gains (losses) on sales of securities	(41)	—	—	—
Gains (losses) on valuation	5	—	—	—

Gains or losses on derivative financial instruments, net, included net valuation losses of ¥33,261 million, gains of ¥8,017 million and losses of ¥96,461 million (U.S. \$871 million) for the fiscal years ended March 31, 2019, 2020 and 2021, 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, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ 1	¥ (5)	¥ 27	\$ 0
Provision for (reversal of) reinsurance recoverable on policy reserves	15	128	(243)	(2)

Note **22**

Impairment of Fixed Assets

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

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

1) Method for grouping the assets

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

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

2) Description of impairment losses

For the fiscal years ended March 31, 2019, 2020 and 2021 the Company recognized impairment losses on real estates for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in the fair value. For these assets, the Company reduced the carrying amounts to the recoverable amounts, and recognized impairment losses as extraordinary losses in the non-consolidated statements of income.

3) Breakdown of impairment losses for the fiscal years ended March 31, 2019, 2020 and 2021

Asset Group	Asset Category	Millions of Yen			Millions of U.S. Dollars
		2019	2020	2021	2021
Real estates for investment	Land and buildings	¥ —	¥ —	¥ —	\$ —
Idle assets, etc.	Land and buildings	10,443	514	1,082	9
Total		¥10,443	¥514	¥1,082	\$ 9

4) The recoverable amounts

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

Note 23

Deferred Taxes

1) Deferred tax assets/liabilities as of March 31, 2019, 2020 and 2021 were recognized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Deferred tax assets	¥ 515,852	¥ 573,812	¥ 623,773	\$ 5,634
Valuation allowance for deferred tax assets	(19,657)	(20,448)	(22,182)	(200)
Subtotal	496,195	553,364	601,590	5,433
Deferred tax liabilities	(372,216)	(339,226)	(533,234)	(4,816)
Net deferred tax assets (liabilities)	123,979	214,138	68,356	617

Major components of deferred tax assets/liabilities as of March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Deferred tax assets:				
Policy reserves and other reserves	¥207,776	¥244,324	¥270,860	\$2,446
Reserve for price fluctuation	208,147	220,198	247,067	2,231
Accrued retirement benefits	36,995	32,033	28,100	253
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	361,369	326,499	517,328	4,672

2) The actual effective income tax rates were 18.4%, (0.5)% and 4.6% for the fiscal years ended March 31, 2019, 2020 and 2021, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2019	2020	2021
Policyholders' dividend reserves	(18.9)%	(27.0)%	(26.3)%
Losses on valuation of shares of subsidiaries and affiliates	9.6 %	—	—

Note 24

Transactions with Subsidiaries

The total amounts of income and expenses resulting from transactions with subsidiaries for the fiscal years ended March 31, 2019, 2020 and 2021 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2020	2021	2021
Total income	¥ 6,836	¥ 9,176	¥ 5,159	\$ 46
Total expenses	16,470	16,496	19,422	175

Note 25

Subordinated Bonds

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

Note 26

Subordinated Debt

Loan payables are subordinated debt, the repayments of which are subordinated to other obligations, as of March 31, 2020 and 2021.

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 ¥63,886 million, ¥34,460 million and ¥824 million (U.S. \$7 million), and none of the securities was pledged as collateral as of March 31, 2019, 2020 and 2021, respectively.



Independent auditor's report

To the Board of Directors of Sumitomo Life Insurance Company:

Opinion

We have audited the accompanying non-consolidated financial statements of Sumitomo Life Insurance Company ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2019, 2020 and 2021, 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, 2019, 2020 and 2021, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2021 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/Kanako Ogura
Designated Engagement Partner
Certified Public Accountant

/S/Yukihisa Tatsumi
Designated Engagement Partner
Certified Public Accountant

/S/Takao Suzuki
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 30, 2021

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.

Financial Information

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Notes: 1. U.S. dollar amounts are converted at U.S. \$1.00 = ¥110.71 the rate prevailing on March 31, 2021.
2. Amounts of less than one million yen or less than one million dollars have been truncated.

Breakdown of Ordinary Profit (Core Business Profit)

Millions of Yen

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Core business profit A	371,547	347,641
Capital gains	101,194	85,278
Gains on sales of securities	86,022	79,393
Other capital gains	15,171	5,885
Capital losses	257,281	126,676
Losses on sales of securities	14,782	17,087
Losses on valuation of securities	52,233	2,025
Losses on derivative financial instruments	118,531	74,286
Foreign exchange losses	11,416	10,974
Other capital losses	60,317	22,301
Net capital gains / losses B	(156,087)	(41,398)
Core business profit including net capital gains / losses A+B	215,459	306,243
Nonrecurring gains	25	—
Reversal of specific allowance for possible loan losses	25	—
Nonrecurring losses	120,345	150,609
Provision for contingency reserve	52,800	91,100
Provision for specific allowance for possible loan losses	—	287
Other nonrecurring losses	67,545	59,221
Nonrecurring gains / losses C	(120,320)	(150,609)
Ordinary profit A+B+C	95,138	155,634

(Reference) Breakdown of other items

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
Core business profit	Financial impact of fluctuations in the surrender benefits amount concerning market value adjustment	57,830	(5,145)
	Financial impact of market exchange rate fluctuations concerning foreign currency-denominated insurance policies	(15,171)	22,301
	Financial impact of fluctuations in insurance reserve funds concerning index linking	2,487	(739)
Other capital gains	Financial impact of fluctuations in the surrender benefits amount concerning market value adjustment	—	5,145
	Financial impact of fluctuations in the surrender benefits amount concerning market value adjustment	15,171	—
	Financial impact of fluctuations in insurance reserve funds concerning index linking	—	739
Other capital losses	Financial impact of fluctuations in the surrender benefits amount concerning market value adjustment	57,830	—
	Financial impact of market exchange rate fluctuations concerning foreign currency-denominated insurance policies	—	22,301
	Financial impact of fluctuations in insurance reserve funds concerning index linking	2,487	—
Other nonrecurring losses	Additional provisions of insurance reserve funds for part of the individual annuity contracts after the commencement of annuity payments and part of the single premium endowment insurance contracts	67,545	59,221

Fair Value Information of Securities (Company Total)

1. Fair Value Information of Securities (Company Total)

a. Net valuation gains (losses) on trading securities

Classification	As of March 31, 2020		As of March 31, 2021	
	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income
Trading securities	633,006	(68,569)	707,708	81,216

(Note) Although the above table includes securities in "money-held-in-trusts for trading purposes," there were no applicable amounts for March 31, 2020 and 2021.

b. Fair value information of securities (with fair value except for trading securities)

Classification	As of March 31, 2020					As of March 31, 2021				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,725,807	2,049,016	323,208	323,213	(5)	1,590,707	1,852,103	261,395	261,404	(8)
Policy-reserve-matching bonds	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)	12,470,906	14,068,089	1,597,183	1,654,525	(57,341)
Investments in subsidiaries and affiliated companies	52,238	27,869	(24,369)	—	(24,369)	52,238	46,861	(5,376)	—	(5,376)
Available-for-sale securities	11,788,547	12,951,026	1,162,478	1,335,068	(172,589)	13,963,576	15,804,479	1,840,903	1,986,544	(145,641)
Domestic bonds	2,128,756	2,205,625	76,869	90,306	(13,437)	2,477,237	2,529,740	52,503	86,818	(34,315)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)
Foreign securities	7,739,602	8,223,698	484,096	544,125	(60,028)	9,096,111	9,618,085	521,974	601,930	(79,956)
Foreign bonds	6,967,667	7,459,975	492,308	529,922	(37,613)	7,922,014	8,356,187	434,173	509,392	(75,219)
Other foreign securities	771,934	763,722	(8,211)	14,203	(22,415)	1,174,097	1,261,898	87,801	92,538	(4,737)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	349,067	387,108	38,040	38,775	(735)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	433,890	439,749	5,859	6,427	(567)
Negotiable certificates of deposit	435,900	435,863	(36)	—	(36)	491,600	491,530	(69)	—	(69)
Others	—	—	—	—	—	—	—	—	—	—
Total	25,595,843	29,060,026	3,464,183	3,672,378	(208,194)	28,077,428	31,771,534	3,694,106	3,902,473	(208,367)
Domestic bonds	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)	14,378,646	16,015,275	1,636,628	1,710,830	(74,201)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)
Foreign securities	9,943,452	10,740,642	797,190	887,275	(90,085)	11,308,555	12,099,606	791,051	893,848	(102,797)
Foreign bonds	9,119,279	9,949,050	829,771	873,072	(43,300)	10,082,219	10,790,846	708,627	801,310	(92,683)
Other foreign securities	824,173	791,591	(32,581)	14,203	(46,784)	1,226,335	1,308,760	82,424	92,538	(10,113)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	349,067	387,108	38,040	38,775	(735)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	433,890	439,749	5,859	6,427	(567)
Negotiable certificates of deposit	435,900	435,863	(36)	—	(36)	491,600	491,530	(69)	—	(69)
Others	—	—	—	—	—	—	—	—	—	—

(Note) The above table includes items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.

●Held-to-maturity debt securities

Millions of Yen

		As of March 31, 2020			As of March 31, 2021		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	310,662	334,609	23,947	284,558	305,365	20,807
	Foreign securities (bonds)	1,414,600	1,713,866	299,266	1,305,600	1,546,196	240,596
Fair value does not exceed the balance sheet amount	Bonds	545	540	(5)	549	541	(8)
	Foreign securities (bonds)	—	—	—	—	—	—
Total		1,725,807	2,049,016	323,208	1,590,707	1,852,103	261,395

●Policy-reserve-matching bonds

Millions of Yen

		As of March 31, 2020			As of March 31, 2021		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	10,989,452	12,959,664	1,970,212	10,346,526	11,949,729	1,603,203
	Foreign securities (bonds)	559,223	603,107	43,884	613,425	664,746	51,321
Fair value does not exceed the balance sheet amount	Bonds	302,785	297,241	(5,543)	1,269,774	1,229,897	(39,877)
	Foreign securities (bonds)	177,788	172,101	(5,687)	241,179	223,715	(17,464)
Total		12,029,249	14,032,115	2,002,866	12,470,906	14,068,089	1,597,183

● Available-for-sale securities

		Millions of Yen					
		As of March 31, 2020			As of March 31, 2021		
	Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs	Negotiable certificates of deposit	—	—	—	—	—	—
	Monetary claims bought	159,666	168,153	8,486	131,002	137,430	6,427
	Domestic bonds	1,565,064	1,655,370	90,306	1,648,506	1,735,325	86,818
	Domestic stocks	590,674	1,270,621	679,946	951,390	2,203,981	1,252,591
	Foreign securities	6,376,328	6,920,454	544,125	7,580,013	8,181,944	601,930
	Foreign bonds	6,062,554	6,592,476	529,922	6,733,057	7,242,449	509,392
	Other foreign securities	313,774	327,978	14,203	846,956	939,495	92,538
	Other securities	54,551	66,754	12,202	329,067	367,843	38,775
Balance sheet amount does not exceed acquisition costs or amortized costs	Negotiable certificates of deposit	435,900	435,863	(36)	491,600	491,530	(69)
	Monetary claims bought	24,952	24,918	(34)	302,887	302,319	(567)
	Domestic bonds	563,691	550,254	(13,437)	828,731	794,415	(34,315)
	Domestic stocks	405,472	324,583	(80,889)	164,279	134,282	(29,996)
	Foreign securities	1,363,273	1,303,244	(60,028)	1,516,097	1,436,141	(79,956)
	Foreign bonds	905,113	867,499	(37,613)	1,188,957	1,113,738	(75,219)
	Other foreign securities	458,160	435,744	(22,415)	327,140	322,403	(4,737)
	Other securities	248,971	230,808	(18,163)	20,000	19,265	(735)
Total		11,788,547	12,951,026	1,162,478	13,963,576	15,804,479	1,840,903

Book values of securities whose fair value is not practically determinable are as follows:

		Millions of Yen	
		As of March 31, 2020	As of March 31, 2021
Held-to-maturity debt securities		—	—
Unlisted foreign bonds		—	—
Others		—	—
Policy-reserve-matching bonds		—	—
Investments in subsidiaries and affiliated companies		593,981	697,616
Available-for-sale securities		62,246	62,198
Unlisted domestic stocks (excluding over-the-counter stocks)		21,841	20,368
Unlisted foreign stocks (excluding over-the-counter stocks)		34,558	34,558
Unlisted foreign bonds		—	—
Others		5,845	7,271
Total		656,227	759,814

2. Fair Value Information of Money-Held-in Trust (Company Total)

a. Money-held-in trusts for trading

Omitted as there are no ending balances for March 31, 2020 and 2021.

b. Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2020 and 2021.

3. Fair Value Information of Derivative Transactions (Company Total)

a. Qualitative information

●Transactions details

The Company utilizes derivative instruments shown below according to its asset management policy and specific nature of individual funds it manages.

	Exchange-traded transactions	Over-the-counter transactions
Interest-rate derivative instruments	—	Interest rate swaps, interest rate swaptions
Foreign currency derivative instruments	—	Foreign currency forward contracts, currency swaps, currency options
Stock derivative instruments	Stock index futures, stock index options	Individual stock options, stock index options, stock index forwards
Bond derivative instruments	Bond futures, bond futures options	Cash bond options
Others	—	Multi-asset index options

●Policy

The Company utilizes derivative instruments primarily in order to hedge the risks of fluctuation of values of assets or liabilities held by the Company.

It makes a rule not to enter into derivatives transactions that are not consistent with the specific nature of funds it manages (for example, trading of highly-leveraged financial instruments whose fair values widely fluctuate in comparison with those of their underlying assets).

●Purpose

The Company engages in hedge transactions in order to mitigate the foreign currency risk associated with assets denominated in foreign currencies. It also conducts derivative transactions with the view of containing the risk associated with the aforementioned assets within predefined limits.

The Company applies hedge accounting to derivative transactions that satisfy the requirements for hedge accounting.

●Risk details

The derivative transactions the Company conducts involve, as in the case with cash assets, market risk and credit risk.

(1) Market risk

This risk is associated with a fluctuation in the value of portfolios or positions held by the Company primarily caused by the fluctuation in the market for interest rates, stock prices, currency exchange rates as well as a change in cash flows.

(2) Credit risk

This risk is associated with a fluctuation in the value of portfolios or positions held by the Company due to changes in borrowers' credit standings. (This risk also encompasses a risk that the Company will be unable to gain the expected economic effects from its positions due to the default by counterparties of derivative transactions.)

●Risk management system

(1) Basic policy on risk management

The Company's basic risk management policy is designed to prevent risks from materializing by ensuring the effective deployment of derivative transactions with respect to the Company's assets and liabilities, as well as periodically monitoring whether relevant departments are in compliance with investment project-specific asset management policies, management rules and reporting systems.

(2) Risk management department

The Company has an investment risk management department, independent of profit-earning departments, which controls and monitors the risk status concerning derivative transactions along with their underlying assets, such as stocks and bonds.

(3) Risk management rules

"Investment Risk management Policy" and "Regulations for Investment Risk Management" prescribe, among others, the purpose of utilizing derivative transactions, underlying hedged items and the risk management system. In addition, each department including the asset management department is governed by individual detailed risk management rules to conform to their roles.

(4) Risk management

Where derivatives are designated as part of a hedge transaction, the Company intends to understand, analyze and control the integrated quantitative risks involved in these hedging instruments and their hedged items as underlying assets.

When the Company enters into derivative transactions that are not for hedging, it sets the maximum trading value and acceptable risk levels as well as loss-cut rules, with the aim of managing positions, risk status and gains or losses related to these transactions.

●Supplementary explanation of quantitative information

(1) Credit risk status associated with derivative transactions

Where contracts with counterparties provide the rights to set off claims and obligations in the event of default by them, the Company computes the amount of credit risk associated with these derivative contracts using the net- amount based current exposure method, taking account of the credit lines extended to the relevant counterparties.

(2) Supplementary explanation of transaction gains and losses

The Company enters into hedge contracts after it has clarified the reciprocal interdependence between hedging instruments and hedged items. Therefore, gains and losses arising from derivative transactions (deployed as a means of hedging) should be recognized in combination with gains and losses arising from underlying assets and liabilities, rather than recognizing gains and losses from derivative transactions alone.

It thus manages and controls hedging instruments and underlying hedged items as single units, with an eye to evaluating the hedging effects of mitigating the risks associated with fluctuations of foreign exchange rates, interest rates, etc.

Status of credit risk associated with derivative transactions

	Hundred Millions of Yen			
	Contract value / Notional amount		Estimated amount of credit risk	
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2020	As of March 31, 2021
Interest rate swaps				
Interest rate swaptions (Bought)	685	981	1	73
Foreign currency forward contracts	121,429	147,327	4,118	3,443
Currency swaps				
Currency options (Bought)	6,506	6,125	760	693
Stock options (Bought)				
Stock index forwards	—	1,499	—	89
Multi-asset index options (Bought)	1,289	1,278	137	162
Total			3,515	1,337

(Notes) 1. The contract value and notional amount are employed as the basis for calculation, in order to determine the amount of transaction and should not be construed as an indicator of the amount of risk.

2. The estimated amount of credit risk associated with each category of derivative transactions was calculated using the gross amount-based current exposure method without taking account of the credit lines of counterparties extended to the Company, therefore, the aggregate sum of these amounts does not match the total in the table, which was calculated based on the net amount-based current exposure method.

b. Quantitative information

● Breakdown of net gains (losses) (with and without hedge accounting applied)

Millions of Yen

Classification	As of March 31, 2020						As of March 31, 2021					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	(515)	172,039	—	—	—	171,523	6,094	(343,195)	—	—	—	(337,100)
Hedge accounting not applied	—	(2,795)	1,126	—	(1,639)	(3,309)	—	(115,631)	(29,654)	51	687	(144,547)
Total	(515)	169,243	1,126	—	(1,639)	168,214	6,094	(458,827)	(29,654)	51	687	(481,648)

(Note) Net gains (losses) from applying the fair value hedge included in gains and losses on hedge accounting applied, and net gains (losses) included in gain and loss of hedge accounting not applied are recorded on the statements of income. Net gains (losses) from applying the fair value hedge was gains of ¥134,617 million and loss of ¥374,068 million in currency-related as of March 31, 2020 and 2021, respectively.

● Interest-related

(Hedge accounting not applied)

Omitted as there are no ending balances for March 31, 2020 and 2021.

