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Financial Results for the Six Months Ended September 30, 2021  
( With Notes to the Unaudited Consolidated Financial Statements )

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Sumitomo Life Insurance Company announces financial results for the six months ended September 30, 2021.

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The Financial Results are summarized English translations of the original disclosure in Japanese.

# 1. Unaudited Consolidated Financial Statements

## a. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2021	As of September 30, 2021
<b>ASSETS:</b>		
Cash and deposits	1,386,540	1,064,604
Call loans	192,142	267,384
Monetary claims bought	565,143	457,995
Money held in trust	-	2,244
Securities	34,343,796	35,290,729
Loans	2,645,407	2,938,129
Tangible fixed assets	570,045	565,965
Intangible fixed assets	193,877	198,919
Due from agents	145	116
Reinsurance receivables	1,241	1,395
Other assets	1,112,257	1,137,610
Net defined benefit assets	18,370	18,091
Deferred tax assets	69,056	65,548
Allowance for possible loan losses	(3,938)	(4,095)
<b>Total assets</b>	<b>41,094,086</b>	<b>42,004,640</b>
<b>LIABILITIES:</b>		
Policy reserves and other reserves	32,295,045	33,116,803
Reserve for outstanding claims	138,027	142,489
Policy reserves	31,938,861	32,731,887
Policyholders' dividend reserves	218,156	242,426
Reinsurance payables	12,837	16,182
Corporate bonds	474,969	507,228
Other liabilities	5,272,243	5,253,502
Payables under repurchase agreements	2,870,573	3,177,644
Other	2,401,669	2,075,857
Net defined benefit liabilities	4,775	5,745
Reserve for price fluctuation	883,835	899,451
Deferred tax liabilities	33,615	25,129
Deferred tax liabilities for land revaluation	12,894	12,759
<b>Total liabilities</b>	<b>38,990,217</b>	<b>39,836,801</b>
<b>NET ASSETS:</b>		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	81,850	51,987
Total funds, reserve and surplus	720,853	690,989
Net unrealized gains(losses) on available-for-sale securities	1,526,505	1,594,840
Deferred gains(losses) on derivatives under hedge accounting	104	(438)
Land revaluation differences	(59,397)	(59,128)
Foreign currency translation adjustments	(84,516)	(57,079)
Remeasurements of defined benefit plans	185	(1,481)
Total accumulated other comprehensive income	1,382,881	1,476,711
Non-controlling interests	133	137
<b>Total net assets</b>	<b>2,103,868</b>	<b>2,167,839</b>
<b>Total liabilities and net assets</b>	<b>41,094,086</b>	<b>42,004,640</b>

## b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Ordinary income	1,723,931	1,743,228
Insurance premiums and other	1,167,688	1,178,854
Investment income	493,881	514,425
Interest, dividends and other income	373,865	399,949
Gains on money held in trust	-	30
Gains on trading securities	-	2,818
Gains on sales of securities	47,575	32,903
Investment gains on separate accounts	52,600	24,140
Other ordinary income	62,361	49,948
Ordinary expenses	1,682,613	1,702,981
Benefits and other payments	928,044	906,213
Claims paid	307,174	279,705
Annuity payments	214,386	207,733
Benefits payments	184,680	186,049
Surrender benefits	195,867	203,276
Provision for policy reserves and other reserves	334,318	425,136
Provision for reserves for outstanding claims	1,131	2,353
Provision for policy reserves	333,172	422,767
Provision for interest on policyholders' dividend reserves	15	15
Investment expenses	143,234	74,553
Interest expenses	8,117	6,911
Losses on trading securities	7,091	-
Losses on sales of securities	5,139	7,274
Losses on valuation of securities	12,261	5,670
Operating expenses	203,325	220,609
Other ordinary expenses	73,690	76,468
Ordinary profit	41,318	40,247
Extraordinary gains	2	2,119
Gains on disposals of fixed assets	2	2,119
Extraordinary losses	38,194	18,755
Losses on disposals of fixed assets	94	2,275
Impairment losses	211	311
Provision for reserve for price fluctuation	37,313	15,615
Payments to social responsibility reserve	575	552
Surplus(loss) before income taxes	3,126	23,611
Income taxes		
Current	30,043	32,814
Deferred	(36,096)	(33,794)
Total income taxes	(6,052)	(980)
Net surplus(loss)	9,179	24,591
Net surplus attributable to non-controlling interests	6	5
Net surplus(loss) attributable to the Parent Company	9,172	24,585

### c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net surplus(loss)	9,179	24,591
Other comprehensive income(loss)	509,295	93,561
Net unrealized gains(losses) on available-for-sale securities	509,352	68,232
Deferred gains(losses) on derivatives under hedge accounting	10,363	(543)
Foreign currency translation adjustments	(5,992)	22,306
Remeasurements of defined benefit plans	(3,161)	(1,666)
Share of other comprehensive income(loss) of associates under the equity method	(1,267)	5,233
Comprehensive income(loss)	518,474	118,153
Comprehensive income(loss) attributable to the Parent Company	518,467	118,147
Comprehensive income(loss) attributable to non-controlling interests	6	5