(Hedge accounting applied)

Millions of Yen

Hedge accounting model	Type	Main hedged items	As of March 31, 2020			As of March 31, 2021		
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year	Fair value		Over 1 year	Fair value	
Deferred hedge method	Interest rate swaps Receipts fixed, payments floating	Loans	15,500	15,500	23	15,500	11,500	12
			4,535	145	5	145	80	1
Exceptional method	Interest rate swaps Receipts floating, payments fixed	Loans	48,973	—	(544)	83,032	83,032	6,081
Total					(515)			6,094

●Currency-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	2,458,184	—	21,491	21,491	3,235,486	—	(214,996)	(214,996)
	(U.S. dollar)	1,304,922	—	(21,989)	(21,989)	1,500,512	—	(58,407)	(58,407)
	(Euro)	750,151	—	6,909	6,909	1,149,871	—	(72,428)	(72,428)
	Bought	2,354,980	165,027	(22,626)	(22,626)	3,542,436	—	100,313	100,313
	(Euro)	907,915	165,027	(1,984)	(1,984)	1,540,936	—	44,898	44,898
	(U.S. dollar)	1,189,033	—	1,595	1,595	1,418,949	—	47,159	47,159
	Currency options								
	Sold								
	Call	220,250	—			172,500	—		
	(U.S. dollar)	[907]	—	1,783	(876)	[726]	—	172	553
	Put	—	—			135,000	—		
	(U.S. dollar)	[—]	—			[681]	—		681
	Bought								
	Put	199,000	—			150,000	—		
	(U.S. dollar)	[1,986]	—	1,201	(784)	[2,186]	—	2	(2,184)
		199,000	—			150,000	—		
		[1,986]	—	1,201	(784)	[2,186]	—	2	(2,184)
Total									(115,631)

(Notes) 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.

(Hedge accounting applied)

Millions of Yen

Hedge accounting model	Type	Main hedged items	As of March 31, 2020			As of March 31, 2021		
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year	Fair value		Over 1 year	Fair value	
Fair value hedge method	Foreign currency forward contracts	Assets denominated in foreign currencies						
	Sold		7,329,758	1,191,995	134,617	7,954,817	2,386,505	(374,068)
	(U.S. dollar)		3,754,163	1,138,338	(24,521)	3,670,328	1,116,818	(161,117)
	(Euro)		2,155,977	—	24,938	2,412,569	906,783	(84,208)
	(Australian dollar)		915,189	53,656	97,658	1,234,976	248,123	(109,166)
Deferred hedge method	Currency swaps	Assets denominated in foreign currencies	37,806	37,806	(3,638)	37,806	37,806	(3,900)
	(U.S. dollar)		35,351	36,351	(3,656)	35,351	35,351	(3,685)
	(Euro)		2,454	2,454	18	2,454	2,454	(215)
Allocation method	Currency swaps	Assets denominated in foreign currencies	168,916	168,916	12,234	179,829	173,945	4,776
	(U.S. dollar)		168,916	168,916	12,234	179,829	173,945	4,776
	Currency swaps	Liabilities denominated in foreign currencies	244,924	244,924	28,825	244,924	244,924	29,996
	(U.S. dollar)		244,924	244,924	28,825	244,924	244,924	29,996
Total					172,039			(343,195)

●Stock-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	
		Over 1 year	Fair value		Over 1 year	Fair value	Over 1 year	Fair value
Exchange-traded transactions	Stock index futures							
	Sold	—	—	—	2,344	—	(58)	(58)
	Bought	19,501	—	1,126	30,720	—	440	440
Over-the-counter transactions	Stock index options							
	Sold							
	Call	—	—	—	148,470	—	—	—
		[—]	—	—	[1,674]	—	28,555	(26,881)
	Put	—	—	—	122,715	—	—	—
		[—]	—	—	[2,326]	—	—	2,326
	Bought							
	Put	—	—	—	149,985	—	—	—
		[—]	—	—	[5,481]	—	—	(5,481)
Total				1,126				(29,654)

(Notes) 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.

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2020 and 2021.

●Bond-related (Company Total)

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	
		Over 1 year	Fair value		Over 1 year	Fair value	Over 1 year	Fair value
Exchange-traded transactions	Bond futures							
	Sold	—	—	—	20,393	—	99	99
	Bought	—	—	—	33,536	—	(47)	(47)
Total				—				51

(Note) Net gains (losses) represent the fair values.

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2020 and 2021.

●Others (Company Total)

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	
		Over 1 year	Fair value		Over 1 year	Fair value	Over 1 year	Fair value
Over-the-counter transactions	Multi-asset index options							
	Sold							
	Call	139,122	—	—	134,140	—	—	—
		[337]	62	275	[445]	—	549	(103)
	Bought							
	Call	128,961	—	—	127,843	—	—	—
		[2,816]	900	(1,915)	[2,630]	—	3,421	790
Total				(1,639)				687

(Notes) 1. Option fees are shown in [].

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

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2020 and 2021.

Assets

1. Portfolio Trends (General Account)

a. Asset structure

Classification	Millions of Yen, %			
	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Cash, deposits and call loans	1,751,825	5.4	1,300,346	3.8
Monetary claims bought	326,239	1.0	565,143	1.6
Investment in securities	26,790,871	83.1	29,756,172	86.0
Domestic bonds	13,809,070	42.8	14,431,149	41.7
Domestic stocks	1,718,821	5.3	2,480,707	7.2
Foreign securities	10,959,518	34.0	12,391,645	35.8
Foreign bonds	9,611,587	29.8	10,516,392	30.4
Other foreign securities	1,347,930	4.2	1,875,252	5.4
Other securities	303,462	0.9	452,669	1.3
Loans	2,099,584	6.5	1,945,518	5.6
Policy loans	281,112	0.9	258,549	0.7
Industrial and consumer loans	1,818,472	5.6	1,686,968	4.9
Real estate	558,552	1.7	557,409	1.6
Investment property	389,872	1.2	394,204	1.1
Deferred tax assets	214,138	0.7	68,356	0.2
Other assets	493,105	1.5	403,110	1.2
Allowance for possible loan losses	(816)	(0.0)	(890)	(0.0)
Total	32,233,500	100.0	34,595,165	100.0
Foreign currency denominated assets	10,453,682	32.4	11,799,295	34.1

(Note) The total amount of land, buildings and construction in progress has been recorded as "Real estate."

b. Increase (decrease) in assets

Classification	Millions of Yen	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	Amount	Amount
Cash, deposits and call loans	22,966	(451,479)
Monetary claims bought	8,987	238,903
Investment in securities	809,062	2,965,300
Domestic bonds	460,616	622,079
Domestic stocks	(149,883)	761,886
Foreign securities	323,099	1,432,127
Foreign bonds	213,493	904,805
Other foreign securities	109,605	527,322
Other securities	175,230	149,207
Loans	(775,386)	(154,066)
Policy loans	(8,635)	(22,562)
Industrial and consumer loans	(766,750)	(131,503)
Real estate	4,813	(1,142)
Investment property	8,892	4,332
Deferred tax assets	90,159	(145,781)
Other assets	156,077	(89,994)
Allowance for possible loan losses	53	(73)
Total	316,734	2,361,665
Foreign currency denominated assets	336,588	1,345,612

(Note) The total amount of land, buildings and construction in progress has been recorded as "Real estate."

2. Investment Yield by Asset (General Account)

Classification	%	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash, deposits and call loans	(0.01)	0.15
Monetary claims bought	0.89	0.55
Investment in securities	1.75	1.95
Domestic bonds	1.84	1.83
Domestic stocks	1.30	2.13
Foreign securities	1.72	2.03
Foreign bonds	1.77	2.16
Other foreign securities	1.35	1.25
Loans	0.89	1.51
Industrial and consumer loans	0.53	1.17
Real estate	3.12	2.93
Investment property	4.50	4.19
Total	1.56	1.77
Overseas investments	1.57	2.00

(Notes) 1. Investment yield is calculated by dividing investment income less investment expenses by the daily average book value balance.

2. In the calculation of yield, gains or losses on derivatives are included in investment income or expenses.

3. Overseas investments represent the sum of assets denominated in foreign currencies and Japanese yen.

3. Average Balance of Primary Assets (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	Amount	Share	Amount	Share
Cash, deposits and call loans	1,304,516		1,280,306	
Monetary claims bought	347,881		532,114	
Investment in securities	25,492,081		26,796,340	
Domestic bonds	13,534,866		13,997,294	
Domestic stocks	1,013,668		1,203,033	
Foreign securities	10,752,960		11,235,946	
Foreign bonds	9,548,198		9,657,291	
Other foreign securities	1,204,761		1,578,655	
Loans	2,692,687		1,961,798	
Industrial and consumer loans	2,403,856		1,685,941	
Real estate	556,721		561,648	
Investment property	385,189		393,064	
Total	31,549,859		32,368,323	
Overseas investments	12,309,189		12,719,954	

4. Proprietary Trading Securities (General Account)

Proprietary trading securities are not handled.

5. Trading Volume of Proprietary Trading Securities (General Account)

Proprietary trading securities are not handled.

6. Securities (General Account)

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
National government bonds	9,975,756	37.2	10,556,925	35.5
Local government bonds	211,689	0.8	215,856	0.7
Corporate bonds	3,621,624	13.5	3,658,367	12.3
Public entity bonds	2,267,727	8.5	2,258,230	7.6
Foreign-currency-denominated bonds	549,151	2.0	604,165	2.0
Domestic stocks	1,718,821	6.4	2,480,707	8.3
Foreign securities	10,959,518	40.9	12,391,645	41.6
Foreign bonds	9,611,587	35.9	10,516,392	35.3
Foreign-currency-denominated bonds	7,985,172	29.8	8,930,876	30.0
Other foreign securities	1,347,930	5.0	1,875,252	6.3
Foreign-currency-denominated other securities	1,227,638	4.6	1,735,632	5.8
Other securities	303,462	1.1	452,669	1.5
Total	26,790,871	100.0	29,756,172	100.0
Foreign-currency-denominated securities	9,761,962	36.4	11,270,674	37.9

7. Securities by Maturity Date (General Account)

(As of March 31, 2020)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	No fixed maturity	Total
Investment in securities	551,068	809,023	1,241,082	2,382,331	5,120,099	12,989,790	3,697,476	26,790,871
National government bonds	134,999	353,716	138,970	550,265	2,372,877	6,424,926	—	9,975,756
Local government bonds	—	—	8,812	—	2,827	200,049	—	211,689
Corporate bonds	39,943	122,063	279,102	413,915	332,420	2,057,423	376,755	3,621,624
Domestic stocks	—	—	—	—	—	—	1,718,821	1,718,821
Foreign securities	376,124	333,068	814,197	1,417,489	2,410,747	4,307,390	1,300,499	10,959,518
Foreign bonds	376,106	329,803	812,292	1,412,694	2,400,849	4,279,840	—	9,611,587
Other foreign securities	18	3,264	1,904	4,795	9,897	27,549	1,300,499	1,347,930
Other securities	—	174	—	660	1,226	—	301,400	303,462
Monetary claims bought	23,998	—	—	—	—	169,072	—	193,071
Negotiable certificates of deposit	435,863	—	—	—	—	—	—	435,863
Others	—	—	—	—	—	—	—	—
Total	1,010,931	809,023	1,241,802	2,382,331	5,120,099	13,158,863	3,697,476	27,419,806

(As of March 31, 2021)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	No fixed maturity	Total
Investment in securities	339,506	905,904	2,025,560	2,921,025	5,435,370	13,070,788	5,058,017	29,756,172
National government bonds	146,668	208,386	258,840	833,420	2,782,220	6,327,388	—	10,556,925
Local government bonds	—	2,850	5,957	—	12,230	194,817	—	215,856
Corporate bonds	35,949	213,383	301,174	446,563	256,994	2,041,685	362,617	3,658,367
Domestic stocks	—	—	—	—	—	—	2,480,707	2,480,707
Foreign securities	156,880	481,283	1,458,669	1,640,128	2,376,328	4,506,897	1,771,458	12,391,645
Foreign bonds	156,880	477,962	1,455,764	1,635,068	2,355,845	4,434,871	—	10,516,392
Other foreign securities	0	3,321	2,904	5,059	20,482	72,025	1,771,458	1,875,252
Other securities	8	—	917	913	7,596	—	443,233	452,669
Monetary claims bought	280,366	—	—	—	—	159,383	—	439,749
Negotiable certificates of deposit	491,530	—	—	—	—	—	—	491,530
Others	—	—	—	—	—	—	—	—
Total	1,111,402	905,904	2,025,560	2,921,025	5,435,370	13,230,172	5,058,017	30,687,452

(Note) The above table includes items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.

8. Local Government Bonds by Region (General Account)

Millions of Yen

Classification	As of March 31, 2020	As of March 31, 2021
Hokkaido	2,312	2,196
Tohoku	—	—
Kanto	86,522	89,906
Chubu	38,267	38,013
Kinki	42,538	44,659
Chugoku	8,141	7,998
Shikoku	—	—
Kyushu	33,906	33,083
Total	211,689	215,856

9. Bonds Yields (General Account)

%

Classification	As of March 31, 2020	As of March 31, 2021
Domestic bonds	1.65	1.57
Foreign bonds	2.95	2.77

10. Domestic Stocks by Industry (General Account)

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Fishery, agriculture and forestry	243	0.0	317	0.0
Mining	49	0.0	57	0.0
Construction	57,952	3.4	74,157	3.0
Manufacturing				
Food	71,436	4.2	84,194	3.4
Textiles and apparel	8,629	0.5	10,284	0.4
Pulp and paper	6,807	0.4	8,219	0.3
Chemicals	188,428	11.0	295,701	11.9
Pharmaceuticals	167,246	9.7	204,644	8.2
Oil and coal products	4,438	0.3	5,719	0.2
Rubber products	9,903	0.6	11,259	0.5
Glass and ceramic products	22,518	1.3	33,611	1.4
Iron and steel	11,213	0.7	18,429	0.7
Nonferrous metals	27,978	1.6	47,472	1.9
Metal products	6,423	0.4	10,144	0.4
Machinery	121,747	7.1	202,071	8.1
Electric appliances	195,553	11.4	329,168	13.3
Transportation equipment	60,834	3.5	95,250	3.8
Precision instruments	15,125	0.9	23,052	0.9
Other products	49,815	2.9	70,191	2.8
Electric power and gas	28,105	1.6	32,526	1.3
Transportation, information and communication				
Land transportation	159,013	9.3	209,617	8.4
Marine transportation	2,042	0.1	4,138	0.2
Air transportation	3,438	0.2	3,195	0.1
Warehousing and harbor transportation services	7,303	0.4	8,793	0.4
Information and communication	52,496	3.1	73,480	3.0
Trade and services				
Wholesale trade	116,705	6.8	171,532	6.9
Retail trade	22,638	1.3	37,668	1.5
Finance and insurance				
Banking	109,581	6.4	160,953	6.5
Securities and trading	3,727	0.2	5,253	0.2
Insurance	108,437	6.3	142,538	5.7
Other financial services	15,001	0.9	19,926	0.8
Real estate	21,592	1.3	29,720	1.2
Services	42,393	2.5	57,415	2.3
Total	1,718,821	100.0	2,480,707	100.0

(Note) Classification is based on the "Sector classification table" by the "Securities Identification Code Committee."

11. Fair Value Information of Securities (General Account)

a. Net valuation gains (losses) on trading securities

Omitted as there are no ending balances for March 31, 2020 and 2021.

b. Fair value information of securities

●Fair value information of securities (with fair value except for trading securities)

Millions of Yen

Classification	As of March 31, 2020					As of March 31, 2021				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,725,807	2,049,016	323,208	323,213	(5)	1,590,707	1,852,103	261,395	261,404	(8)
Policy-reserve-matching bonds	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)	12,470,906	14,068,089	1,597,183	1,654,525	(57,341)
Investments in subsidiaries and affiliated companies	52,238	27,869	(24,369)	—	(24,369)	52,238	46,861	(5,376)	—	(5,376)
Available-for-sale securities	11,788,547	12,951,026	1,162,478	1,335,068	(172,589)	13,963,576	15,804,479	1,840,903	1,986,544	(145,641)
Domestic bonds	2,128,756	2,205,625	76,869	90,306	(13,437)	2,477,237	2,529,740	52,503	86,818	(34,315)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)
Foreign securities	7,739,602	8,223,698	484,096	544,125	(60,028)	9,096,111	9,618,085	521,974	601,930	(79,956)
Foreign bonds	6,967,667	7,459,975	492,308	529,922	(37,613)	7,922,014	8,356,187	434,173	509,392	(75,219)
Other foreign securities	771,934	763,722	(8,211)	14,203	(22,415)	1,174,097	1,261,898	87,801	92,538	(4,737)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	349,067	387,108	38,040	38,775	(735)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	433,890	439,749	5,859	6,427	(567)
Negotiable certificates of deposit	435,900	435,863	(36)	—	(36)	491,600	491,530	(69)	—	(69)
Others	—	—	—	—	—	—	—	—	—	—
Total	25,595,843	29,060,026	3,464,183	3,672,378	(208,194)	28,077,428	31,771,534	3,694,106	3,902,473	(208,367)
Domestic bonds	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)	14,378,646	16,015,275	1,636,628	1,710,830	(74,201)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)
Foreign securities	9,943,452	10,740,642	797,190	887,275	(90,085)	11,308,555	12,099,606	791,051	893,848	(102,797)
Foreign bonds	9,119,279	9,949,050	829,771	873,072	(43,300)	10,082,219	10,790,846	708,627	801,310	(92,683)
Other foreign securities	824,173	791,591	(32,581)	14,203	(46,784)	1,226,335	1,308,760	82,424	92,538	(10,113)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	349,067	387,108	38,040	38,775	(735)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	433,890	439,749	5,859	6,427	(567)
Negotiable certificates of deposit	435,900	435,863	(36)	—	(36)	491,600	491,530	(69)	—	(69)
Others	—	—	—	—	—	—	—	—	—	—

(Note) The above table includes items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.

Book values of securities whose fair value is not practically determinable are as follows:

Millions of Yen

Classification	As of March 31, 2020	As of March 31, 2021
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliated companies	593,981	697,616
Available-for-sale securities	62,246	62,198
Unlisted domestic stocks (excluding over-the-counter stocks)	21,841	20,368
Unlisted foreign stocks (excluding over-the-counter stocks)	34,558	34,558
Unlisted foreign bonds	—	—
Others	5,845	7,271
Total	656,227	759,814

Policy-reserve-matching bonds

- In order to appropriately manage fluctuations in the fair value of assets and liabilities due to fluctuations in interest rates, the Company has identified the following types of insurance policies (subsections), 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, and has designated the holding category of the corresponding yen-denominated bonds as “Policy-reserve-matching bonds”
 - LIVE ONE (Primary policy of 3-year variable accumulation rate insurance, etc. with guaranteed minimum interest rates)
 - Single premium endowment insurance (excluding certain types)
 - Interest rate variable whole life insurance (single premium) (increasing whole life insurance with assumed interest rate variable and a 5 yearly payment of dividend of interest gains (single premium), etc.)
 - Individual life insurance and individual annuity (excluding certain types of insurance)
 - Individual life insurance and individual annuity denominated in U.S. dollars
 - Individual life insurance and individual annuity denominated in Australian dollars (excluding individual annuity denominated in designated currency (single premium) with a 5 yearly payment of dividend of interest gains and individual annuity denominated in designated currency (single premium) with a 5 yearly payment of dividend of interest gains (20))
 - Defined contribution pension plans and interest rate-setting rider by new unit account
 - Policy reserves for cash flows expected within the next 30 years for contracts including defined benefit corporate pension plan (02), and new corporate pension plan (excluding interest rate-setting rider by unit account and interest rate-setting rider by new unit account)
 - Policy reserves for cash flows expected within the next 30 years for insured contributory pension plans
- The Company periodically verifies that the duration (the extent of fair value fluctuations against fluctuations in interest rates) of the policy reserves of each insurance in these subsections coincides with the duration of the corresponding policy-reserve-matching bonds within a certain range.

c. Fair value information of money-held-in trust for trading (General Account)

(1) Money-held-in trusts for trading

Omitted as there are no ending balances for March 31, 2020 and 2021.

(2) Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2020 and 2021.

(Reference)

In terms of “securities whose fair value is not practically determinable” in the “Accounting Standards for Financial Instruments,” fair values including prices which have been calculated on the basis of certain assumptions, are as below:

Millions of Yen

Classification	As of March 31, 2020					As of March 31, 2021				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,725,807	2,049,016	323,208	323,213	(5)	1,590,707	1,852,103	261,395	261,404	(8)
Policy-reserve-matching bonds	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)	12,470,906	14,068,089	1,597,183	1,654,525	(57,341)
Investments in subsidiaries and affiliated companies	646,220	558,722	(87,497)	122	(87,619)	749,854	692,244	(57,610)	2,156	(59,767)
Available-for-sale securities	11,850,793	13,018,529	1,167,736	1,340,331	(172,595)	14,025,774	15,875,983	1,850,208	1,995,873	(145,664)
Domestic bonds	2,128,756	2,205,625	76,869	90,306	(13,437)	2,477,237	2,529,740	52,503	86,818	(34,315)
Domestic stocks	1,017,988	1,617,046	599,057	679,946	(80,889)	1,136,037	2,358,632	1,222,594	1,252,591	(29,996)
Foreign securities	7,774,180	8,263,461	489,280	549,310	(60,029)	9,130,670	9,661,814	531,144	611,100	(79,956)
Foreign bonds	6,967,667	7,459,975	492,308	529,922	(37,613)	7,922,014	8,356,187	434,173	509,392	(75,219)
Other foreign securities	806,513	803,485	(3,027)	19,388	(22,416)	1,208,656	1,305,627	96,971	101,708	(4,737)
Other securities	309,349	303,462	(5,887)	12,280	(18,167)	356,338	394,515	38,176	38,934	(758)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	433,890	439,749	5,859	6,427	(567)
Negotiable certificates of deposit	435,900	435,863	(36)	—	(36)	491,600	491,530	(69)	—	(69)
Others	—	—	—	—	—	—	—	—	—	—
Total	26,252,070	29,658,384	3,406,313	3,677,764	(271,450)	28,837,243	32,488,421	3,651,177	3,913,959	(262,781)
Domestic bonds	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)	14,378,646	16,015,275	1,636,628	1,710,830	(74,201)
Domestic stocks	1,119,763	1,718,821	599,057	679,946	(80,889)	1,258,113	2,480,707	1,222,594	1,252,591	(29,996)
Foreign securities	10,470,237	11,209,483	739,246	892,583	(153,337)	11,860,501	12,608,488	747,987	905,175	(157,187)
Foreign bonds	9,119,279	9,949,050	829,771	873,072	(43,300)	10,082,219	10,790,846	708,627	801,310	(92,683)
Other foreign securities	1,350,958	1,260,433	(90,524)	19,511	(110,036)	1,778,281	1,817,642	39,360	103,865	(64,504)
Other securities	309,349	303,462	(5,887)	12,280	(18,167)	414,492	452,669	38,176	38,934	(758)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	433,890	439,749	5,859	6,427	(567)
Negotiable certificates of deposit	435,900	435,863	(36)	—	(36)	491,600	491,530	(69)	—	(69)
Others	—	—	—	—	—	—	—	—	—	—

(Notes) 1. The above table includes items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.

2. The difference between the net losses of securities with fair value and the net losses in this table was loss of ¥57,870 million and loss of ¥42,928 million as of March 31, 2020 and 2021, respectively.

Net gains (losses) on real estate (Land/leasehold)

Millions of Yen

Classification	As of March 31, 2020	As of March 31, 2021
Net gains (losses) on real estate	159,807	167,737

(Note) The fair value of land is calculated using the appraisal value based on appraisals by qualified real estate appraisers or the publicly announced appraisal value with certain adjustments.

**d. Fair value information of derivative transactions (total of hedge accounting applied/not applied)
(General Account)**

(1) Breakdown of net gains (losses) (with and without hedge accounting applied)

Millions of Yen

Classification	As of March 31, 2020						As of March 31, 2021					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	(515)	172,039	—	—	—	171,523	6,094	(343,195)	—	—	—	(337,100)
Hedge accounting not applied	—	(3,162)	697	—	(1,639)	(4,105)	—	(114,345)	(29,942)	99	687	(143,501)
Total	(515)	168,876	697	—	(1,639)	167,418	6,094	(457,540)	(29,942)	99	687	(480,602)

(Note) Net gains (losses) from applying the fair value hedge included in gains and losses on hedge accounting applied, and net gains (losses) included in gain and loss of hedge accounting not applied are recorded on the statements of income. Net gains (losses) from applying the fair value hedge was net gains of ¥134,617 million and net losses of ¥374,068 million in currency-related as of March 31, 2020 and 2021, respectively.

(2) Interest-related

Millions of Yen

Classification	Type	As of March 31, 2020				As of March 31, 2021			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Interest rate swaps								
	Receipts fixed, payments floating	20,035	15,645	28	28	15,645	11,580	13	13
	Receipts floating, payments fixed	48,973	—	(544)	(544)	83,032	83,032	6,081	6,081
Total									6,094

(Notes) 1. Net gains (losses) represent the fair values.

(Reference) Details of interest rate swaps

Millions of Yen, %

Classification	As of March 31, 2021						
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount (receipts fixed, payments floating)	4,065	11,070	510	—	—	—	15,645
Average fixed rate (receipt)	1.43	1.20	0.18	—	—	—	1.23
Average floating rate (payment)	1.39	1.13	0.26	—	—	—	1.16
Notional amount (payments fixed, receipts floating)	—	—	—	33,213	49,819	—	83,032
Average fixed rate (payment)	—	—	—	1.83	2.39	—	2.17
Average floating rate (receipt)	—	—	—	1.38	1.93	—	1.71

(3) Currency-related

Millions of Yen

Classification	Type	As of March 31, 2020				As of March 31, 2021			
		Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	9,733,616	1,191,995	155,729	155,729	11,132,717	2,386,505	(587,772)	(587,772)
	(U.S. dollar)	5,032,379	1,138,338	(46,419)	(46,419)	5,143,273	1,116,818	(218,638)	(218,638)
	(Euro)	2,884,417	—	31,661	31,661	3,539,608	906,783	(156,414)	(156,414)
	(Australian dollar)	1,070,479	53,656	111,582	111,582	1,512,317	248,123	(176,151)	(176,151)
	Bought	2,353,557	165,027	(22,613)	(22,613)	3,541,238	—	100,307	100,307
	(Euro)	906,728	165,027	(1,971)	(1,971)	1,540,883	—	44,898	44,898
	(U.S. dollar)	1,188,828	—	1,595	1,595	1,418,890	—	47,157	47,157
	Currency options								
	Sold								
	Call	220,250	—			172,500	—		
	(U.S. dollar)	[907]	—	1,783	(876)	[726]	—	172	553
	Put	—	—			135,000	—		
	(U.S. dollar)	[—]	—	—	—	[681]	—	—	681
	Bought								
	Put	199,000	—			150,000	—		
	(U.S. dollar)	[1,986]	—	1,201	(784)	[2,186]	—	2	(2,184)
	Currency swaps								
	(U.S. dollar)	37,806	37,806	(3,638)	(3,638)	37,806	37,806	(3,900)	(3,900)
	(Euro)	35,351	35,351	(3,656)	(3,656)	35,351	35,351	(3,685)	(3,685)
	Total	2,454	2,454	18	18	2,454	2,454	(215)	(215)
	Total				127,816				(492,314)

(Notes) 1. Option fees are shown in [].

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and currency swaps and are reported in yen amounts in the balance sheets, those foreign currency forward contracts and currency swaps are excluded from the table above. Currency swaps excluded from disclosure as of March 31, 2020 include contract value in U.S. dollar of ¥413,840 million, fair value of ¥41,060 million and net gains of ¥41,060 million; and those as of March 31, 2021 include contract value in U.S. dollar of ¥424,753 million, fair value of ¥34,773 million and net gains of ¥34,773 million.

3. Net gains (losses) represent the fair values for foreign currency forward contracts as well as swap transactions, and the differences between the option fees and the fair values for option transactions.

(4) Stock-related

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded transactions	Stock index futures								
	Bought	10,069	—	697	697	21,868	—	93	93
Over-the-counter transactions	Stock index options								
	Sold								
	Call	—	—	—	—	148,470	—		
		[—]	—	—	—	[1,674]		28,555	(26,881)
	Put	—	—	—	—	122,715	—		
		[—]	—	—	—	[2,326]		—	2,326
	Bought								
	Put	—	—	—	—	149,985	—		
		[—]	—	—	—	[5,481]		—	(5,481)
Total					697				(29,942)

(Notes) 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.

(5) Bond-related

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded transactions	Bond futures								
	Sold	—	—	—	—	20,393	—	99	99
Total									99

(Note) Net gains (losses) represent the fair values.

(6) Others

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Multi-asset index options								
	Sold								
	Call	139,122	—	62	275	134,140	—		
		[337]				[445]		549	(103)
	Bought								
	Call	128,961	—	900	(1,915)	127,843	—		
		[2,816]				[2,630]		3,421	790
Total					(1,639)				687

(Notes) 1. Option fees are shown in [].

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

12. Status of stockholdings

(1) Criteria and approach for classifying stock investment

The Company invests in stocks from a medium- to long-term perspective, with the basic idea of obtaining stable returns over the long-term in step with growth in each investee's corporate value.

In addition to this basic idea, we may hold stocks for a strategic purpose, by investing in companies aimed at strengthening relationships through business alliances and collaboration.

These stocks are held as "Stockholdings other than those held solely for pure investment purposes."

(2) Stockholdings other than those held solely for pure investment purposes

(i) Method of verifying the rationality of stockholding and verification results by the Board of Directors, etc. for individual stocks

The Board of Directors, etc. individually assesses the appropriateness of purposes and the benefits of holding each stock to verify the suitability of stockholdings.

If the appropriateness and rationality of shareholding cannot be established as a result of this verification process, the Company will take actions, including the divestment of such stocks.

(ii) Number of stocks and balance sheet amount

Classification	Fiscal year ended March 31, 2021	
	Number of stocks	Total balance sheet amount
Unlisted stocks	41	8,316
Listed stocks	2	1,558

Millions of Yen

(3) Breakdown of stockholdings other than those held solely for pure investment purposes (excluding unlisted stocks)

Stock name	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Purpose of holding
	Number of shares held (thousand shares)	Number of shares held (thousand shares)	
	Balance sheet amount (Millions of Yen)	Balance sheet amount (Millions of Yen)	
Advance Create Co., Ltd.	549	1,099	<ul style="list-style-type: none"> To maintain and strengthen the Company's alliance with the investee in the insurance sector and to obtain shareholder profits from the enhancement of the investee's corporate value on a long-term and stable basis.
	793	1,099	
IRRC Corporation	468	468	<ul style="list-style-type: none"> To maintain and strengthen the Company's alliance with the investee in the insurance sector and to obtain shareholder profits from the enhancement of the investee's corporate value on a long-term and stable basis.
	462	459	

(4) Stockholdings for pure investment purposes

Classification	Fiscal year ended March 31, 2021	
	Number of stocks	Total balance sheet amount
Unlisted stocks	242	8,351
Others	1,143	2,336,705

Millions of Yen

Classification	Year ended March 31, 2021			
	Dividend income	Total gains (losses) from sales	Total valuation gains (losses)	
			Total unrealized gains (losses)	Total impairment losses
Unlisted stocks	675	50	0	(7)
Others	44,541	10,944	1,221,771	(1,226)

Millions of Yen

13. Loans (General Account)

Classification	As of March 31, 2020	As of March 31, 2021
	Policy loans	281,112
Policy holder loans	256,882	235,830
Premium loans	24,299	22,718
Industrial and consumer loans	1,818,472	1,686,968
[Loans to non-residents]	[48,973]	[83,032]
Corporate loans	1,588,214	1,662,649
[Corporate loans - domestic]	[1,539,241]	[1,579,617]
Loans to national, international and government-affiliated organizations	213,528	560
Loans to public entities	14,000	21,500
Housing loans	2,727	2,257
Consumer loans	2	1
Other loans	—	—
Total	2,099,584	1,945,518

Millions of Yen

14. Industrial and Consumer Loans by Maturity Date (General Account)

(As of March 31, 2020)

Millions of Yen

Classification	Within	Over	Over	Over	Over	Over 10	No fixed	Total
	1 year	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	years	maturity	
Floating-rate loans	95,433	259	1,392	17,472	7,561	52,376	10,000	184,494
Fixed-rate loans	334,849	231,740	201,631	218,987	209,458	437,310	—	1,633,977
Total loans	430,282	231,999	203,023	236,459	217,020	489,686	10,000	1,818,472

(As of March 31, 2021)

Millions of Yen

Classification	Within	Over	Over	Over	Over	Over 10	No fixed	Total
	1 year	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	years	maturity	
Floating-rate loans	46,170	163	4,426	47,569	56,739	59,901	10,000	224,971
Fixed-rate loans	105,726	215,948	236,733	213,541	183,347	506,699	—	1,461,997
Total loans	151,896	216,112	241,159	261,111	240,087	566,600	10,000	1,686,968

15. Loans to Domestic Companies by Company Size (General Account)

Number of borrowers, Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021		
	Number of borrowers	Share	Number of borrowers	Share	
Large companies	Number of borrowers	177	75.6	174	74.7
	Amount of loans	1,354,530	88.0	1,375,865	87.1
Medium-sized companies	Number of borrowers	—	—	—	—
	Amount of loans	—	—	—	—
Small companies	Number of borrowers	57	24.4	59	25.3
	Amount of loans	184,710	12.0	203,751	12.9
Total loans to domestic companies	Number of borrowers	234	100.0	233	100.0
	Total amount of loans	1,539,241	100.0	1,579,617	100.0

(Notes) 1. Classifications are defined as follows:

Company size	1. All industries (excluding 2. – 4.)		2. Retail and restaurants		3. Services		4. Wholesale	
Large companies	More than 300 employees and	Paid-in capital ¥1.0 billion or more	More than 50 employees and	Paid-in capital ¥1.0 billion or more	More than 100 employees and	Paid-in capital ¥1.0 billion or more	More than 100 employees and	Paid-in capital ¥1.0 billion or more
Medium-sized companies		Paid-in capital between ¥0.3 billion and ¥1.0 billion		Paid-in capital between ¥0.05 billion and ¥1.0 billion		Paid-in capital between ¥0.05 billion and ¥1.0 billion		Paid-in capital between ¥0.1 billion and ¥1.0 billion
Small companies	Paid-in capital under ¥0.3 billion or 300 employees or less		Paid-in capital under ¥0.05 billion or 50 employees or less		Paid-in capital under ¥0.05 billion or 100 employees or less		Paid-in capital under ¥0.1 billion or 100 employees or less	

2. Number of borrowers is the number of borrowers identified by name and is not the number of loans.

3. The number of employees and the amount of paid-in capital are based on information available to the Company at the time of preparation of these materials.

4. The services industry comprises the "rental and leasing services," "scientific, professional, and technical services," "lodging," "lifestyle and leisure," "education and training," "medical and welfare," and "other services."

5. Size classifications are based on the classification of size used in the Bank of Japan's "Loans and Bills Discounted and New Loans for Fixed Investment by Sector (by Type of Industry)."

16. Industrial and Consumer Loans by Industry (General Account)

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Domestic	189,725	10.4	185,760	11.0
Manufacturing				
Food	12,132	0.7	12,396	0.7
Textiles and apparel	400	0.0	900	0.1
Wood, wood products	600	0.0	600	0.0
Pulp and paper	13,390	0.7	13,500	0.8
Printing	—	—	—	—
Chemicals	25,856	1.4	25,843	1.5
Oil and coal products	31,750	1.7	27,080	1.6
Ceramics, soil and stone	8,522	0.5	8,740	0.5
Iron and steel	46,300	2.5	45,300	2.7
Nonferrous metals	1,300	0.1	1,450	0.1
Metal products	148	0.0	1,106	0.1
General purpose, production, and industrial machinery	12,442	0.7	12,324	0.7
Electric appliances	20,738	1.1	20,786	1.2
Transportation equipment	14,546	0.8	14,673	0.9
Other manufacturing products	1,600	0.1	1,060	0.1
Agriculture and forestry	—	—	—	—
Fishery	—	—	—	—
Mining, quarrying and gravel mining	—	—	—	—
Construction	2,522	0.1	4,737	0.3
Electric power, gas, heat supply and waterworks	219,890	12.1	231,814	13.7
Information and communication	26,100	1.4	21,100	1.3
Logistics and postal services	156,332	8.6	159,671	9.5
Wholesale trade	371,850	20.4	372,750	22.1
Retail trade	5,983	0.3	4,845	0.3
Financing and insurance	305,737	16.8	332,446	19.7
Real estate	158,677	8.7	173,590	10.3
Rental and leasing services	108,111	5.9	105,870	6.3
Scientific, professional, and technical services	—	—	—	—
Lodging	—	—	—	—
Restaurants	—	—	—	—
Lifestyle and leisure	—	—	—	—
Education and training	—	—	—	—
Medical and welfare	—	—	—	—
Other services	9,091	0.5	9,091	0.5
Local organizations and public entities	—	—	—	—
Individuals (residential/consumption/local taxes/other)	2,729	0.2	2,258	0.1
Subtotal	1,769,498	97.3	1,603,936	95.1
Overseas				
Governments and public entities	—	—	—	—
Financial institutions	48,973	2.7	83,032	4.9
Commerce and industry	—	—	—	—
Subtotal	48,973	2.7	83,032	4.9
Total loans	1,818,472	100.0	1,686,968	100.0

(Notes) 1. Domestic sectors are based on the industry classifications used in the Bank of Japan's "Loans and Bills Discounted and New Loans for Fixed Investment by Sector (by Type of Industry)."