## d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>I Cash flows from operating activities:</b>		
Surplus(loss) before income taxes	3,126	23,611
Depreciation	19,942	21,567
Impairment losses	211	311
Amortization of goodwill	3,032	3,112
Increase(Decrease) in reserve for outstanding claims	3,435	2,378
Increase(Decrease) in policy reserves	393,027	481,049
Provision for interest on policyholders' dividend reserves	15	15
Increase(Decrease) in allowance for possible loan losses	1,066	(51)
Increase(Decrease) in net defined benefit liabilities	(3,856)	(1,064)
Increase(Decrease) in reserve for price fluctuation	37,313	15,615
Interest, dividends and other income	(373,865)	(399,949)
Losses(Gains) on securities	(84,401)	(42,553)
Interest expenses	8,117	6,911
Losses(Gains) on tangible fixed assets	80	144
Others, net	69,258	(19,952)
Subtotal	76,505	91,144
Interest, dividends and other income received	408,806	435,876
Interest paid	(8,890)	(5,701)
Policyholders' dividends paid	(26,119)	(29,927)
Others, net	(575)	(552)
Income taxes paid	(25,465)	(24,254)
Net cash provided by operating activities	424,260	466,584
<b>II Cash flows from investing activities:</b>		
Net decrease(increase) in deposits	118,761	14,180
Purchase of monetary claims bought	(365,950)	(278,470)
Proceeds from sales and redemption of monetary claims bought	90,857	387,444
Purchase of money held in trust	-	(2,213)
Purchase of securities	(2,800,653)	(2,002,566)
Proceeds from sales and redemption of securities	1,852,178	1,464,227
Loans made	(212,362)	(387,074)
Proceeds from collection of loans	351,834	137,619
Others, net	545,115	(165,530)
Total investing activities ( II a)	(420,218)	(832,383)
[ I + II a]	[4,041]	[(365,799)]
Purchase of tangible fixed assets	(7,937)	(6,326)
Proceeds from sales of tangible fixed assets	4	551
Others, net	(4,619)	(5,969)
Net cash used in investing activities	(432,771)	(844,128)
<b>III Cash flows from financing activities:</b>		
Repayments of debt	-	(20)
Proceeds from issuance of corporate bonds	-	100,586
Redemption of corporate bonds	(1,175)	(70,000)
Others, net	14,799	31,428
Net cash provided by (used in) financing activities	13,623	61,994
<b>IV Effect of foreign exchange rate changes on cash and cash equivalents</b>	(1,287)	7,783
<b>V Net increase(decrease) in cash and cash equivalents</b>	3,824	(307,765)
<b>VI Cash and cash equivalents at the beginning of the period</b>	584,224	571,440
<b>VII Cash and cash equivalents at the end of the period</b>	588,048	263,675

## e. Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2020

(Millions of Yen)

	Funds, reserve and surplus			
	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus
Beginning balance	639,000	2	102,654	741,656
Cumulative effect due to U.S. GAAP(ASU2016-13,ASU2019-05) used for U.S. subsidiaries			(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
Changes in the period				
Additions to policyholders' dividend reserves			(47,451)	(47,451)
Net surplus attributable to the Parent Company			9,172	9,172
Reversal of land revaluation differences			(236)	(236)
Net changes, excluding funds, reserve and surplus				
Net changes in the period	-	-	(38,516)	(38,516)
Ending balance	639,000	2	64,132	703,134

	Accumulated other comprehensive income(loss)						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains(losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Beginning balance	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)
Beginning balance after reflecting U.S. GAAP(ASU2016-13,ASU2019-05) used for U.S. subsidiaries	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,243
Changes in the period								
Additions to policyholders' dividend reserves								(47,451)
Net surplus attributable to the Parent Company								9,172
Reversal of land revaluation differences								(236)
Net changes, excluding funds, reserve and surplus	509,533	10,363	236	(7,440)	(3,161)	509,532	6	509,538
Net changes in the period	509,533	10,363	236	(7,440)	(3,161)	509,532	6	471,022
Ending balance	1,458,912	10,768	(59,471)	(68,916)	(7,289)	1,334,004	127	2,037,265

Six months ended September 30, 2021

(Millions of Yen)

	Funds, reserve and surplus			
	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus
Beginning balance	639,000	2	81,850	720,853
Changes in the period				
Additions to policyholders' dividend reserves			(54,181)	(54,181)
Net surplus attributable to the Parent Company			24,585	24,585
Reversal of land revaluation differences			(268)	(268)
Net changes, excluding funds, reserve and surplus				
Net changes in the period	-	-	(29,863)	(29,863)
Ending balance	639,000	2	51,987	690,989

	Accumulated other comprehensive income(loss)						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains(losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Beginning balance	1,526,505	104	(59,397)	(84,516)	185	1,382,881	133	2,103,868
Changes in the period								
Additions to policyholders' dividend reserves								(54,181)
Net surplus attributable to the Parent Company								24,585
Reversal of land revaluation differences								(268)
Net changes, excluding funds, reserve and surplus	68,335	(543)	268	27,436	(1,666)	93,829	4	93,834
Net changes in the period	68,335	(543)	268	27,436	(1,666)	93,829	4	63,970
Ending balance	1,594,840	(438)	(59,128)	(57,079)	(1,481)	1,476,711	137	2,167,839

## Notes to the Unaudited Consolidated Financial Statements

### Policies of Presenting the Unaudited Consolidated Financial Statements for the Six Months Ended September 30, 2021

#### 1. Consolidated subsidiaries

The numbers of consolidated subsidiaries were 26 as of September 30, 2021.

The major subsidiaries as of September 30, 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.)

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.

#### 2. Affiliates

The number of unconsolidated subsidiaries under the equity method was 0 as of September 30, 2021.

The number of affiliates under the equity method was 10 as of September 30, 2021.

The major affiliates as of September 30, 2021 are listed as follows:

Nippon Building Fund Management Ltd. (Japan)  
Japan Pension Navigator Co., Ltd. (Japan)  
Mycommunication Co., Ltd. (Japan)  
Agent Insurance Group, Inc. (Japan) (On July 1, 2021, Agent Co., Ltd. changed its corporate name to Agent Insurance Group, Inc.)  
Baoviet Holdings (Vietnam)  
PT BNI Life Insurance (Indonesia)  
Aviva Singlife Holdings Pte.Ltd. (Singapore)



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

3. Interim closing dates of consolidated subsidiaries

The interim closing dates of foreign subsidiaries are June 30, 2021. The consolidated financial statements include the accounts of the subsidiaries as of their interim closing dates, with appropriate adjustments made for material transactions between their interim closing dates and the consolidated balance sheet date.

## Notes to the Unaudited Consolidated Balance Sheet as of September 30, 2021

1. Securities held by SUMITOMO LIFE INSURANCE COMPANY ("the Company") are classified and accounted for as follows:

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

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

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

Equity securities classified as available-for-sale securities are stated at the market value on the balance sheet date. Stocks with no market prices are stated mainly at cost. The cost of these securities sold is calculated using the moving average method.

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

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

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

The subsections are as follows:

Individual life insurance and individual annuity (certain types of insurance are excluded)

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

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

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

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

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

Interest rate variable whole life insurance (single premium)

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

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

3. 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 sheet.

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

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

4. 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.

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

6. 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 period amounted to ¥32 million. 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.

7. Net defined benefit liabilities, supposed to be incurred as of September 30, 2021, are provided based on the projected benefit obligations and plan assets as of March 31, 2022.

Assumptions used in accounting for the defined benefit plans for the period ended September 30, 2021 were as follows:

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

8. Under accounting principles generally accepted in Japan ("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.

The hedging relationships included in the scope of applying the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Solutions No.40, September 29, 2020) are subject to this exceptional treatment. The detail of the hedging relationships which apply the treatment are as follows:

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

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

The variety of hedged instruments: loans

The variety of hedge transactions: to fix the cash flows

9. Derivatives are stated at the fair value.
10. Reserve for price fluctuation is calculated pursuant to Article 115 of the Insurance Business Act.
11. National and local consumption taxes are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, 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. The consolidation tax filings were adopted from the fiscal year ended March 31, 2018. Following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No.8 of 2020), the transition from the consolidation tax filings to the group tax sharing system will be applied for the fiscal year beginning on April 1, 2022. With the adoption of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No.39, March 31, 2020), the Company and certain subsidiaries recognized deferred tax assets/liabilities as of September 30, 2021 based on the provisions of pre-amended Tax Act.
13. Policy reserves of the Company are calculated and accumulated by the method in accordance with the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116 of the Insurance Business Act to prepare for future performance of obligations under 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, Paragraph1, Item 1 of the Ordinance for Enforcement of the Insurance Business Act according to the following methods:

- 1) 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).
- 2) 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 to be insufficient to cover the performance of the future obligations due to a large deviation between estimated future cash flows based on the statement of calculation procedures including assumed incidents rates, interest rates and others and recent actual results.

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

14. 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.
15. The corporate income taxes and inhabitant taxes of the Company for the period are calculated based on the assumption of provisions to policyholders' dividend reserves and payments of interest on foundation funds due to appropriation of surplus in the current fiscal year.
16. The Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019), etc. from the beginning of the period ended September 30, 2021. In accordance with transitional treatment stipulated in Item 19 of "Accounting Standard for Fair Value Measurement" and Item 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied new accounting policies prospectively since the beginning of the period ended September 30, 2021.  
Due to this application, the measurement of the fair value of stocks with market price categorized as available-for-sale securities is changed from the fair value method based on the average market price during the last month of the period to the fair value method based on the market price on the balance sheet date.
17. Fair value of financial instruments and breakdown by input level:

- 1) Fair value of financial instruments

The following table shows the carrying amounts in the consolidated balance sheet, the fair values and their differences of financial instruments as of September 30, 2021.