2. "Subtotal" of domestic loans as well as "total loans" include loans to the Japanese government. (¥212.7 billion as of March 31, 2020; nil as of March 31, 2021)

17. Loans by Use (General Account)

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Capital investments	211,373	11.6	184,155	10.9
Operations	1,027,876	56.5	1,068,555	63.3

(Note) Share refers to the percentage to industrial and consumer loans.

18. Loans by Region (General Account)

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Hokkaido	9,997	0.6	9,892	0.6
Tohoku	18,813	1.1	19,031	1.2
Kanto	1,439,883	81.5	1,271,239	79.4
Chubu	92,601	5.2	97,544	6.1
Kinki	149,672	8.5	146,571	9.2
Chugoku	21,001	1.2	20,287	1.3
Shikoku	5,100	0.3	5,050	0.3
Kyushu	29,700	1.7	32,060	2.0
Total	1,766,769	100.0	1,601,677	100.0

(Notes) 1. Does not include personal loans, loans related to non-residents and policy loans, etc.

2. Geographical classifications are based on information on head office locations of the borrowers available to the Company at the time of preparation of these materials.

19. Loans by Collateral (General Account)

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Secured loans	14,177	0.8	12,594	0.7
Loans secured by securities	150	0.0	50	0.0
Loans secured by real estate, movables and foundations	14,027	0.8	12,544	0.7
Loans secured by personal guarantees	—	—	—	—
Guarantee loans	17,907	1.0	15,677	0.9
Fiduciary loans	1,783,658	98.1	1,656,437	98.2
Other loans	2,729	0.2	2,258	0.1
Industrial and consumer loans	1,818,472	100.0	1,686,968	100.0
Subordinated loans	117,000	6.4	133,000	7.9

20. Status of Risk-Monitored Loans

Millions of Yen, %

Classification	As of March 31, 2020	As of March 31, 2021
Loans to bankrupt borrowers	—	—
Loans in arrears	808	831
Loans in arrears for three months or longer	—	—
Restructured loans	—	1,200
Total	808	2,031
[Percentage of total loans]	[0.04]	[0.10]
[Percentage of total assets]	[0.00]	[0.01]

(Notes) 1. For loans to bankrupt borrowers and substantially bankrupt borrowers, etc., the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and directly deducted. The amount of loans in arrears directly deducted for the fiscal years ended March 31, 2020 and March 31, 2021 amounted to ¥21 million and ¥247 million, respectively.

2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikeliness of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Items 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965).

3. Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.

4. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

5. Restructured loans represent the loans 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 loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

21. Status of Non-performing Assets According to Borrower's Classification

Classification	Millions of Yen, %	
	As of March 31, 2020	As of March 31, 2021
Bankrupt and quasi-bankrupt loans	—	—
Doubtful loans	835	853
Substandard loans	—	1,200
Subtotal	835	2,053
[Percentage of total]	[0.01]	[0.03]
Normal loans	6,026,957	6,333,204
Total	6,027,793	6,335,257

- (Notes) 1. Bankrupt or quasi-bankrupt loans represent loans or quasi-loans to borrowers who have fallen into bankruptcy due to reasons such as the filing of a petition for the commencement of bankruptcy proceedings, the commencement of reorganization proceedings or the commencement of rehabilitation proceedings.
2. Doubtful loans represent loans with a strong likelihood that the loan principal cannot be recovered or interest cannot be received according to the contract due to the borrower, although not yet in bankruptcy, experiencing difficulties in financial condition and business performance.
3. Substandard loans represent loans that are in arrears for three months or longer and restructured loans. Loans in arrears for three months or longer are loans on which payments of principal or interest are past due over three months from the day following the contractual due date (excluding 1. and 2. in the above notes). Restructured loans represent the loans which have been restructured to provide certain concessions favorable to the borrowers such as 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 or financially rehabilitate such borrowers (excluding 1. and 2. in the above notes and loans in arrears for three months or longer).
4. Normal loans represent loans that do not fall under the classifications in 1. to 3. of the above notes, and where the borrower has no financial or business performance problems.

Classification	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Balance of specific allowance for possible loan losses	219	261
Balance of general allowance for possible loan losses	597	628
Total allowance for possible loan losses	816	890

22. Status of Loans in Trust from Contract for Replacement of Loss

Not applicable.

23. Status of Insurance Claims Paying Ability (Solvency Margin Ratio)

Millions of Yen

Items	As of March 31, 2020	As of March 31, 2021
Solvency margin gross amount (A)	4,426,429	5,275,016
Foundation funds and others	812,228	812,468
Reserve for price fluctuation	787,547	883,647
Contingency reserve	417,100	508,200
General allowance for possible loan losses	597	628
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments)) × 90% (Multiplied by 100% if losses)	1,047,979	1,662,008
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	96,069	103,049
Excess of continued Zillmerized reserve	774,721	763,990
Qualifying subordinated debt	499,924	569,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(80,000)	(100,000)
Others	70,261	71,098
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,013,271	1,255,187
Insurance risk R ₁	66,661	64,998
Third-sector insurance risk R ₈	63,072	65,286
Risk of assumed yield R ₂	188,754	181,506
Minimum guarantee risk R ₇ *	4,513	3,083
Investment risk R ₃	789,230	1,036,637
Operational risk R ₄	22,244	27,030
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	873.6%	840.5%

* The standard method is used for the calculation of the amount equivalent to minimum guarantee risk, in accordance with Appendix 6-2 of Ministry of Finance Public Notice No. 50 of 1996.

(Note) The above table was calculated based on Article 130 of the Insurance Business Act, Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No. 50 of 1996.

(Reference) Policy reserve valuation method and valuation ratio

Classification	As of March 31, 2020	As of March 31, 2021
Valuation method		
Policies applicable to standard policy reserves	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)
Policies not applicable to standard policy reserves	Net level premium method	Net level premium method
Valuation ratio (excluding contingency reserves)	100.0%	100.0%

(Notes) 1. Individual life insurance and annuities are applicable to valuation method and ratio. The above figures do not include policy reserves for group insurance and annuities, workers' asset-formation insurance and annuities, medical life insurance, and assumed reinsurance.

2. For valuation ratio, policies applicable to standard policy reserves represent the ratio in accordance with the method prescribed in the Ministry of Finance Public Notice No. 48 of 1996. Policies not applicable to standard policy reserves represent the ratio for the insurance reserve funds calculated by the net level premium method and unearned insurance premiums.

●Solvency margin ratio

The "solvency margin" refers to the "amount of surplus capacity available to make payments" to cover its liabilities when risks that could not normally be anticipated, such as a massive earthquake or a stock market collapse, have materialized.

The solvency margin ratio is a percentage of "solvency margin gross amount" to the portion of "quantified total amount of risk" exceeding the quantified amount of risks that could normally be anticipated; it is one of the indicators to gauge the insurer's ability to cover liabilities when unforeseen events occur.

When this ratio falls below 200%, an insurance company is subject to administrative intervention by the regulatory agencies to take "prompt corrective action."

The solvency margin ratio is one of the financial indicators indicating sound business management, however, it should not be solely relied upon to evaluate the business management soundness of an insurance company. The evaluation of sound business management should be made in a comprehensive manner with due consideration of not only the solvency margin ratio but also other business management information such as asset management performance and trends in business results.

●Solvency margin gross amount

Component items of the “solvency margin gross amount” and their statutory grounds are shown below.

Item	Description	Statutory grounds
Foundation funds and others	<p>The amount represents the total net assets after deduction of the total valuation and translation adjustments and the amount to be distributed as an appropriation of surplus (including provisions for policyholders’ dividend reserves) on the balance sheets. Meanwhile, of the items specified in Article 86 Paragraph 1 Item 1 of the Ordinance for Enforcement of the Insurance Business Act, the amounts presented under the assets section of the balance sheets and deferred assets presented under the assets section of the balance sheets pursuant to the provisions set forth in the first sentence of Article 113 of the Insurance Business Act (hereinafter “the Act”) were not applicable.</p> $\text{Foundation funds} = \text{Total net assets on the balance sheets} - \text{Total valuation and translation adjustments} - \text{The amount to be distributed as an appropriation of surplus} - \text{Others (Deferred assets, etc.)}$	Article 86 Paragraph 1 Item 1 of the Ordinance for Enforcement of the Insurance Business Act (hereinafter “the Ordinance”)
Reserve for price fluctuation	<p>The amount represents the value of the reserve for price fluctuation presented on the balance sheets.</p> <p>Insurance companies are required to provide for losses arising from the fluctuations in the prices of stocks and other securities held by them under the provisions of Article 115 Paragraph 1 of the Act. Companies are allowed to reverse the reserve when they need to cover the negative difference stemming from losses on sales of stocks and other securities in excess of gains on sales of stocks and other securities or when they obtain permission from the Commissioner of Financial Services Agency.</p>	Article 86 Paragraph 1 Item 2 of the Ordinance
Contingency reserves	<p>The amount represents the value of contingency reserves, a component of policy reserves presented on the balance sheets.</p> <p>Pursuant to Article 69 Paragraph 1 Item 3 of the Ordinance, insurance companies are required to make provisions for contingency reserves against potential risks (i.e., insurance risk, third-sector insurance risk, risk of assumed yield and minimum guarantee risk) in order to fulfill future obligations that may arise under insurance policies. When there are mortality losses, interest losses and the outstanding balance of minimum guarantee premiums falling below the amount of the minimum guaranteed insurance benefits, insurance companies are allowed to reverse the reserves to cover these losses. Separately, insurance companies may reverse the reserves for other purposes due to unavoidable circumstances concerning their operations, financial conditions, etc.</p> <p>* For the terminology of insurance risk, third-sector insurance risk, risk of assumed yield and minimum guarantee risk, please refer to “Total amount of risk.”</p>	Article 86 Paragraph 1 Item 3 of the Ordinance
General allowance for possible loan losses	<p>The amount represents the value of the general allowance for possible loan losses, a component of the allowance for possible loan losses presented on the balance sheets.</p>	Article 86 Paragraph 1 Item 4 of the Ordinance
Net unrealized gains (losses) on available-for-sale securities / deferred gains (losses) on hedges (before tax effects)	<p>The amount represents the total amount of the figures below before tax effects multiplied by 0.90 in case it is a positive figure and 1.00 in case it is a negative figure.</p> <p>A. Net unrealized gains (losses) on available-for-sale securities on the balance sheets</p> <p>B. Deferred gains (losses) on hedges on the balance sheets (limited to cases where net gains (losses) associated with hedged items are included in net gains (losses) on available-for-sale securities on the balance sheets)</p>	Article 86 Paragraph 1 Item 5 of the Ordinance
Net unrealized gains on real estate	<p>If the difference between the fair value of real estate and its book value is positive, it is multiplied by 85%, if negative, it is multiplied by 100% and the resulting amount is presented. The difference between the fair value and book value of real estate includes the total amount of land revaluation differences presented on the balance sheets and deferred tax liabilities for land revaluation presented on the balance sheets.</p>	Article 86 Paragraph 1 Item 6 of the Ordinance
Excess of continued Zillmerized reserve	<p>With regard to the following A, B and C, the components of policy reserves presented on the balance sheets, the amount represents the value of A after deduction of B and C.</p> <p>A. The total amount of insurance reserve funds and unearned insurance premiums</p> <p>B. Either the following (i) or (ii), whichever is greater.</p> <p>(i) The total amount of insurance reserve funds calculated using the method for amortizing expenses at the conclusion of insurance policies over the premium payment period or similar methods, and unearned insurance premiums.</p> <p>(ii) The amount of payments calculated based on the assumption that insurance policies expired without insurable incidents.</p> <p>C. The necessary amount of additional provisions for insurance reserve funds confirmed by the verification of an appointed actuary pursuant to Article 121 Paragraph 1 of the Act and by other verification measures, estimated based on the assumption that no additional provisions for insurance reserve funds subject to Article 69 Paragraph 5 of the Ordinance have been made.</p>	Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1 Paragraph 4 Item 1 of the Ministry of Finance Public Notice No. 50 of 1996 (hereinafter “the Public Notice No. 50”)

Qualifying subordinated debt	The amount represents the value of qualifying subordinated debt, a component of loans payable presented on the balance sheets, as stated below.	Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1 Paragraph 4 Item 5 of the Public Notice No. 50	
Millions of Yen			
	Item	As of March 31, 2020	As of March 31, 2021
	The amount of qualifying subordinated debt ((i)+(ii)+(iii))	499,924	569,924
	The amount of the instrument as prescribed in Article 1 Paragraph 4 Item 5-a of the Public Notice No. 50 (i.e. perpetual subordinated debt) (i)	—	—
	The amount of the instrument as prescribed in Article 1 Paragraph 4 Item 5-b of the Public Notice No. 50 (i.e. subordinated debt with maturity dates) (ii)	499,924	569,924
	The amount of exclusion (iii)	—	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	The amount represents the excess of the value of the total amount of excess of continued Zillmerized reserve and qualifying subordinated debt (excluding specified qualifying subordinated debt as prescribed in Article 1 Paragraph 6 of the Public Notice No. 50) over the amount of core capacity for the payment of insurance claims (the total amount of foundation funds, reserve for price fluctuation, contingency reserve, the unallocated portion of dividend reserves and net unrealized losses on available-for-sale securities after deduction of the amount of deferred tax assets and the balance of unamortized commission associated with reinsurance contracts as stipulated in Article 1 Paragraph 5 of the Public Notice No. 50 to be excluded).	Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1 Paragraph 5 of the Public Notice No. 50	
Deduction clause	The amount represents the total amount of the following items. A. The amount represents the value of "intentionally held" capital instruments as specified by the general supervisory guidance for insurance companies among all the capital instruments held by the Company issued by other insurance companies and financial institutions. B. The amount represents the balance of unamortized commission associated with reinsurance contracts as stipulated in Article 1-3 of the Public Notice No.50.	Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1-2 and 3 of the Public Notice No. 50	
Others	The amount represents the total amount of the following items. A. Exclusion from deferred tax assets. This is an amount equal to the excess of the value of 20% of the base amount for inclusion of deferred tax assets among the total amount of deferred tax assets (excluding the amount related to reserve for price fluctuation, policy reserves and valuation and translation adjustments) as prescribed in Article 1 Paragraph 1 of the Public Notice No. 50. B. Unallocated portion of dividend reserves. The unallocated portion of dividend reserves represents the excess of the value of policyholders' dividend reserves presented on the balance sheets (including policyholders' dividend reserves after deduction of the required amount of dividends for the following year), over the allocated portion as distribution of surplus to policyholders. C. Tax effect amounts. The tax effect amount represents the value of funds that can be sourced mainly from the reversal of voluntary surplus reserves in the expectation that they can be deployed as countermeasures against various risks.	Article 86 Paragraph 1 of the Ordinance and Article 1 Paragraph 1, Paragraph 4 Items 2 and 3, and Paragraph 7 of the Public Notice No. 50	

●Total amount of risk

Component items of the “total amount of risk” and their statutory grounds are shown below.