The amounts shown in the following tables do not include stocks with no market prices and investments in partnership. Cash and deposits (except Negotiable certificates of deposit), Call loans, Payables under repurchase agreements and Payables under securities borrowing transactions are

not included in the following tables since they are mostly short-term, and their fair values approximate their book values.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits	545,040	545,040	—
(Negotiable certificates of deposit)			
[Available-for-sale securities] *1	[545,040]	[545,040]	—
Monetary claims bought *1	457,995	460,724	2,728
[Available-for-sale securities] *1	[336,179]	[336,179]	—
Money held in trust	2,244	2,244	—
Securities	34,987,733	36,842,573	1,854,839
Trading securities	1,186,564	1,186,564	—
Held-to-maturity debt securities	1,651,361	1,916,660	265,299
Policy-reserve-matching bonds	12,486,733	14,074,516	1,587,783
Investments in unconsolidated subsidiaries and affiliated companies	45,336	47,093	1,757
Available-for-sale securities	19,617,738	19,617,738	—
Loans	2,938,129		
Allowance for possible loan losses *2	(3,348)		
	2,934,780	2,976,406	41,626
Corporate bonds	507,228	520,881	13,653
Derivative transactions *3	(129,297)	(129,297)	—
Hedge accounting not applied	10,606	10,606	—
Hedge accounting applied	(139,903)	(139,903)	—

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

\*2 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loans.

\*3 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ( ).

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

The following tables show the carrying amounts in the consolidated balance sheet, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of September 30, 2021.

a) Held-to-maturity debt securities

		Millions of Yen		
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	342,884	373,616	30,731
	Foreign securities (bonds)	1,305,600	1,540,263	234,663

Fair value does not exceed the balance sheet amount	Bonds	2,876	2,780	(95)
	Foreign securities (bonds)	—	—	—
	Total	1,651,361	1,916,660	265,299

b) Policy-reserve-matching bonds

Millions of Yen				
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	10,323,691	11,897,089	1,573,397
	Foreign securities (bonds)	685,485	754,091	68,605
Fair value does not exceed the balance sheet amount	Bonds	1,264,628	1,220,417	(44,211)
	Foreign securities (bonds)	212,926	202,918	(10,007)
	Total	12,486,733	14,074,516	1,587,783

The following table shows the acquisition costs or amortized costs, the carrying amounts in the consolidated balance sheet and their differences of available-for-sale securities as of September 30, 2021.

c) Available-for-sale securities

Millions of Yen				
	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
	Negotiable certificates of deposit	—	—	—
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	143,131	150,921	7,790
	Bonds	1,927,017	2,024,824	97,806
	Stocks	939,788	2,258,230	1,318,441
	Foreign securities	11,319,661	12,191,946	872,285
	Foreign bonds	10,100,996	10,841,182	740,186
	Other foreign securities	1,218,665	1,350,764	132,098
	Other securities	351,063	398,994	47,930
Balance sheet amount does not exceed acquisition cost or amortized cost	Negotiable certificates of deposit	545,100	545,040	(59)
	Monetary claims bought	185,361	185,258	(103)
	Bonds	862,974	831,895	(31,079)
	Stocks	194,075	160,817	(33,257)
	Foreign securities	1,780,935	1,726,620	(54,315)
	Foreign bonds	1,623,332	1,574,482	(48,850)
	Other foreign securities	157,602	152,138	(5,464)
	Other securities	25,027	24,408	(619)



Total	18,274,138	20,498,958	2,224,820
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Note 2: Consolidated balance sheet amounts of stocks with no market prices and investments in partnership are as follows.

These amounts are not included in the tables disclosed in "1) Fair value of financial instruments:"

Millions of Yen	
Balance sheet amount	
Stocks with no market prices*1	126,455
Investments in partnership*2	176,540

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

\*2 Investments in partnership are included in Limited Partnerships. In accordance with Paragraph 27 of "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019), these amounts are not included in fair value disclosure.

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

Millions of Yen				
	Fair value			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	—	545,040	—	545,040
Monetary claims bought	—	176,435	159,743	336,179
Money held in trust	—	—	2,244	2,244
Securities	6,588,084	11,616,068	447,583	18,651,736
Trading securities	549,574	397,079	10,399	957,053
Available for sale securities	6,038,509	11,218,989	437,183	17,694,682
National government bonds	1,199,983	—	—	1,199,983
Local government bonds	—	91,702	—	91,702
Corporate bonds	—	1,563,672	1,361	1,565,033

Domestic stocks	2,414,532	4,515	—	2,419,047
Foreign securities	2,420,743	9,559,098	435,822	12,415,664
Foreign bonds	2,420,743	9,559,098	435,822	12,415,664
Other securities	3,250	—	—	3,250
Loans	—	—	103,616	103,616
Derivative transactions	269	101,588	12,241	114,099
Currency-related	—	54,671	76	54,748
Interest-rate related	—	8,307	—	8,307
Stock-related	268	36,030	12,164	48,464
Other	1	2,579	—	2,580
<b>Total assets</b>	<b>6,588,354</b>	<b>12,439,133</b>	<b>725,430</b>	<b>19,752,918</b>
Derivative transactions	1,929	241,012	455	243,396
Currency-related	—	238,242	150	238,392
Interest-rate related	—	1,349	—	1,349
Stock-related	1,290	1,104	304	2,699
Other	638	315	—	954
<b>Total liabilities</b>	<b>1,929</b>	<b>241,012</b>	<b>455</b>	<b>243,396</b>

\*The amount of investment trusts for which transitional measures were applied in accordance with Paragraph 26 of "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019), were not included in the table above. The consolidated balance sheet amount of these investment trusts was ¥2,152,565 million as of September 30, 2021.

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

	Millions of Yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	—	—	124,544	124,544
Securities	10,939,694	5,096,554	2,022	16,038,270
Held-to-maturity debt securities	168,652	1,748,008	—	1,916,660
National government bonds	168,652	—	—	168,652
Local government bonds	—	2,141	—	2,141
Corporate bonds	—	205,603	—	205,603
Foreign securities	—	1,540,263	—	1,540,263
Foreign bonds	—	1,540,263	—	1,540,263
Policy-reserve-matching bonds	10,771,041	3,301,452	2,022	14,074,516
National government bonds	10,771,041	—	—	10,771,041
Local government bonds	—	141,871	—	141,871
Corporate bonds	—	2,204,593	—	2,204,593

Foreign securities	—	954,987	2,022	957,009
Foreign bonds	—	954,987	2,022	957,009
Investments in unconsolidated subsidiaries and affiliated companies	—	47,093	—	47,093
Loans	—	14,400	2,858,390	2,872,790
<b>Total assets</b>	<b>10,939,694</b>	<b>5,110,954</b>	<b>2,984,956</b>	<b>19,035,605</b>
Corporate bonds	—	520,881	—	520,881
<b>Total liabilities</b>	<b>—</b>	<b>520,881</b>	<b>—</b>	<b>520,881</b>

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

#### Assets

##### 1) Monetary claims bought

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

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

##### 2) Money held in trust

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

##### 3) Securities

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

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

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

##### 4) Loans

As for general loans, the fair values are measured by discounting the total amount of principal and interest and others at interest rates based on the discount rate reflecting such as expected loss by categories according to the types, internal ratings and terms of the loans and bills discounted. When significant unobservable valuation inputs are used, those securities are categorized as level 3.

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

#### Liabilities

1) Corporate bonds

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

Derivative Transactions

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

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

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

1) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings for the period ended September 30, 2021

	Millions of Yen					
	Monetary claims bought	Money held in trust	Securities	Loans	Derivative transactions *3	Total
Beginning balance	159,383	—	473,620	112,291	(20,035)	725,260
Gains (losses) for the period/ other comprehensive income	1,762	31	4,019	(1,682)	535	4,667
Recorded to gains (losses) for the period *1	5	31	2,256	(1,682)	535	1,147
Recorded to other comprehensive income *2	1,756	—	1,763	—	—	3,520
Net amount of purchase, sale, issuance and settlement, etc.	(1,402)	2,213	(24,311)	(6,992)	31,285	793
Transfer to Level 3	—	—	2,361	—	—	2,361

Transfer from Level 3	—	—	(8,108)	—	—	(8,108)
Ending balance	159,743	2,244	447,583	103,616	11,786	724,975
Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date among the amount recognized in the earnings of the period	—	—	460	6,141	3,137	9,738

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

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

\*3 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ( ).

## 2) Explanation about the fair value valuation process

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

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

18. As of September 30, 2021, the note of the fair value of investment and rental properties was omitted since there were no significant changes in the balance sheet amounts and the fair values of investment and rental properties from the end of the previous fiscal year.

19. As of September 30, 2021, the aggregate amount of risk-monitored loans, which was comprised of loans to bankrupt borrowers, loans in arrears, loans in arrears for three months or longer and restructured loans, was ¥2,582 million. The details are as follows:

The amount of loans to bankrupt borrowers was nil, and loans in arrears was ¥782 million.

The amount of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet was ¥18 million for loans in arrears.

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 amount of loans in arrears for three months or longer was nil.

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 amount of restructured loans was ¥1,800 million.

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 the 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.

20. The Company's total amounts deducted from the original acquisition cost of the qualified properties were ¥2,826 million for the period ended September 30, 2021.
21. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥838,272 million as of September 30, 2021. The total amount of separate account liabilities was the same as this.
22. Changes in policyholders' dividend reserves for the period ended September 30, 2021 were as follows:

	Millions of Yen
At the beginning of the fiscal year	218,156
Transfer from surplus in the previous fiscal year	54,181
Dividend payments to policyholders during the period	29,927
Interest accrued during the period	15
At the end of the period	242,426

23. Assets pledged as collateral were securities in the amount of ¥3,702,704 million, loans in the amount of ¥390,948 million and cash and deposits in the amount of ¥1,103 million as of September 30, 2021.
24. Securities loaned under security lending agreements amounted to ¥4,326,826 million as of September 30, 2021.
25. Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair value of the securities which were not sold or pledged as collateral was ¥1,331 million, and none of the securities was pledged as collateral as of September 30, 2021.
26. The amount of loan commitments outstanding was ¥21,840 million as of September 30, 2021.

27. The amount of corporate bonds in liabilities included ¥480,510 million of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of September 30, 2021.
28. Other liabilities included subordinated debt of ¥120,000 million, the repayments of which are subordinated to other obligations and payables under securities borrowing transactions of ¥403,997 million as of September 30, 2021.
29. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥578,686 million and ¥635,748 million, respectively.
30. The Company and a domestic life insurance business subsidiary estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥36,665 million as of September 30, 2021, pursuant to Article 259 of the Insurance Business Act.  
The contributions are recognized as operating expenses when they are made.