Item	Description	Statutory grounds
Insurance risk	The amount represents the value of insurance risk. The insurance risk refers to the “risk of actual insurable incidents occurring with higher frequency than normally anticipated” except for the risk associated with third-sector insurance. Insurance risk comprises the risks associated with death due to illness/accident, risks of pure endowment and other risks.	Article 87 Item 1 of the Ordinance
Third-sector insurance risk	The amount represents the value of third-sector insurance risk. The third-sector insurance risk refers to the “risk of actual insurable incidents occurring with higher frequency than normally anticipated” associated with third-sector insurance. The third-sector insurance risk comprises the risks measured by the stress test, risks associated with death due to accident, risks of hospitalization due to accident, risks of hospitalization due to illness and other risks.	Article 87 Item 1-2 of the Ordinance
Risk of assumed yield	The amount represents the value of risk of assumed yield. The risk of assumed yield refers to the “risk of not being able to secure an assumed yield that serves as the basis for calculating policy reserves.”	Article 87 Item 2 of the Ordinance
Minimum guarantee risk	The amount represents the value of minimum guarantee risk. The minimum guarantee risk is related to insurance policies with separate accounts that guarantee a minimum amount of claims paid. It is defined as the “risk of which the value of assets held in separate accounts fall short of the minimum guaranteed amount of claims paid of said insurance policies at the time of paying the claims paid” and the “risk which arises from greater fluctuations in the value of assets held in separate accounts than could normally be anticipated.”	Article 87 Item 2-2 of the Ordinance
Investment risk	The amount represents the value of investment risk. This investment risk refers to the “risk related to investment activity, which arises from greater fluctuations than normally anticipated in the price of securities and other assets held by the Company.” Investment risk comprises the risks associated with price fluctuations, credit, credit spreads, subsidiaries, derivative transactions, reinsurance and reinsurance claim recovery.	Article 87 Item 3 of the Ordinance
Operational risk	The amount represents the value of operational risk. The operational risk refers to the “risk that occurs in business operations, which is greater than risks normally anticipated. This type of risk does not fall under the category of insurance risk, third-sector insurance risk, risk of assumed yield, minimum guarantee risk or investment risk.”	Article 87 Item 4 of the Ordinance

24. Accumulated Retained Surplus

Classification		Hundred Millions of Yen	
		As of March 31, 2020	As of March 31, 2021
Accumulated Retained Surplus		20,086	21,958
Liabilities	Contingency reserves	4,171	5,082
	Reserve for price fluctuation	7,875	8,836
Net assets	Fund for price fluctuation allowance	1,650	1,650
	Reserve for fund redemption	6,390	6,390

25. Tangible Fixed Assets

a. Tangible fixed assets

(As of March 31, 2020)

Millions of Yen, %

Classification	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	351,684	9,774	815 [266]	—	360,643	—	—
Buildings	184,413	7,407	2,375 [248]	12,408	177,036	395,497	69.0
Lease assets	6,787	87	6	1,343	5,525	2,748	33.2
Construction in progress	17,640	4,533	1,301	—	20,871	—	—
Other tangible fixed assets	5,367	1,283	56	1,524	5,070	20,967	80.5
Total	565,893	23,086	4,555	15,276	569,148	419,213	—

(As of March 31, 2021)

Millions of Yen, %

Classification	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	360,643	8	694 [494]	—	359,957	—	—
Buildings	177,036	11,498	2,596 [587]	12,198	173,740	402,912	69.8
Lease assets	5,525	246	7	1,376	4,387	3,739	46.0
Construction in progress	20,871	8,339	5,499	—	23,711	—	—
Other tangible fixed assets	5,070	1,091	140	1,555	4,465	20,870	82.3
Total	569,148	21,183	8,939	15,130	566,262	427,522	—

(Note) Figures in [] under the "Decrease in the fiscal year" column indicate the amount of decrease due to impairment losses.

b. Amount of real estate and numbers of buildings held for leasing

Classification		Millions of Yen	
		As of March 31, 2020	As of March 31, 2021
Amount of real estate		558,552	557,409
	For business operations	168,679	163,204
	For lease	389,872	394,204
Number of buildings held for leasing		89	87

26. Other Assets

(As of March 31, 2020)

Millions of Yen

Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance
Deferred assets	22,312	29	84	21,650	662
Others	23,556	33,988	15,188	0	23,556
Total	45,869	34,017	15,273	21,650	24,218

(As of March 31, 2021)

Millions of Yen

Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance
Deferred assets	21,882	202	101	21,119	762
Others	6,590	10,859	27,824	0	6,590
Total	28,473	11,061	27,926	21,119	7,353

27. Status of Public Sector Investment and Loans (General Account)

Millions of Yen

Classification		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Public bonds	National government bonds	—	—
	Local government bonds	—	—
	Public entity bonds	944	1,065
	Subtotal	944	1,065
Loans	Government-affiliated organizations	1,102,898	70,318
	Local organizations and public entities	5,000	7,500
	Subtotal	1,107,898	77,818
Total	1,108,842	78,883	

(Note) Figures in the "Public bonds" and "Loans" columns in the above table indicate the amount of new public-sector investment underwriting and new loans for each fiscal year.

28. Status of Overseas Loans and Investments (General Account)

a. Breakdown by assets composition

● Foreign currency denominated assets

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Foreign bonds	8,534,323	67.7	9,535,042	68.3
Other foreign securities	1,227,638	9.7	1,735,632	12.4
Cash, deposits and others	691,720	5.5	528,620	3.8
Net foreign currency denominated assets	10,453,682	82.9	11,799,295	84.6

● Foreign currency denominated assets with fixed yen value

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Loans	168,916	1.3	179,829	1.3
Cash, deposits and others	72,843	0.6	3,088	0.0
Net foreign currency denominated assets with fixed yen value	241,759	1.9	182,917	1.3

● Yen-denominated assets

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Foreign bonds	1,626,415	12.9	1,585,515	11.4
Other foreign securities	277,123	2.2	377,670	2.7
Others	4,382	0.0	6,857	0.0
Net yen-denominated assets	1,907,921	15.1	1,970,044	14.1

● Total

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
Overseas loans and investments	12,603,363	100.0	13,952,257	100.0

(Note) "Foreign currency denominated assets with fixed yen value" are recorded under assets on the balance sheets at the fixed yen value which was determined at the time of settlement through foreign currency forward contracts, etc.

b. Overseas loans and investments by geographic area

(As of March 31, 2020)

Millions of Yen, %

Classification	Foreign securities		Foreign bonds		Other foreign securities		Loans to non-residents	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
North America	4,248,785	38.8	3,689,348	38.4	559,437	41.5	48,973	100
Europe	3,039,756	27.7	3,021,100	31.4	18,655	1.4	—	—
Oceania	413,378	3.8	413,378	4.3	—	—	—	—
Asia	119,765	1.1	2,096	0.0	117,669	8.7	—	—
Central and South America	2,816,180	25.7	2,164,013	22.5	652,167	48.4	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	3,664	0.0	3,664	0.0	—	—	—	—
International organizations	317,985	2.9	317,985	3.3	—	—	—	—
Total	10,959,518	100.0	9,611,587	100.0	1,347,930	100.0	48,973	100.0

(As of March 31, 2021)

Millions of Yen, %

Classification	Foreign securities		Foreign bonds		Other foreign securities		Loans to non-residents	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
North America	4,180,165	33.7	3,524,452	33.5	655,712	35.0	83,032	100.0
Europe	3,535,362	28.5	3,508,038	33.4	27,323	1.5	—	—
Oceania	916,038	7.4	916,038	8.7	—	—	—	—
Asia	199,537	1.6	52,702	0.5	146,835	7.8	—	—
Central and South America	3,233,126	26.1	2,187,745	20.8	1,045,380	55.7	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	3,625	0.0	3,625	0.0	—	—	—	—
International organizations	323,788	2.6	323,788	3.1	—	—	—	—
Total	12,391,645	100.0	10,516,392	100.0	1,875,252	100.0	83,032	100.0

(Notes) 1. This table has been compiled based on the nationality of the issuers.

2. Foreign securities under Central and South America comprise mostly foreign investment trusts or bonds issued by SPCs (Special Purpose Companies) established in Central and South America, and while they are classified under Central and South America according to the nationality of the issuer, they are, in effect, investments in Japan and the North American/European/Asian/Oceania region.

c. Foreign currency dominated assets by currency

Millions of Yen, %

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount	Share	Amount	Share
U.S. Dollar	6,745,962	64.5	6,810,658	57.7
Euro	2,123,674	20.3	2,517,067	21.3
Australian Dollar	999,089	9.6	1,631,917	13.8
New Zealand Dollar	282,425	2.7	323,623	2.7
Polish Zloty	148,842	1.4	172,826	1.5
Chinese Yuan	39,748	0.4	95,066	0.8
Canadian Dollar	—	—	88,789	0.8
Mexican Peso	45,949	0.4	56,207	0.5
Vietnam Dong	52,247	0.5	52,250	0.4
Singapore Dollar	—	—	35,146	0.3
Indonesia Rupiah	15,722	0.2	15,723	0.1
Others	21	0.0	19	0.0
Total	10,453,682	100.0	11,799,295	100.0

Liabilities

1. Reserve for Outstanding Claims

Millions of Yen

Classification		As of March 31, 2020	As of March 31, 2021
Claims paid	Mortality insurance claims	53,607	55,598
	Accident insurance claims	1,639	1,914
	Serious disability insurance claims	3,584	3,320
	Maturity insurance amount	1,995	1,540
	Others	772	803
	Subtotal	61,598	63,177
	Annuity payments	4,866	4,729
	Benefits payments	24,553	23,810
	Surrender benefits	8,269	6,375
	Payments of benefits left to accumulate at interest	6,168	5,439
	Total including other reserves	108,199	105,903

2. Policy Reserves

Millions of Yen

Classification		As of March 31, 2020	As of March 31, 2021	
Policy reserves (excluding contingency reserves)	Individual life insurance	14,767,657	14,881,347	
	[General account]	[14,714,822]	[14,819,841]	
	[Separate account]	[52,834]	[61,505]	
	Individual annuities	8,661,003	8,993,315	
	[General account]	[8,581,730]	[8,922,307]	
	[Separate account]	[79,272]	[71,008]	
	Group insurance	15,860	15,906	
	[General account]	[15,860]	[15,906]	
	[Separate account]	[—]	[—]	
	Group annuities	2,573,891	2,666,577	
	[General account]	[1,991,197]	[1,982,431]	
	[Separate account]	[582,694]	[684,146]	
	Others	200,552	196,692	
	[General account]	[200,552]	[196,692]	
	[Separate account]	[—]	[—]	
		Subtotal	26,218,965	26,753,840
		[General account]	[25,504,163]	[25,937,179]
	[Separate account]	[714,801]	[816,660]	
	Contingency reserves	417,100	508,200	
	Total	26,636,065	27,262,040	
	[General account]	[25,921,263]	[26,445,379]	
	[Separate account]	[714,801]	[816,660]	

3. Policy Reserve Balance

(As of March 31, 2020)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total
Balance	24,410,254	1,808,710	—	417,100	26,636,065

(As of March 31, 2021)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total
Balance	24,992,980	1,760,859	—	508,200	27,262,040

4. Policy Reserves for Individual Life Insurance and Annuities (by Policy Year)

a. Policy reserve valuation method and valuation ratio

Classification		As of March 31, 2020	As of March 31, 2021
Valuation method	Policies applicable to standard policy reserves	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)
	Policies not applicable to standard policy reserves	Net level premium method	Net level premium method
Valuation ratio (excluding contingency reserves)		100.0%	100.0%

(Notes) 1. Individual life insurance and annuities are applicable to valuation method and ratio. The above figures do not include policy reserves for group insurance and annuities, workers' asset-formation insurance and annuities, medical life insurance, and assumed reinsurance.

2. For valuation ratio, policies applicable to standard policy reserves represent the ratio in accordance with the method prescribed in the Ministry of Finance Public Notice No. 48 of 1996. Policies not applicable to standard policy reserves represent the ratio for the insurance reserve funds calculated by the net level premium method and unearned insurance premiums.

b. Policy reserve balance (by policy year)

Millions of Yen

Policy year	Policy reserve balance	Assumed rate
– 1980	100,440	4.00% – 5.00%
1981 – 1985	344,346	5.00% – 5.50%
1986 – 1990	1,693,800	5.50%
1991 – 1995	3,065,060	3.75% – 5.50%
1996 – 2000	1,280,620	2.00% – 2.75%
2001 – 2005	1,190,305	1.50%
2006 – 2010	2,993,135	1.00% – 1.50%
2011	1,019,928	1.00% – 1.50%
2012	1,552,171	1.00% – 1.50%
2013	1,031,636	0.50% – 1.00%
2014	1,166,996	0.50% – 1.00%
2015	1,617,599	0.50% – 1.00%
2016	2,236,895	0.25% – 1.00%
2017	1,227,551	0.25% – 3.75%
2018	1,126,047	0.25% – 3.95%
2019	1,049,574	0.25% – 3.55%
2020	1,046,036	0.00% – 2.55%

(Notes) 1. Policy reserve balance represents policy reserves for individual life insurance and annuities, excluding policy reserves for separate accounts and contingency reserves.

2. Assumed rate represents the main assumed rate on policy reserves for each policy year.

5. Reasonableness and Validity of Confirmation of Article 121 Paragraph 1 Item 1 of the Act (Limited to That Relating to Third-Sector Insurance)

○ Method for assuring the appropriateness of the accumulation of policy reserves in the third sector

In light of risk profiles of the third-sector insurances, the Company classifies third-sector insurance policies into groups according to experience assumptions in principle. It verifies the certainty of performance in the payment of insurance claims and other benefits to these groups in the future based on the assumption that future periods will see higher frequency rates of insurable incidents or other negative situations. The verification is conducted in accordance with laws and regulations and if the Company identifies any insufficiency in provisions for policy reserves, it will take necessary steps, such as provisions for contingency reserves or additional policy reserves.

○ Reasonableness and validity of established standards for risk frequency, etc., in the liability adequacy test and stress test
The Company estimates the risk frequency rate based on the claim payment index against anticipated occurrence frequency rate, as well as the trend in the actual results of past insurable incidents frequency rates.

The Company establishes the claim payment indices over the next 10 years for individual contract groups, classified according to experience assumptions in principle, with reference to the trend in the claim payment indices based on the recent results of insurable incidents frequency rates*.

Using the claim payment indices established through the above procedure as a benchmark, the Company computes claim payment indices with a certain level of probability (99% and 97.7%) of covering the risk of fluctuations in the index based on the past results and establishes risk frequency rates which do not fall below the previous year.

*The Company employs the past results that were logged in the period not longer than six months preceding the end of March 2021.

○ Test results

The test verifies the possibility of insufficient reserves by subtracting P from A as explained below.

P: Total amount of benefits over the next 10 years, estimated using the anticipated occurrence frequency rate which is used for the calculation of policy reserves.

A: Total amount of benefits over the next 10 years, estimated using the aforementioned risk frequency rate (at a 99% of chance of covering the risk of fluctuation in the frequency rate).

If A exceeds P, the Company judges there are insufficient reserves.

The table below shows the ratio of A to P with regard to major types of insurance (figures represent the total value over the next 10 years, for the first year and 10th year).

●Results of the stress test (at a 99% of chance of covering the risk of fluctuation in the frequency rate)

	Total over the next 10 years		
		1st year	10th year
All groups total	59.4%	50.5%	71.5%
Of which, the general medical riders group	48.0%	43.9%	57.1%
Of which, the specified severe lifestyle disease coverage group	45.1%	42.0%	52.4%
Of which, the lifestyle disability coverage group	80.8%	49.5%	109.4%

As a result of the stress test conducted at the closing of the fiscal year ended March 31, 2021, no group was found to have insufficient reserves.

The balance of insurance reserve funds additionally accumulated and earmarked for part of the third-sector insurances as of March 31, 2021 was ¥7,630 million.

6. Policy Reserve Balance of the General Account Calculation Method and Integers Used as the Basis for Calculations Related to Insurance Policies with Separate Accounts that Guarantee a Minimum Amount of Claims Paid

a. Policy reserve balance (General account)

Millions of Yen

	As of March 31, 2020	As of March 31, 2021
Policy reserve balance (General account)	651	—

Notes: 1. Applicable to insurance policies (policies applicable to standard policy reserves) as defined in Article 68 of the Ordinance for Enforcement of the Insurance Business Act.
 2. "Policy reserve balance (General account)" includes the insurance reserve fund related to minimum guarantees.
 3. An amount of ¥1,018 million was deducted at March 31, 2021 as policy reserves corresponding to the reinsured portion as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act.

b. Calculation method and integers used as the basis for calculations

	Variable insurance with minimum guarantee	Single-premium individual variable annuities with minimum guarantee (08)	Individual variable annuities (Lump-sum payment)	Individual variable annuities with minimum guarantee (Lump-sum payment) (16)
Calculation method	Alternative method as defined in the Ministry of Finance Public Notice No. 48 of 1996 (Scenario testing method)	Alternative method as defined in the Ministry of Finance Public Notice No. 48 of 1996 (Scenario testing method)	Alternative method as defined in the Ministry of Finance Public Notice No. 48 of 1996 (Factor table method)	Standard method as defined in the Ministry of Finance Public Notice No. 48 of 1996
Integers used as the basis for calculation	Assumed rate of mortality	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996*	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996*	Assumed rate of accidental death Apply (0.000504) only
	Discount rate			The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996
	Expected return rate			
	Volatility	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996. But 0.3% on domestic short-term assets (This rate is defined in the Statement of calculation procedures for insurance premiums and policy reserves).	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996.	18.4% (This rate is defined in the Statement of calculation procedures for insurance premiums and policy reserves).

- * - In accordance with the Statement of calculation procedures for insurance premiums and policy reserves, the Company applied the assumed rate of mortality defined in Paragraph 1 Item 2-a of the said Public Notice to the contracts concluded on April 1, 2007.
- In accordance with the Statement of calculation procedures for insurance premiums and policy reserves, the Company applied the assumed rate of mortality defined in Paragraph 1 Item 2-b of the said Public Notice after adjusting the rate on the basis of age last birthday, to the contracts concluded on or after April 2, 2007.

7. Policyholders' dividend reserves

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	212,610	11,488	1,594	84	529	16	226,323
Transfer from surplus in the previous fiscal year	12,113	643	36,181	1,204	0	142	50,285
Interest accrued during the fiscal year	31	0	0	—	0	0	32
Dividend payments to policyholders during the fiscal year	17,302	920	35,503	1,219	61	147	55,155
Ending balance	207,451	11,213	2,272	68	467	11	221,485
	[203,920]	[10,322]	[307]	[—]	[463]	[7]	[215,022]

(Fiscal year ended March 31, 2021)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	207,451	11,213	2,272	68	467	11	221,485
Transfer from surplus in the previous fiscal year	11,428	1,051	34,131	700	0	139	47,451
Interest accrued during the fiscal year	28	0	0	—	0	0	29
Dividend payments to policyholders during the fiscal year	15,480	851	33,552	727	57	140	50,810
Ending balance	203,425	11,416	2,851	42	409	11	218,156
	[200,191]	[10,052]	[312]	[—]	[406]	[7]	[210,970]

(Note) The numbers in [] indicate accumulated dividends reserved.

8. Allowance for Possible Loan Losses and Other Reserves

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification		Beginning balance	Ending balance	Increase (decrease) in the fiscal year	Reasons for recording:
Allowance for possible loan losses	General allowance for possible loan losses	616	597	(19)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	253	219	(34)	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		19,371	10,730	(8,640)	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		744,447	787,547	43,100	Reserve for price fluctuations is recorded based on the provisions of Article 115 of the Insurance Business Act.

(Fiscal year ended March 31, 2021)

Millions of Yen

Classification		Beginning balance	Ending balance	Increase (decrease) in the fiscal year	Reasons for recording:
Allowance for possible loan losses	General allowance for possible loan losses	597	628	31	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	219	261	42	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		10,730	—	(10,730)	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		787,547	883,647	96,100	Reserve for price fluctuations is recorded based on the provisions of Article 115 of the Insurance Business Act.

9. Status of Specific Allowance for Possible Loan Losses

Millions of Yen

Classification	As of March 31, 2020	As of March 31, 2021
Amount of provision	254	522
Amount of reversal (Excluding reversal accompanying write-off)	279	235
Net provision	(25)	287

10. Status of Allowance for Specific Overseas Debt

a. Allowance for specific overseas debt

Omitted as there are no ending balances for March 31, 2020 and 2021.

b. Balance of debt by creditor countries

Omitted as there are no ending balances for March 31, 2020 and 2021.