## Notes to the Unaudited Consolidated Statement of Income for the Six Months Ended September 30, 2021

1. The Company basically recognizes insurance premiums when the premiums are received and the responsibility on the insurance contract is commenced, which are measured at the amounts to be received.
2. The Company recognizes claims paid when incidents described in policy clause are incurred and these claims are paid, which are measured at the amounts to be paid.  
The Company recognizes outstanding claims with the amount of unpaid claims over the contracts in which payment obligation exists at year end or incidents described in policy clause already incurred but not reported to the Company, pursuant to Article 117 of the Insurance Business Act and Article 72.
3. The details of the Company's impairment losses on fixed assets were as follows:

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

### 1) Method for grouping the assets

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

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

### 2) Description of impairment losses

For the period ended September 30, 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 statement of income.

### 3) Breakdown of impairment losses for the period ended September 30, 2021

Asset Group	Asset Category	Millions of Yen
Idle assets	Land and buildings	311
Total		311

### 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%.



## Notes to the Unaudited Consolidated Statement of Cash Flows for the Six Months Ended September 30, 2021

1. In the consolidated statement 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.
2. Reconciliation of cash and deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows as of September 30, 2021 was as follows:

	Millions of Yen
Cash and deposits	1,064,604
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(800,929)
Cash and cash equivalents	263,675

## 2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2021	As of September 30, 2021
Solvency margin gross amount (A)	5,178,317	5,420,923
Foundation funds and others	516,421	507,680
Reserve for price fluctuation	883,835	899,451
Contingency reserve	510,966	613,575
Unusual contingency reserve	—	—
General allowance for possible loan losses	3,496	3,657
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred gains (losses) on derivatives under hedge accounting (before income tax effect adjustments)) × 90% (Multiplied by 100% if losses)	1,880,484	1,968,825
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	103,047	116,249
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	261	(2,051)
Excess of continued Zillmerized reserve	791,007	796,451
Qualifying subordinated debt	569,924	600,510
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(152,230)	(155,650)
Others	71,101	72,224
Total amount of risk $\sqrt{R_1^2 + R_5^2 + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$ (B)	1,200,721	1,178,957
Insurance risk $R_1$	90,606	92,895
General insurance risk $R_5$	—	—
Large disaster risk $R_6$	0	0
Third-sector insurance risk $R_8$	82,627	85,004
Insurance risk of small-amount, short-term insurer $R_9$	9	9
Risk of assumed yield $R_2$	181,527	178,539
Minimum guarantee risk $R_7^*$	4,896	5,251
Investment risk $R_3$	974,755	955,018
Operational risk $R_4$	26,688	26,334
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	862.5%	919.6%

\* 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.

### 3. Non-Consolidated Financial Information

#### a. Overall Composition of Investments (General Account)

(Millions of Yen, %)

	As of March 31, 2021		As of September 30, 2021	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,300,346	3.8	1,070,653	3.1
Monetary claims bought	565,143	1.6	457,995	1.3
Money held in trust	-	-	2,244	0.0
Investments in securities	29,756,172	86.0	30,237,143	86.6
Domestic bonds	14,431,149	41.7	14,560,684	41.7
Domestic stocks	2,480,707	7.2	2,560,908	7.3
Foreign securities	12,391,645	35.8	12,625,923	36.2
Foreign bonds	10,516,392	30.4	10,451,423	29.9
Other foreign securities	1,875,252	5.4	2,174,499	6.2
Other securities	452,669	1.3	489,627	1.4
Loans	1,945,518	5.6	2,166,258	6.2
Policy loans	258,549	0.7	250,351	0.7
Industrial and consumer loans	1,686,968	4.9	1,915,906	5.5
Real estate	557,409	1.6	554,382	1.6
Investment property	394,204	1.1	391,497	1.1
Deferred tax assets	68,356	0.2	63,825	0.2
Other assets	403,110	1.2	345,642	1.0
Allowance for possible loan losses	(890)	(0.0)	(916)	(0.0)
Total	34,595,165	100.0	34,897,230	100.0
Foreign currency denominated assets	11,799,295	34.1	11,971,059	34.3

Note: Real estate is recorded as the sum total of land, buildings and construction in progress.

## b. Fair Value Information of Securities (General Account)

### (1) Net Valuation Gains and Losses on Trading Securities

	As of March 31, 2021		As of September 30, 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	-	-	2,244	40

Note: The table above includes money, etc. held in trust for trading.