11. Loans payable by Due Date

(As of March 31, 2020)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years (including loans payable with no fixed maturity)	Total
Loans payable	—	—	—	—	—	50,000	50,000
Corporate bonds	—	—	—	—	—	449,924	449,924

(As of March 31, 2021)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years (including loans payable with no fixed maturity)	Total
Loans payable	—	—	—	—	—	120,000	120,000
Corporate bonds	—	—	—	—	—	449,924	449,924

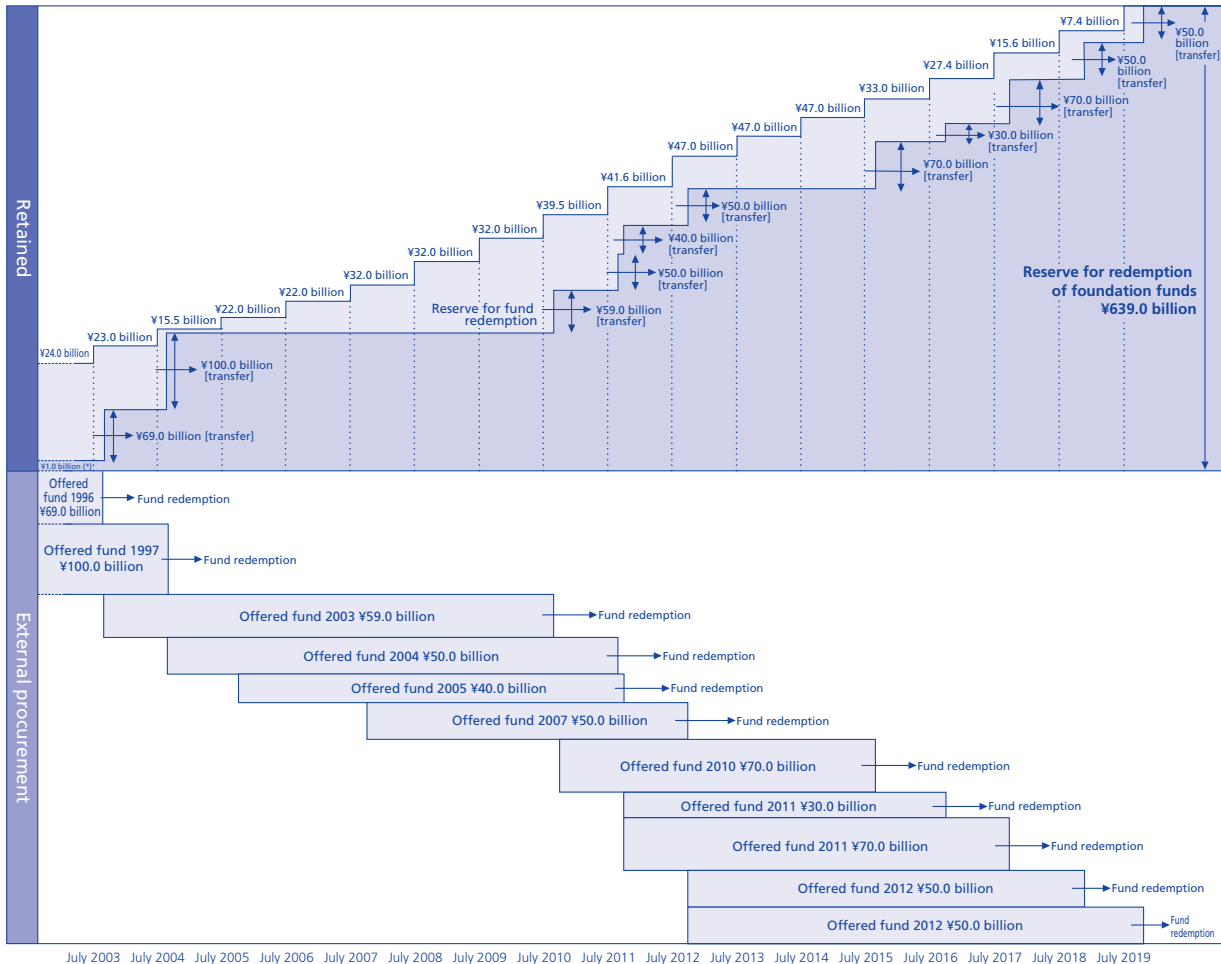
Net Assets

1. Status of Foundation Funds (*Kikin*)

Total foundation funds (the total of foundation funds and reserve for redemption of foundation funds) as of March 31, 2021 was ¥639.0 billion.

Fund redemption history

The following diagram shows the history of accumulation of reserve for fund redemption, transfer to the reserve for redemption of foundation funds and fund redemption.



*The minimum fund amount as stipulated in the Insurance Business Act is ¥1.0 billion.

Insurance-related Income

1. Insurance Premiums

Classification	Millions of Yen	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Individual life insurance	1,387,738	1,308,888
(Lump-sum payment)	391,320	333,401
(Annual payment)	142,950	143,449
(Semiannual payment)	4,761	4,380
(Monthly payment)	848,706	827,657
Individual annuities	531,669	587,060
(Lump-sum payment)	67,961	27,068
(Annual payment)	158,093	260,585
(Semiannual payment)	3,290	3,138
(Monthly payment)	302,324	296,268
Group insurance	88,150	91,506
Group annuities	196,751	181,809
Total including other premiums	2,221,182	2,185,080

(Note) Annual payments represent amounts which include payments made once a year, and semiannual payments represent amounts which include payments made twice a year.

2. Claims Paid

a. Amount

(Fiscal year ended March 31, 2020)

Classification	Millions of Yen						
	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	305,615	4,079	40,167	—	—	1	349,864
Accident	4,768	10	65	—	65	—	4,909
Serious disability	6,532	17	3,056	—	—	—	9,606
Maturity	239,169	1	—	—	1,060	—	240,231
Others	3,645	1	—	—	—	—	3,646
Total	559,731	4,109	43,289	—	1,126	1	608,258

(Fiscal year ended March 31, 2021)

Classification	Millions of Yen						
	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	311,824	4,003	41,270	—	—	0	357,099
Accident	6,507	8	72	—	41	—	6,629
Serious disability	5,884	40	3,366	—	—	—	9,290
Maturity	180,298	2	—	—	1,121	—	181,422
Others	3,777	—	—	—	—	—	3,777
Total	508,291	4,053	44,710	—	1,163	0	558,220

b. Number of policies

(Fiscal year ended March 31, 2020)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	62,971	715	38,978	—	—	120	102,784
Accident	886	1	160	—	5	—	1,052
Serious disability	903	3	2,638	—	—	—	3,544
Maturity	57,125	42	—	—	1,293	—	58,460
Others	6,808	1	—	—	—	—	6,809
Total	128,693	762	41,776	—	1,298	120	172,649

(Fiscal year ended March 31, 2021)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	64,784	679	39,336	—	—	106	104,905
Accident	1,065	2	158	—	3	—	1,228
Serious disability	883	8	2,582	—	—	—	3,473
Maturity	45,459	63	—	—	1,755	—	47,277
Others	7,131	—	—	—	—	—	7,131
Total	119,322	752	42,076	—	1,758	106	164,014

3. Annuity Payments

a. Amount

(Fiscal year ended March 31, 2020)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	430,133	437	53,650	3,838	—	488,059

(Fiscal year ended March 31, 2021)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	383,027	395	52,604	3,577	—	439,604

b. Number of policies

(Fiscal year ended March 31, 2020)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	599,573	19,786	2,027,929	12,917	—	2,660,205

(Fiscal year ended March 31, 2021)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	594,715	18,679	2,006,084	12,189	—	2,631,667

4. Benefits Payments

a. Amount

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	34,658	7,917	6	—	266	—	42,849
Hospitalization benefits	64,306	623	89	—	—	55	65,074
Surgical benefits	32,749	638	—	—	—	24	33,413
Disability benefits	4,800	10	27	—	—	—	4,839
Survival benefits	38,050	296	—	—	448	—	38,794
Others	6,644	4	1	115,257	66	2	121,977
Total	181,210	9,491	123	115,257	781	82	306,947

(Fiscal year ended March 31, 2021)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	42,130	11,012	5	—	197	—	53,346
Hospitalization benefits	59,662	538	83	—	—	51	60,336
Surgical benefits	30,591	578	—	—	—	26	31,196
Disability benefits	4,357	12	27	—	5	—	4,402
Survival benefits	36,622	214	—	—	394	—	37,231
Others	4,802	2	1	105,147	40	2	109,997
Total	178,166	12,360	118	105,147	638	80	296,512

b. Number of policies

(Fiscal year ended March 31, 2020)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	18,809	3,675	436	—	76	—	22,996
Hospitalization benefits	857,881	8,340	3,186	—	—	6,739	876,146
Surgical benefits	428,455	8,051	—	—	—	2,773	439,279
Disability benefits	60,166	135	117	—	—	—	60,418
Survival benefits	131,287	1,503	—	—	159	—	132,949
Others	34,744	14	122	492,738	111	57	527,786
Total	1,531,342	21,718	3,861	492,738	346	9,569	2,059,574

(Fiscal year ended March 31, 2021)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	19,863	4,026	418	—	58	—	24,365
Hospitalization benefits	797,033	7,281	2,809	—	—	6,514	813,637
Surgical benefits	406,061	7,169	—	—	—	2,991	416,221
Disability benefits	54,546	129	114	—	1	—	54,790
Survival benefits	107,976	924	—	—	137	—	109,037
Others	32,149	15	116	445,913	96	77	478,366
Total	1,417,628	19,544	3,457	445,913	292	9,582	1,896,416

5. Surrender Benefits

(Fiscal year ended March 31, 2020)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
310,949	74,076	—	26,192	17,776	—	428,994

(Fiscal year ended March 31, 2021)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
292,158	75,600	—	19,897	16,166	—	403,822

Investment-related Income

1. Investment Income (General Account)

Classification	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
		Rate of increase (decrease)		Rate of increase (decrease)
Interest, dividends, and other income	639,439	100.1	611,775	95.7
Gains on sales of securities	86,022	85.7	79,393	92.3
Gains on redemption of securities	13,534	—	16,323	120.6
Reversal of allowance for possible loan losses	44	116.5	—	—
Other investment income	1,022	122.8	1,474	144.1
Total	740,064	99.4	708,966	95.8

2. Investment Expenses (General Account)

Classification	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
		Rate of increase (decrease)		Rate of increase (decrease)
Interest expenses	24,529	85.0	10,484	42.7
Losses on sales of securities	14,782	15.9	17,087	115.6
Losses on valuation of securities	52,233	1,901.6	2,025	3.9
Losses on redemption of securities	4,028	—	5	0.1
Losses on derivative financial instruments	118,531	119.6	74,286	62.7
Foreign exchange losses	11,416	—	10,974	96.1
Provision for allowance for possible loan losses	—	—	318	—
Depreciation of real estate for investments	8,601	99.9	8,422	97.9
Other investment expenses	12,380	103.3	13,441	108.6
Total	246,503	101.0	137,046	55.6

3. Interest, Dividends, and Other Income (General Account)

Classification	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
Interest on deposits	13,656		2,595	
Interest and dividends on securities	549,407		535,731	
Interest on domestic bonds	220,952		218,997	
Domestic stock dividends	45,811		46,812	
Interest and dividends on foreign securities	276,757		259,237	
Interest on loans	27,182		23,518	
Interest on industrial and consumer loans	15,770		13,704	
Rent revenue from real estate	35,206		34,717	
Total including other income	639,439		611,775	

4. Analysis of Interest, Dividends, and Other Income (General Account)

Millions of Yen

Fiscal Year ended March 31, 2021	Increase (decrease) in balance	Increase (decrease) in interests	Total increase (decrease)
Interest, dividends, and other income	15,759	(43,422)	(27,663)
Cash, deposits and call loans	(57)	(12,397)	(12,455)
Securities	26,857	(40,533)	(13,676)
Loans	(7,790)	4,126	(3,663)
Real estate	306	(794)	(488)

5. Gains on Sales of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Domestic bonds including national government bonds	41,038	46,798
Domestic stocks and others	8,177	15,991
Foreign securities	36,807	16,603
Total including other gains on sales of securities	86,022	79,393

6. Gains on Disposal of Fixed Assets (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Tangible fixed assets	198	241
Land	38	—
Buildings	159	241
Lease assets	—	—
Other assets	—	—
Intangible fixed assets	—	—
Others	—	—
Total	198	241
Real estate for investments	197	241

7. Losses on Sales of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Domestic bonds including national government bonds	186	4,197
Domestic stocks and others	9,654	2,100
Foreign securities	4,940	10,789
Total including other losses on sales of securities	14,782	17,087

8. Losses on Valuation of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Domestic bonds including national government bonds	—	—
Domestic stocks and others	36,524	1,875
Foreign securities	15,709	149
Total including other losses on valuations of securities	52,233	2,025

9. Write-off of Loans (General Account)

No loans have been written off in the fiscal year ended March 31, 2020 and 2021.

10. Depreciation of Real Estate for Investments (General Account)

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	381,894	8,553	264,051	117,843	69.1%
Buildings	380,954	8,533	263,157	117,797	69.0%
Other tangible fixed assets	940	20	894	45	95.1%
Intangible fixed assets	0	0	0	0	70.4%
Others	1,396	48	813	583	58.2%
Total	383,292	8,601	264,865	118,426	69.1%

(Fiscal year ended March 31, 2021)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	386,151	8,353	270,037	116,113	69.9%
Buildings	385,220	8,330	269,157	116,063	69.8%
Other tangible fixed assets	931	22	880	50	94.5%
Intangible fixed assets	0	0	0	0	72.3%
Others	1,543	68	852	691	55.2%
Total	387,695	8,422	270,890	116,805	69.8%

11. Losses on Disposal of Fixed Assets (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Tangible fixed assets	1,931	496
Land	293	72
Buildings	1,578	276
Lease assets	6	7
Other assets	52	139
Intangible fixed assets	0	110
Others	21	14
Total	1,952	621
Real estate for investments	1,278	203

Others

1. Depreciation

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	224,951	6,723	155,162	69,789	68.9%
Buildings	191,579	3,875	132,339	59,239	69.0%
Lease assets	8,274	1,343	2,748	5,525	33.2%
Other tangible fixed assets	25,098	1,504	20,073	5,024	79.9%
Intangible fixed assets	139,269	10,259	99,847	39,422	71.6%
Others	20,915	24	20,836	79	99.6%
Total	385,137	17,007	275,845	109,291	71.6%

(Fiscal year ended March 31, 2021)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	223,964	6,777	157,484	66,479	70.3%
Buildings	191,432	3,867	133,755	57,676	69.8%
Lease assets	8,127	1,376	3,739	4,387	46.0%
Other tangible fixed assets	24,404	1,533	19,989	4,415	81.9%
Intangible fixed assets	147,717	11,151	110,489	37,228	74.7%
Others	20,338	22	20,266	71	99.6%
Total	392,020	17,951	288,240	103,779	73.5%

2. Operating Expenses

Millions of Yen

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Marketing operations	106,129	111,370
Marketing administration	59,452	57,690
General and administrative expenses	154,453	160,965
Total	320,034	330,027

(Note) Of general and administrative expenses, contributions to the Life Insurance Policyholders Protection Corporation of Japan were ¥2,692 million and ¥2,573 million in the fiscal year ended March 31, 2020 and 2021, respectively.

3. Tax Expenses

Classification	Millions of Yen	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
National tax	14,658	15,643
Consumption tax	12,446	13,952
Special local corporate tax	1,965	—
Special corporate enterprise tax	—	1,503
Documentary stamp tax	212	185
Registration and license tax	1	1
Other national tax	33	0
Local tax	10,102	11,027
Local consumption tax	3,435	3,923
Corporate enterprise tax	4,711	5,172
Fixed asset tax	1,523	1,494
Real-estate acquisition tax	1	—
Corporate income tax	428	436
Other local tax	1	0
Total	24,760	26,671

4. Lease Transactions

<Lease transactions (lessee side)>

[Finance leases not transferring ownership that have been recorded based on normal lease transaction methods]

a. Pro forma information relating to acquisition cost, accumulated depreciation, and book value of leased assets at the end of the fiscal year

Omitted as there are no ending balances for March 31, 2020 and 2021.

b. Future minimum lease payments balance as of the end of the fiscal year

Omitted as there are no ending balances for March 31, 2020 and 2021.

c. Lease fees paid, depreciation and interest expenses

Omitted as there are no ending balances for March 31, 2020 and 2021.

d. Calculation method for depreciation and interest

Calculation method for depreciation	Depreciation of the acquisition cost equivalent calculated on a straight-line method over the lease period
Calculation method for interest expenses	Interest calculated by applying interest method to accrued lease payments over the lease period

Policy Amount-related Statistics

1. Amount of Policy in Force by Coverage Type

Thousand policies, Millions of Yen

Classification		Number of policies and amount in force					
		As of March 31, 2020		As of March 31, 2021			
		Policies	Amount	Policies	Amount		
Death protection	Death protection due to illness/accident	Individual life insurance	8,102	61,741,914	7,974	57,676,631	
		Individual annuities	—	—	—	—	
		Group insurance	22,307	32,443,897	22,463	33,092,642	
		Group annuities	—	—	—	—	
		Total including other types	30,410	94,185,811	30,438	90,769,274	
	Death protection due to accident	Individual life insurance	[7,038]	[16,324,091]	[6,828]	[15,464,714]	
		Individual annuities	[31]	[141,748]	[29]	[129,613]	
		Group insurance	[2,421]	[808,278]	[2,386]	[809,491]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[9,491]	[17,274,119]	[9,243]	[16,403,819]	
	Death protection due to specific causes	Individual life insurance	[0]	[6]	[0]	[2]	
		Individual annuities	[—]	[—]	[—]	[—]	
Group insurance		[63]	[31,171]	[62]	[31,576]		
Group annuities		[—]	[—]	[—]	[—]		
	Total including other types	[63]	[31,177]	[62]	[31,578]		
Pure endowment	Maturity and survival benefits	Individual life insurance	199	367,127	198	359,056	
		Individual annuities	2,669	13,445,755	2,649	13,327,553	
		Group insurance	0	124	0	68	
		Group annuities	—	—	—	—	
		Total including other types	2,875	13,830,477	2,853	13,702,844	
	Annuity	Individual life insurance	[—]	[—]	[—]	[—]	
		Individual annuities	[3,204]	[1,881,764]	[3,183]	[1,862,828]	
		Group insurance	[6]	[412]	[5]	[387]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[3,222]	[1,885,988]	[3,200]	[1,866,782]	
	Others	Individual life insurance	—	—	—	—	
		Individual annuities	535	1,619,553	533	1,601,410	
		Group insurance	6	2,579	5	2,440	
		Group annuities	6,392	2,573,891	6,418	2,666,577	
		Total including other types	6,998	4,379,071	7,020	4,450,920	
	Hospitalization coverage	Coverage for hospitalization due to accident	Individual life insurance	[4,719]	[28,400]	[4,598]	[27,526]
			Individual annuities	[90]	[428]	[84]	[399]
			Group insurance	[1,274]	[1,099]	[1,249]	[1,118]
Group annuities			[—]	[—]	[—]	[—]	
		Total including other types	[6,309]	[30,037]	[6,152]	[29,151]	
Coverage for hospitalization due to illness		Individual life insurance	[4,714]	[28,289]	[4,594]	[27,429]	
		Individual annuities	[88]	[420]	[82]	[391]	
		Group insurance	[13]	[58]	[14]	[61]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[5,041]	[28,875]	[4,912]	[27,988]	
Coverage for hospitalization due to other causes		Individual life insurance	[8,139]	[224,962]	[7,896]	[221,829]	
		Individual annuities	[34]	[286]	[32]	[269]	
	Group insurance	[65]	[66]	[65]	[68]		
	Group annuities	[—]	[—]	[—]	[—]		
	Total including other types	[8,302]	[225,348]	[8,060]	[222,201]		

- (Notes) 1. Figures in [] represent additional coverage attached to primary policies and rider coverage. However, the portion of death protection due to illness/accident in term riders is recorded under primary coverage.
2. Numbers of policies in group insurance and group annuities represent respective number of insured persons.
3. Amounts in the "others" column of pure endowment show corresponding policy reserves.
4. The amounts of hospitalization coverage show the amount of daily hospital benefits.
5. In individual annuities and group insurance, the "maturity and survival benefits" column shows the number of policies signed prior to the start of annuity payments and annuity resources at the start of annuity payments, while the "annuity" column shows the annual annuity payments and "others" column shows the number of policies signed after the start of annuity payments and corresponding policy reserves.
6. The amount of total including other types in coverage for hospitalization due to illness shows the sum of primary coverage portion and additional coverage portion.
7. "Coverage for hospitalization due to other causes" columns represent insurance covers in respect of specific illness or accidents including adult disease medical rider, traffic accident rider, and group term insurance work-related accident rider.

Number of Policies

Classification		Number of policies in force	
		As of March 31, 2020	As of March 31, 2021
Disability coverage	Individual life insurance	5,997,732	5,825,997
	Individual annuities	27,469	26,065
	Group insurance	2,179,762	2,153,415
	Group annuities	—	—
	Total including other types	8,204,963	8,005,477
Surgical coverage	Individual life insurance	5,673,454	5,472,076
	Individual annuities	110,178	102,808
	Group insurance	—	—
	Group annuities	—	—
	Total including other types	5,846,942	5,639,741

2. Annualized Premiums

a. Policies in force

Classification	As of March 31, 2020		As of March 31, 2021	
	Rate of increase (decrease)		Rate of increase (decrease)	
Individual life insurance	1,512,641	(1.1)	1,493,922	(1.2)
Individual annuities	789,927	(0.6)	792,748	0.4
Total	2,302,569	(1.0)	2,286,671	(0.7)
Living benefits, medical coverage, and others	556,475	0.6	555,403	(0.2)

b. New policies (new policies acquired plus net increase by conversion)

Classification	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	Rate of increase (decrease)		Rate of increase (decrease)	
Individual life insurance	81,759	(18.9)	65,130	(20.3)
Individual annuities	28,026	9.1	29,835	6.5
Total	109,785	(13.2)	94,966	(13.5)
Living benefits, medical coverage, and others	38,445	(15.1)	26,823	(30.2)

(Notes) 1. The amount of annualized premium is the annual premium amount calculated by multiplying factor according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).

2. Annualized premiums for living benefits represent total amounts of work disability and nursing care benefits, dementia benefits, specified illness benefits, severe chronic disease benefits and benefits of premium waiver riders.

3. Annualized premiums for medical coverage represent hospitalization benefits, surgical benefits and other benefits.

3. Policies in Force and New Policies

a. Policies in force

Classification	As of March 31, 2020				As of March 31, 2021			
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	8,302	(1.5)	62,109,041	(7.0)	8,172	(1.6)	58,035,687	(6.6)
Individual annuities	3,204	(1.3)	15,065,308	(1.6)	3,183	(0.7)	14,928,964	(0.9)
Group insurance	—	—	32,446,601	0.7	—	—	33,095,152	2.0
Group annuities	—	—	2,573,891	(0.6)	—	—	2,666,577	3.6

(Notes) 1. The amount of individual annuities is the total of (a) annuity resources at the start of annuity payments for policies signed prior to the start of annuity payments, and (b) policy reserves for policies signed after the start of annuity payments.

2. The amount of group annuities is the amount of the policy reserves.

3. The group insurance for three major diseases does not provide death protection, so it is not recorded in the policies in force of group insurance above. The insurance amounts for three major diseases of the group insurance policies for three major diseases were ¥201,059 million and ¥239,832 million as of March 31, 2020 and 2021, respectively.

b. New policies (new policies acquired plus net increase by conversion)

Classification	Fiscal year ended March 31, 2020						Fiscal year ended March 31, 2021					
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	New policies	Net increase by conversion	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	New policies	Net increase by conversion
Individual life insurance	602	(14.4)	1,023,326	(31.7)	1,843,342	(820,015)	480	(20.3)	600,464	(41.3)	1,260,394	(659,930)
Individual annuities	98	7.9	422,042	12.9	426,196	(4,154)	98	(0.2)	452,977	7.3	455,647	(2,669)
Group insurance	—	—	121,406	26.3	121,406	—	—	—	67,340	(44.5)	67,340	—
Group annuities	—	—	12	(71.5)	12	—	—	—	19	61.8	19	—

(Notes) 1. Number of policies is a total of numbers of new policies acquired, new policies by conversion and new policies after rider replacement.

2. Net increase by conversion includes net increase by rider replacement.

3. Net increase by the acquisition of new policies and conversion in individual annuities represents the annuity resources at the start of annuity payments.

4. New policies in group annuities show the first time premium revenues.

5. The group insurance for three major diseases does not provide death protection, so it is not recorded in the new policies of group insurance above. The insurance amounts for three major diseases of new policies of group insurance for three major diseases were ¥89,513 million and ¥48,770 million in the fiscal years ended March 31, 2020 and 2021, respectively.

4. Trends and Transitions of Policies in Force

			Thousand policies, Millions of Yen					
			As of March 31, 2020			As of March 31, 2021		
	Classification		Policies	Insurance amount	Annualized premiums	Policies	Insurance amount	Annualized premiums
Individual life insurance	Mortality insurance	Whole life insurance	1,720	9,535,856	402,482	1,719	9,626,248	407,614
		Whole life insurance substandard disclosure	141	121,729	22,912	140	122,227	22,480
		Whole life insurance covering nursing care	90	429,732	11,125	94	437,507	11,395
		Whole life insurance with variable assumed interest rate	151	935,134	76,562	146	906,837	72,772
		Whole life insurance denominated in designated currency	78	557,680	39,721	88	642,209	47,136
		Total whole life insurance including other types	2,235	11,805,541	558,683	2,239	11,956,207	567,293
		Whole life insurance with term rider	1,348	12,782,002	163,692	1,265	11,108,909	145,791
		Whole life insurance with variable accumulation rate	2,447	27,071,534	493,543	2,405	24,822,949	487,473
		Term life insurance	62	1,670,666	31,897	59	1,594,727	30,768
		Total term life insurance including other types	107	1,832,766	34,664	102	1,748,244	33,419
	Riders combination insurance	488	5,291,693	72,669	547	5,438,122	79,593	
	Medical whole life insurance	541	123,255	74,312	554	124,391	76,007	
	Medical term life insurance	467	268,246	26,291	455	259,303	26,087	
	Total including other types	7,709	59,929,071	1,428,386	7,640	56,149,005	1,419,902	
	Life and mortality insurance	Endowment insurance	213	907,047	36,268	173	734,233	28,821
		Endowment insurance with term rider	27	288,022	3,027	21	223,540	2,388
		Term life insurance with survival benefits	133	464,628	18,474	127	438,336	17,628
		Juvenile insurance	213	473,271	25,401	204	449,105	24,212
		Total including other types	587	2,141,371	83,175	527	1,853,228	73,052
	Pure endowment		5	38,598	1,079	5	33,453	967
Subtotal (1)		8,302	62,109,041	1,512,641	8,172	58,035,687	1,493,922	
Individual annuities	Individual fixed annuities	Individual annuities	561	2,944,408	187,224	535	2,774,024	184,223
		Annuities focused on survival coverage	2,442	11,514,785	487,609	2,460	11,573,455	504,889
		Individual annuities denominated in designated currency	24	139,131	16,810	26	152,371	18,400
		Individual annuities denominated in designated currency with variable assumed interest rate	10	36,461	1,867	17	66,052	3,314
		Total including other types	3,073	14,773,403	716,289	3,073	14,704,731	733,115
	Individual variable annuities	130	291,905	73,638	109	224,233	59,633	
Subtotal (2)		3,204	15,065,308	789,927	3,183	14,928,964	792,748	
(1) + (2) Total		11,506	77,174,350	2,302,569	11,356	72,964,652	2,286,671	

			Thousand policies, Millions of Yen			
			As of March 31, 2020		As of March 31, 2021	
	Classification		Policies	Amount	Policies	Amount
Group insurance	Group term life insurance		8,111	5,256,128	8,196	5,245,766
	General welfare group term life insurance		3,827	9,610,393	3,841	9,652,674
	Group credit life insurance		10,147	17,543,984	10,162	18,162,531
	Consumer credit group insurance		40	7,700	38	6,316
	Group whole life insurance		0	51	0	45
	Life insurance for sustainers of disabled		41	25,638	39	25,308
	Group insurance for three major diseases		181	201,059	224	239,832
	Annuities rider		6	2,704	5	2,509
	Subtotal		22,313	32,446,601	22,469	33,095,152
Group annuities	Corporate pension plans		0	260	0	256
	New corporate pension plans		4,042	76,007	4,087	76,398
	Insured contributory pension plans		2,348	785,862	2,330	785,621
	Employees' pension fund insurance		0	104	0	105
	Defined benefit corporate pension plans		—	1,600,720	—	1,689,308
	Defined contribution pension plans		—	110,935	—	114,887
Subtotal		6,392	2,573,891	6,418	2,666,577	
Workers' asset formation insurance		53	162,797	50	161,541	
Workers' asset formation annuities		18	37,719	17	35,115	
Medical life insurance		160	74	155	72	
Assumed reinsurance		63	33	64	33	

		Thousand policies, Millions of Yen			
		As of March 31, 2020		As of March 31, 2021	
Classification		Policies	Amount	Policies	Amount
Hospitalization/ accident riders	Accident rider with extra premium	1,308	5,741,881	1,269	5,458,881
	Accident coverage rider	4	6,338	3	4,446
	Personal accident rider	2,791	9,727,740	2,677	9,284,076
	Accident injury rider	3,211	166,385	3,154	163,555
	General medical rider	2,652	16,981	2,623	16,671
	Hospitalization due to accident rider	1,000	5,863	905	5,308
	Hospitalization due to illness rider	1,118	6,282	1,022	5,733
	Hospitalization due to adult disease rider	1,620	7,462	1,542	7,054
	Hospitalization due to other causes rider	6,535	217,671	6,370	214,937
	Advanced medical treatment rider	3,537	—	3,494	—
	Cancer diagnosis rider	1,881	1,137,661	1,950	1,178,665
	Cancer medication rider	1,960	120,715	2,041	125,418

- (Notes) 1. Number of policies for group insurance, group annuities, workers' asset formation insurance, workers' asset formation annuities, medical life insurance and assumed reinsurance each represents respective number of insured persons.
2. Number of policies for life insurance for sustainers of disabled is not included in the subtotal. Also, the amount for the group insurance for three major diseases represents the insurance amount for three major diseases, and is not included in the subtotal.
3. The "Insurance amount" and "Amount" columns show principal amounts of coverage.
- a. Individual annuities and group insurance (with annuities rider) show the sum of annuity resources at the start of annuity payments for policies signed prior to the start of annuity payments and the policy reserve for policies signed after the start of annuity payments.
- b. Group annuities and workers' asset formation insurance show respective policy reserves.
- c. Workers' asset formation annuities show the sum of annuity resources at the start of annuity payments for policies signed prior to the start of annuity payments and the policy reserve for policies signed after the start of annuity payments, while workers' asset formation funding annuities show policy reserves.
- d. Medical life insurance and assumed reinsurance show the amount of daily hospital benefit.
4. The amount of annualized premium is the annual premium amount calculated by multiplying factor according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).
5. Amount of accident injury rider shows the amount of benefit, while hospitalization riders show daily hospital benefit.
6. Accident coverage rider includes traffic accident rider.
7. Hospitalization due to illness rider includes substandard medical rider.

5. Trends and Transitions of New Policies (New Policies Acquired plus Net Increase by Conversion)

			Thousand policies, Millions of Yen							
			Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021				
	Classification		Policies	Insurance amount	Annualized premiums	Policies	Insurance amount	Annualized premiums		
Individual life insurance	Mortality insurance	Whole life insurance	67	306,783	26,097	54	238,076	22,574		
		Whole life insurance substandard disclosure	19	15,541	2,703	10	10,392	1,555		
		Whole life insurance covering nursing care	8	28,544	838	5	20,167	569		
		Whole life insurance denominated in designated currency	18	132,965	10,799	18	121,181	10,202		
		Total whole life insurance including other types	114	484,000	40,447	89	390,092	34,918		
		Whole life insurance with variable accumulation rate	211	2,374,812	42,275	186	2,000,048	36,889		
		Term life insurance	0	23,877	564	1	42,637	1,074		
		Total term life insurance including other types	0	23,877	564	2	44,620	1,130		
		Riders combination insurance	155	1,713,960	23,592	108	904,345	13,870		
		Medical whole life insurance	54	13,314	8,139	37	9,189	5,369		
		Medical term life insurance	44	26,999	2,892	36	23,064	2,239		
		Total including other types	581	4,637,063	117,911	461	3,371,431	94,417		
		Life and mortality insurance		Endowment insurance	8	29,318	1,808	7	26,425	1,725
				Term life insurance with survival benefits	7	26,053	1,020	5	19,870	822
Juvenile insurance	5			8,447	594	5	8,506	603		
Total including other types	20			63,818	3,423	18	54,802	3,151		
	Pure endowment	—	—	—	—	—	—			
	Subtotal (1)	602	4,700,882	121,335	480	3,426,233	97,569			
Individual annuities	Individual fixed annuities	Annuities focused on survival coverage	75	317,838	17,167	84	396,604	25,117		
		Individual annuities denominated in designated currency	12	71,298	9,092	5	27,419	3,248		
		Individual annuities denominated in designated currency with variable assumed interest rate	10	37,059	1,889	8	31,622	1,549		
		Total including other types	98	426,196	28,149	98	455,647	29,914		
		Individual variable annuities	—	—	—	—	—	—		
	Subtotal (2)	98	426,196	28,149	98	455,647	29,914			
(1) + (2) Total			700	5,127,079	149,484	578	3,881,880	127,484		

		Thousand policies, Millions of Yen			
		Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
Classification		Policies	Amount	Policies	Amount
Group insurance	Group term life insurance	46	15,683	13	3,677
	General welfare group term life insurance	51	105,722	25	40,666
	Group credit life insurance	—	—	46	22,996
	Group insurance for three major diseases	67	89,513	51	48,770
	Subtotal	165	121,406	136	67,340
Group annuities	Defined benefit corporate pension plans	—	2	—	6
	Defined contribution pension plans	—	9	—	13
	Subtotal	—	12	—	19
Workers' asset formation insurance		0	10	0	6
Workers' asset formation annuities		0	3	0	1
Medical life insurance		—	—	—	—

- (Notes) 1. Number of policies for group insurance, group annuities, workers' asset formation insurance, worker's asset formation annuities and medical life insurance each represents respective number of insured persons.
2. The amount for the group insurance for three major diseases represents the insurance amount for three major diseases, and is not included in the subtotal.
3. The "Insurance amount" and "Amount" columns show principal amounts of coverage.
- Individual annuities show annuity resources at the start of annuity payments.
 - Group annuities and workers' asset formation insurance show the first time premium revenues.
 - Workers' asset formation annuities show the annuity resources at the start of annuity payments, while workers' asset formation funding annuities show the first time premium revenues.
 - Medical life insurance show the amount of daily hospital benefit.
4. The amount of annualized premium is the annual premium amount calculated by multiplying factor according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).
5. Individual life insurance and individual annuities include increases due to conversion as well as rider replacement.

Indicators Related to Separate Accounts

1. Status of the balance of assets held in separate accounts

Millions of Yen

Classification	As of March 31, 2020		As of March 31, 2021	
	Amount		Amount	
Individual variable insurance	53,327		61,898	
Individual variable annuities	85,491		78,046	
Group annuities	587,306		688,178	
Total of separate accounts	726,126		828,123	

2. Status of the separate accounts of individual variable insurance and individual variable annuities

a. Overview of investment of fiscal 2020

Underpinned by large-scale easing monetary policies throughout the year, stock markets at home and abroad rose sharply on the back of rising expectations for economic recovery, driven by the COVID-19 vaccine development and roll-out, and the passing of a large-scale stimulus package in the U.S.

Long-term interest rates in Japan remained low as the easing monetary policy continued, but they rose in tandem with U.S. interest rates toward the end of the fiscal year amid concerns over the Bank of Japan's inspection of monetary policy. Meanwhile, U.S. long-term interest rates trended lower in the first half of the year due to the Federal Reserve Board (FRB)'s large-scale easing monetary policy, but increased in the second half of the year, as speculation on fiscal expansion and the progress in COVID-19 vaccine development further raised hope for economic recovery.

Regarding foreign exchange (yen against the dollar), the yen appreciated against the U.S. dollar on the back of expanding U.S. budget deficits, while long-term interest rates in the U.S. remained low. However, towards the end of the fiscal year, higher expectations for the U.S. economic recovery and an expansion of the interest rate spread between Japan and the U.S. caused the yen to depreciate against the U.S. dollar.