### (2) Fair Value Information of Securities (Except for Trading Securities)

(Millions of Yen)

	As of March 31, 2021					As of September 30, 2021				
	Book value	Fair value	Net gains (losses)	Net gains (losses)		Book value	Fair value	Net gains (losses)	Net gains (losses)	
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	1,590,707	1,852,103	261,395	261,404	(8)	1,580,249	1,834,902	254,653	254,659	(6)
Policy-reserve-matching bonds	12,470,906	14,068,089	1,597,183	1,654,525	(57,341)	12,486,733	14,074,516	1,587,783	1,642,003	(54,219)
Investments in subsidiaries and affiliated companies	52,238	46,861	(5,376)	-	(5,376)	52,238	47,093	(5,144)	-	(5,144)
Available-for-sale securities	13,963,576	15,804,479	1,840,903	1,986,544	(145,641)	14,198,756	16,171,477	1,972,721	2,082,139	(109,417)
Domestic bonds	2,477,237	2,529,740	52,503	86,818	(34,315)	2,635,411	2,697,715	62,303	92,434	(30,131)
Domestic stocks	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)	1,133,808	2,418,824	1,285,016	1,318,274	(33,257)
Foreign securities	9,096,111	9,618,085	521,974	601,930	(79,956)	9,179,851	9,750,314	570,462	615,709	(45,246)
Foreign bonds	7,922,014	8,356,187	434,173	509,392	(75,219)	7,803,582	8,247,411	443,828	483,611	(39,782)
Other foreign securities	1,174,097	1,261,898	87,801	92,538	(4,737)	1,376,268	1,502,902	126,634	132,098	(5,464)
Other securities	349,067	387,108	38,040	38,775	(735)	376,091	423,403	47,311	47,930	(619)
Monetary claims bought	433,890	439,749	5,859	6,427	(567)	328,492	336,179	7,686	7,790	(103)
Negotiable certificates of deposit	491,600	491,530	(69)	-	(69)	545,100	545,040	(59)	-	(59)
Others	-	-	-	-	-	-	-	-	-	-
Total	28,077,428	31,771,534	3,694,106	3,902,473	(208,367)	28,317,976	32,127,990	3,810,013	3,978,802	(168,788)
Domestic bonds	14,378,646	16,015,275	1,636,628	1,710,830	(74,201)	14,498,381	16,109,861	1,611,479	1,685,828	(74,348)
Domestic stocks	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)	1,133,808	2,418,824	1,285,016	1,318,274	(33,257)
Foreign securities	11,308,555	12,099,606	791,051	893,848	(102,797)	11,436,102	12,294,681	858,578	918,978	(60,399)
Foreign bonds	10,082,219	10,790,846	708,627	801,310	(92,683)	10,007,595	10,744,684	737,089	786,879	(49,790)
Other foreign securities	1,226,335	1,308,760	82,424	92,538	(10,113)	1,428,506	1,549,996	121,489	132,098	(10,608)
Other securities	349,067	387,108	38,040	38,775	(735)	376,091	423,403	47,311	47,930	(619)
Monetary claims bought	433,890	439,749	5,859	6,427	(567)	328,492	336,179	7,686	7,790	(103)
Negotiable certificates of deposit	491,600	491,530	(69)	-	(69)	545,100	545,040	(59)	-	(59)
Others	-	-	-	-	-	-	-	-	-	-

Note: 1. The table above includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

2. Book values of stocks, etc. without quoted market price are excluded from the table above.

**Book values of stocks, etc. without quoted market price are as follows:**

(Millions of Yen)

	As of March 31, 2021	As of September 30, 2021
Investments in subsidiaries and affiliated companies	697,616	700,922
Available-for-sale securities	62,198	107,742
Domestic stocks	20,368	20,007
Foreign stocks	34,558	34,558
Others	7,271	53,175
Total	759,814	808,665

**(3) Fair Value Information of Money held in trust**

(Millions of Yen)

	As of March 31, 2021					As of September 30, 2021				
	Balance sheet amount	Fair value	Net gains (losses)	Gains	Losses	Balance sheet amount	Fair value	Net gains (losses)	Gains	Losses
Money held in trust	-	-	-	-	-	2,244	2,244	-	-	-

**Money held in trust for trading**

(Millions of Yen)

	As of March 31, 2021		As of September 30, 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
Money held in trust for trading	-	-	2,244	40

**Money held in trust except for trading**

No money held in trust except for trading as of March 31, 2021 and September 30, 2021.

## c. Fair Value Information of Derivative Transactions (General Account)

### (1) Net Gains and Losses on Derivatives

(Millions of Yen)

	As of March 31, 2020						As of September 30, 2021					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	6,094	(343,195)	-	-	-	(337,100)	4,494	(103,370)	-	-	-	(98,875)
Hedge accounting not applied	-	(114,345)	(29,942)	99	687	(143,501)	(167)	(43,322)	(1,656)	(66)	(44)	(45,256)
Total	6,094	(457,540)	(29,942)	99	687	(480,602)	4,326	(146,692)	(1,656)	(66)	(44)	(144,132)

Notes: Net gains (losses) from derivatives with hedge accounting (fair value hedge method) applied, and net gains (losses) from derivatives with hedge accounting not applied are recorded on the statement of income.

Net gains (losses) from derivatives with hedge accounting (fair value hedge method) applied amounted to loss of ¥ 374,068 million and loss of ¥ 137,982 million as of March 31, 2021 and September 30, 2021, respectively.

### (2) Interest-related

(Millions of Yen)

Type	As of March 31, 2020				As of September 30, 2021			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Over-the-counter transactions								
Interest rate swaps								
Receipts fixed, payments floating	15,645	11,580	13	13	41,612	41,557	(167)	(167)
Receipts floating, payments fixed	83,032	83,032	6,081	6,081	83,940	83,940	4,494	4,494
Total				6,094				4,326

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

#### (Reference)

#### Interest rate swaps by contractual maturity dates

[As of September 30, 2021]

(Millions of Yen, %)

	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)	55	11,052	505	-	-	30,000	41,612
Average fixed rate (receipt)	1.06	1.20	0.17	-	-	0.37	0.59
Average floating rate (payment)	0.63	1.11	0.23	-	-	(0.04)	0.27
Notional amount (receipts floating, payments fixed)	-	-	-	33,576	50,364	-	83,940
Average fixed rate (payment)	-	-	-	1.83	2.39	-	2.17
Average floating rate (receipt)	-	-	-	1.32	1.84	-	1.63

### (3) Currency-related

(Millions of Yen)

Type	As of March 31, 2021				As of September 30, 2021			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Over-the-counter transactions								
Foreign currency forward contracts								
Sold	11,132,717	2,386,505	(587,772)	(587,772)	9,250,236	2,954,698	(186,775)	(186,775)
(U.S. dollar)	5,143,273	1,116,818	(218,638)	(218,638)	4,162,191	1,507,292	(148,055)	(148,055)
(Euro)	3,539,608	906,783	(156,414)	(156,414)	2,818,586	1,312,645	(26,342)	(26,342)
(Australian dollar)	1,512,317	248,123	(176,151)	(176,151)	1,551,895	134,759	(13,281)	(13,281)
Bought	3,541,238	-	100,307	100,307	1,829,688	-	5,851	5,851
(Euro)	1,540,883	-	44,898	44,898	937,350	-	(991)	(991)
(U.S. dollar)	1,418,890	-	47,157	47,157	513,183	-	8,419	8,419
(Australian dollar)	272,639	-	5,311	5,311	298,818	-	(1,056)	(1,056)
Currency options								
Sold								
Call	172,500	-			120,000	-		
[U.S. dollar]	[726]		172	553	[313]		150	163
Put	135,000	-			-	-		
[U.S. dollar]	[681]		-	681	[-]		-	-
Bought								
Put	150,000	-			186,400	-		
[U.S. dollar]	[2,186]		2	(2,184)	[620]		76	(543)
(Euro)	150,000	-			186,400	-		
(U.S. dollar)	[2,186]		2	(2,184)	[620]		76	(543)
Currency swaps	37,806	37,806	(3,900)	(3,900)	37,806	37,806	(4,339)	(4,339)
(U.S. dollar)	35,351	35,351	(3,685)	(3,685)	35,351	35,351	(4,126)	(4,126)
(Euro)	2,454	2,454	(215)	(215)	2,454	2,454	(212)	(212)
Total				(492,314)				(185,643)

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.

3. Net gains (losses) represent the fair values for foreign currency forward contracts and currency swaps, and the difference between the option fees and the fair values for currency options.

#### (4) Stock-related

(Millions of Yen)

Type	As of March 31, 2021				As of September 30, 2021			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Exchange-traded transactions								
Stock index futures								
Bought	21,868	-	93	93	31,993	-	(833)	(833)
Over-the-counter transactions								
Stock index options								
Sold								
Call	148,470 [1,674]	-	28,555	(26,881)	- [-]	-	-	-
Put	122,715 [2,326]	-	-	2,326	- [-]	-	-	-
Bought								
Put	149,985 [5,481]	-	-	(5,481)	66,000 [1,392]	-	569	(822)
Total				(29,942)				(1,656)

Notes: 1. Option fees are shown in [ ].

2. Net gains (losses) represent the fair values for stock index futures and the difference between the option fees and the fair values for stock index options.

#### (5) Bond-related

(Millions of Yen)

Type	As of March 31, 2021				As of September 30, 2021			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	55	11052
Exchange-traded transactions								
Bond futures								
Sold	20,393	-	99	99	42,854	-	(5)	(5)
Bought	-	-	-	-	10,111	-	(60)	(60)
Total				99				(66)

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

#### (6) Others

(Millions of Yen)

Type	As of March 31, 2021				As of September 30, 2021			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Over-the-counter transactions								
Multi-asset index options								
Sold								
Call	134,140 [445]	-	549	(103)	131,368 [426]	-	315	110
Bought								
Call	127,843 [2,630]	-	3,421	790	129,989 [2,734]	-	2,579	(155)
Total				687				(44)

Notes: 1. Option fees are shown in [ ].

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



#### d. Risk-Monitored Loans

(Millions of Yen, %)

	As of March 31, 2021	As of September 30, 2021
Loans to bankrupt borrowers	-	-
Loans in arrears	831	782
Loans in arrears for three months or longer	-	-
Restructured loans	1,200	1,800
Total	2,031	2,582
[Percentage of total loans]	[0.10]	[0.12]
[Percentage of total assets]	[0.01]	[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 as of March 31, 2021 and September 30, 2021 amounted to ¥247 million and ¥18 million, respectively.
2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood 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.