In these circumstances, the Company managed funds held in separate accounts for individual variable insurance policies, basically taking a slightly increased share of domestic and foreign stocks, while reducing the share of domestic and foreign bonds. Furthermore, the Company sold some of its domestic and foreign stocks when the stock markets were rising, and bought stocks when the stock markets were falling in anticipation of a rebound in the prices of those stocks. As a result, the investment yield was positive. Regarding the in-house managed portion of the funds in separate accounts for individual variable annuities, the Company mainly structured a portfolio comprising assets in line with the basic asset allocation proportions and adjusted these asset proportions according to market perspectives. Meanwhile, following due consideration of investment attractiveness, the Company did not invest these funds in foreign bonds with currency hedge but in domestic bonds only. As a result, the investment yield was positive. Among separate accounts for individual variable annuities which were primarily managed by investment trusts, the Company maintained fairly high proportions of investment trusts in their portfolios.

b. Policies in force

● Individual variable insurance

Classification	Number of policies, Millions of Yen			
	As of March 31, 2020		As of March 31, 2021	
	Policies	Amount	Policies	Amount
Individual variable insurance (Defined term type)	33	130	17	80
Individual variable insurance (Whole life type)	49,422	256,028	47,958	249,091
Total	49,455	256,158	47,975	249,172

(Note) Policies in force include term life insurance riders.

● Individual variable annuities

Classification	Number of policies, Millions of Yen			
	As of March 31, 2020		As of March 31, 2021	
	Policies	Amount	Policies	Amount
Individual variable annuities	130,672	291,905	109,326	224,233

c. Breakdown of assets held in separate accounts

● Individual variable insurance

Classification	Millions of Yen, %			
	As of March 31, 2020		As of March 31, 2021	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	2,530	4.7	1,718	2.8
Securities	49,058	92.0	59,058	95.4
Domestic bonds	17,215	32.3	17,656	28.5
Domestic stocks	13,198	24.7	17,961	29.0
Foreign securities	18,644	35.0	23,441	37.9
Foreign bonds	6,151	11.5	5,851	9.5
Other foreign securities	12,492	23.4	17,590	28.4
Other securities	—	—	—	—
Loans	—	—	—	—
Others	1,738	3.3	1,121	1.8
Allowance for possible loan losses	—	—	—	—
Total	53,327	100.0	61,898	100.0

● Individual variable annuities

Classification	Millions of Yen, %			
	As of March 31, 2020		As of March 31, 2021	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	7,937	9.3	8,729	11.2
Securities	72,918	85.3	65,603	84.1
Domestic bonds	33,694	39.4	28,124	36.0
Domestic stocks	9,761	11.4	8,789	11.3
Foreign securities	24,753	29.0	23,539	30.2
Foreign bonds	21,713	25.4	20,516	26.3
Other foreign securities	3,039	3.6	3,023	3.9
Other securities	4,709	5.5	5,148	6.6
Loans	—	—	—	—
Others	4,635	5.4	3,713	4.8
Allowance for possible loan losses	—	—	—	—
Total	85,491	100.0	78,046	100.0

d. Investment income and expenses

● Individual variable insurance

Classification	Millions of Yen	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	Amount	Amount
Interest, dividends, and other income	1,080	900
Gains on sales of securities	3,244	2,487
Gains on redemption of securities	0	—
Gains on valuation of securities	6,620	16,289
Foreign exchange gains	29	19
Gains on derivative financial instruments	148	404
Other investment income	2	1
Losses on sales of securities	1,881	1,331
Losses on redemption of securities	26	8
Losses on valuation of securities	11,546	5,584
Foreign exchange losses	11	5
Losses on derivative financial instruments	208	8
Other investment expenses	0	0
Net investment income	(2,549)	13,163

(Note) ¥6,620 million gains on valuation of securities for the fiscal year ended March 31, 2020 include ¥2,078 million reversal for gains on valuation of securities, while ¥11,546 million losses on valuation of securities include ¥7,213 million reversal for losses on valuation of securities.

¥16,289 million gains on valuation of securities for the fiscal year ended March 31, 2021 include ¥4,333 million reversal for gains on valuation of securities, while ¥5,584 million losses on valuation of securities include ¥4,542 million reversal for losses on valuation of securities.

●Individual variable annuities

Millions of Yen

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	Amount	Amount
Interest, dividends, and other income	25,648	1,853
Gains on sales of securities	2,983	2,944
Gains on redemption of securities	2	—
Gains on valuation of securities	6,557	9,486
Foreign exchange gains, net	95	87
Gains on derivative financial instruments, net	312	232
Other investment income	8	2
Losses on sales of securities	682	740
Losses on redemption of securities	10	4
Losses on valuation of securities	34,489	6,214
Foreign exchange losses	90	89
Losses on derivative financial instruments	145	148
Other investment expenses	732	309
Net investment income	(541)	7,102

(Note) ¥6,557 million gains on valuation of securities for the fiscal year ended March 31, 2020 include ¥1,129 million reversal for gains on valuation of securities, while ¥34,489 million losses on valuation of securities include ¥32,322 million reversal for losses on valuation of securities.

¥9,486 million gains on valuation of securities for the fiscal year ended March 31, 2021 include ¥2,167 million reversal for gains on valuation of securities, while ¥6,214 million losses on valuation of securities include ¥5,428 million reversal for losses on valuation of securities.

e. Fair value information of securities

●Trading securities

<Individual variable insurance>

Millions of Yen

Classification	As of March 31, 2020		As of March 31, 2021	
	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income
Trading securities	49,058	208	59,058	10,913

<Individual variable annuities>

Millions of Yen

Classification	As of March 31, 2020		As of March 31, 2021	
	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income
Trading securities	72,918	3,261	65,603	6,533

●Fair value information of money-held-in trusts for trading

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2020 and 2021.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2020 and 2021.

f. Fair value information of derivative transactions

● Breakdown of net gains (losses) (with and without hedge accounting applied)

<Individual variable insurance>

Millions of Yen

Classification	As of March 31, 2020						As of March 31, 2021					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting not applied	—	(0)	7	—	—	7	—	—	20	—	—	20
Total	—	(0)	7	—	—	7	—	—	20	—	—	20

(Note) The net gains (losses) without hedge accounting applied are recorded on the statements of income.

<Individual variable annuities>

Millions of Yen

Classification	As of March 31, 2020						As of March 31, 2021					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting not applied	—	0	11	—	—	11	—	—	28	—	—	28
Total	—	0	11	—	—	11	—	—	28	—	—	28

(Note) The net gains (losses) without hedge accounting applied are recorded on the statements of income.

● Interest-related

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2020 and 2021.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2020 and 2021.

● Currency-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2020				As of March 31, 2021			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	132	—	0	0	—	—	—	—
	(Euro)	132	—	0	0	—	—	—	—
	Bought	132	—	(0)	(0)	—	—	—	—
	(Euro)	132	—	(0)	(0)	—	—	—	—
Total					(0)				—

(Notes) 1. Foreign exchange rates at the end of the year are based on forward rates.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and are reported in yen amounts in the balance sheets, those foreign currency forward contracts are excluded from the table above.

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2020				As of March 31, 2021			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	91	—	0	0	—	—	—	—
	(Euro)	91	—	0	0	—	—	—	—
	Bought	90	—	(0)	(0)	—	—	—	—
	(Euro)	90	—	(0)	(0)	—	—	—	—
Total					0				—

(Notes) 1. Foreign exchange rates at the end of the year are based on forward rates.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and are reported in yen amounts in the balance sheets, those foreign currency forward contracts are excluded from the table above.

●Stock-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded transactions	Stock index futures Bought	516	—	7	7	395	—	20	20
Total					7				20

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2020			As of March 31, 2021				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded transactions	Stock index futures Bought	781	—	11	11	564	—	28	28
Total					11				28

●Bond-related

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2020 and 2021.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2020 and 2021.

●Others

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2020 and 2021.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2020 and 2021.

3. Separate Account for Group Annuities

a. Entrusted fund in separate account for group annuities

Cases, Hundred Millions of Yen

	As of March 31, 2020		As of March 31, 2021	
	Cases	Fair value balance	Cases	Fair value balance
First treaty	1,447	5,836	1,451	6,852
Total	1,447	5,836	1,451	6,852

(Notes) 1. Number of cases refers to the number of groups with positive fair value balance at each year-end.

2. Separate account first treaty involves joint management of the contract fund from more than one group annuities.

b. Trend of fair value balance of separate account first treaty

Hundred Million Yen

	As of March 31, 2020	As of March 31, 2021
Comprehensive account A	1,500	1,452
Comprehensive account M	—	914
Comprehensive account S	1,701	1,630
Yen-denominated bonds account A	869	916
Yen-denominated bonds account P	311	326
Yen-denominated stocks account A	26	30
Yen-denominated stocks account B	85	116
Yen-denominated stocks account P	464	488
Yen-denominated stocks account V	6	15
Foreign currency denominated bonds account A	169	150
Foreign currency denominated bonds account B	87	112
Foreign currency denominated stocks account A	473	591
Foreign currency denominated stocks account D	14	18
Short-term funds account A	125	86
Total	5,836	6,852

c. Investment return ratio of separate account first treaty

%

	As of March 31, 2020	As of March 31, 2021
Comprehensive account A	(5.95)	27.35
Comprehensive account M	—	3.29
Comprehensive account S	0.98	0.72
Yen-denominated bonds account A	(0.03)	(0.41)
Yen-denominated bonds account P	(0.17)	(0.74)
Yen-denominated stocks account A	(9.93)	39.88
Yen-denominated stocks account B	(10.39)	49.37
Yen-denominated stocks account P	(9.44)	42.06
Yen-denominated stocks account V	(17.73)	47.44
Foreign currency denominated bonds account A	4.49	5.47
Foreign currency denominated bonds account B	7.90	(1.89)
Foreign currency denominated stocks account A	(11.75)	58.22
Foreign currency denominated stocks account D	(16.04)	60.62
Short-term funds account A	0.01	0.00

(Notes) 1. Figures indicate the rate of increase in unit prices.

2. The figure for comprehensive account M is the rate of increase in unit prices from July 2020, as the management of the account started in July 2020.

Business Indicators

1. Average Policy Coverage (Individual Life Insurance)

Thousands of Yen

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Average policy coverage for new policies	4,889	4,276
Average policy coverage for policies in force	7,480	7,101

(Note) Average policy coverage for new policies excludes converted policies.

2. Percentage of New Policies (Compared with Beginning of the Same Fiscal Year)

%

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Individual life insurance	2.8	2.0
Individual annuities	2.8	3.0
Group insurance	0.4	0.2

(Note) Converted policies are excluded.

3. Rate of Cancellation and Expiration (Compared with Beginning of the Same Fiscal Year)

%

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Individual life insurance	4.6	3.6
Individual annuities	2.0	1.7
Group insurance	0.2	0.2

4. Average Annual Premium of New Individual Life Insurance Policy (With Monthly Payments)

Yen

Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
130,581	121,751

(Note) Converted policies are excluded.

5. Mortality Rate (Primary Individual Life Insurance Policies)

a. Number of policies

‰

Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
7.86	8.45

b. Insurance amount

‰

Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
5.50	6.12

6. Incidence of Events Covered by Riders (Individual Life Insurance plus Individual Annuities)

Classification		%	
		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Accidental death	Ratio of the number of policies	0.17	0.20
	Ratio of the amount of claims on policies	0.20	0.23
Disability	Ratio of the number of policies	0.31	0.30
	Ratio of the amount of claims on policies	0.11	0.11
Hospitalization due to accident	Ratio of the number of policies	7.15	6.80
	Ratio of the amount of claims on policies	172	164
Hospitalization due to illness	Ratio of the number of policies	89.46	83.63
	Ratio of the amount of claims on policies	1,317	1,228
Hospitalization due to adult disease	Ratio of the number of policies	26.02	26.54
	Ratio of the amount of claims on policies	530	534
Surgery due to illness or injury	Ratio of the number of policies	84.58	80.78
Surgery due to adult disease	Ratio of the number of policies	24.83	28.24

7. Percentage of Operating Expense (Operating Expenses as a Percentage of Premium Revenues)

%	
Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
14.4	15.1

8. The Number of Major Insurance Companies that Accepted Reinsurance Agreements

Number of insurance companies	
Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
8 [2]	8 [2]

(Note) Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

9. The Ratio of Reinsurance Premiums to Total Premiums Written by the Top Five Insurance Companies Using Reinsurance

%	
Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
99.6 [100.0]	99.6 [100.0]

(Note) Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

10. The Ratio of Insurance Companies Which Accepted Reinsurance Agreements by Ratings Assessed

%

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Over A	100.0 [100.0]	100.0 [100.0]
Over BBB	— [—]	— [—]
Others (Including no rating)	— [—]	— [—]
Total	100.0 [100.0]	100.0 [100.0]

(Notes) 1. Ratings are classified as follows:

- S&P Global (S&P) ratings are used as criterion, while insurers without S&P ratings are classified as "Others (Including no rating)."
- Ratings are based on the ratings at each fiscal year-end.

- Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

11. Unreceived Reinsurance Claims

Millions of Yen

Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
55	85
[6]	[3]

(Note) Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

12. The Ratio of Insured Amount to Earned Premium Classified by Grounds for Third-Sector Insurance Benefits or Type of Insurance

%

Classification	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Third-sector incidence rate	37.6	35.9
Medical care	39.8	37.2
Cancer	39.4	38.2
Nursing care	31.7	31.4
Others	33.0	32.4

(Notes) 1. Figures are classified into main categories belonging to the third-sector benefits, by type of insurance (or rider).

- Payments for insured incidents is the sum of "payments such as claims and benefits," "matching provision for reserve for outstanding claims" and "operating expenses, etc. related to claims paid."
- Earned premium is the simple average of annualized premium of the beginning-of-the-year policies in force and that of year-end policies in force.
- For the types of insurance (rider) that combine living benefits/medical coverage and death protection, etc., the portion corresponding to death protection is included in both payments for insured incidents and earned premiums.

13. Loan Interest Rates

%

Type of loan	General loans Prime rate (long-term prime rate loans)	Type of loan	General loans Prime rate (long-term prime rate loans)		
Fiscal year ended March 31, 2020	April 10	Fiscal year ended March 31, 2021	April 10		
	May 10		May 8		
	June 11		June 10		
	July 10		July 10		
	August 9		August 12		
	September 10		September 10		
	October 10		October 9		
	November 8		November 10		
	December 10		December 10		
	January 10		January 8		
	February 13		February 10		
	March 10		March 10		
			1.00		1.10
			1.00		1.05
	1.00		1.05		
	0.95		1.05		
	0.95		1.00		
	0.95		1.00		
	0.95		1.00		
	0.95		1.00		
	0.95		1.00		
	0.95		1.00		
	0.95		1.00		

Status of Consolidated Financial Results (Supplemental)

1. Status of Consolidated Risk-monitored Loans

Classification	Millions of Yen, %	
	As of March 31, 2020	As of March 31, 2021
Loans to bankrupt borrowers	—	—
Loans in arrears	808	831
Loans in arrears for three months or longer	254	—
Restructured loans	—	1,200
Total	1,062	2,031
[Percentage of total loans]	[0.04]	[0.08]

- (Notes) 1. For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and directly deducted. The amount of loans in arrears directly deducted for the fiscal years ended March 31, 2020 and March 31, 2021 amounted to ¥21 million and ¥247 million, respectively.
2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikeliness of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Items 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965).
3. Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.
4. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.
5. Restructured loans represent the loans 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 loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

2. Status of Insurance Claims Paying Ability of the Company and Insurance Subsidiaries (Consolidated Solvency Margin Ratio)

Items	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Solvency margin gross amount (A)	4,264,500	5,178,317
Foundation funds and others	505,118	516,421
Reserve for price fluctuation	787,707	883,835
Contingency reserve	419,176	510,966
Unusual contingency reserve	—	—
General allowance for possible loan losses	767	3,496
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments) × 90% (Multiplied by 100% if losses)	1,171,645	1,880,484
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	96,066	103,047
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(5,735)	261
Excess of continued Zillmerized reserve	796,434	791,007
Qualifying subordinated debt	499,924	569,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(76,870)	(152,230)
Others	70,265	71,101
Total amount of risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	980,290	1,200,721
Insurance risk R ₁	91,876	90,606
General insurance risk R ₅	—	—
Large disaster risk R ₆	0	0
Third-sector insurance risk R ₈	81,094	82,627
Insurance risk of small-amount, short-term insurer R ₉	7	9
Risk of assumed yield R ₂	188,775	181,527
Minimum guarantee risk R ₇ *	6,025	4,896
Investment risk R ₃	747,438	974,755
Operational risk R ₄	22,304	26,688
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	870.0%	862.5%

* The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

(Note) The amounts and figures in the table above are calculated based on Article 130 of the Insurance Business Act, Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No.23 of 2011.

●Consolidated solvency margin ratio

The consolidated solvency margin ratio is a percentage of “solvency margin gross amount” of the Group to the portion of “quantified total amount of risk” of the Group exceeding the quantified amount of risks that could normally be anticipated; it is one of the indicators to gauge the insurer’s ability to cover liabilities when unforeseen events occur.

When this ratio falls below 200%, an insurance company is subject to administrative intervention by the regulatory agencies to take “prompt corrective action.”

The consolidated solvency margin ratio is one of the financial indicators indicating sound business management, however, it should not be solely relied upon to evaluate the business management soundness of an insurance company. The evaluation of sound business management should be made in a comprehensive manner with due consideration of not only the consolidated solvency margin ratio but also other business management information such as asset management performance and trends in business results.

3. Status of Insurance Claims Paying Ability of Insurance Subsidiaries (Solvency Margin Ratio)

(Medicare Life Insurance Co., Ltd.)

Millions of Yen

Items	As of March 31, 2020	As of March 31, 2021
Solvency margin gross amount (A)	48,736	58,667
Paid-in capital, etc.	20,252	24,968
Reserve for price fluctuation	159	187
Contingency reserve	2,076	2,766
General allowance for possible loan losses	—	—
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments) × 90% (Multiplied by 100% if losses)	4,534	3,726
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	—	—
Excess of continued Zillmerized reserve	21,713	27,017
Qualifying subordinated debt	—	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Brought-in capital, etc.	—	—
Deduction clause	—	—
Others	—	—
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	4,147	5,104
Insurance risk R_1	373	413
Third-sector insurance risk R_8	1,566	2,215
Risk of assumed yield R_2	20	21
Minimum guarantee risk R_7	—	—
Investment risk R_3	3,459	4,115
Operational risk R_4	162	202
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,350.4%	2,298.5%

(Note) Figures shown above are calculated in accordance with the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act as well as the Ministry of Finance Public Notice No. 50 of 1996.

4. Segment Information

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020), and the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021), segment information and its related information are omitted because there is only one business segment in the Company and its subsidiaries.

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