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Financial Results for the Six Months Ended September 30, 2022  
( 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, 2022.

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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, 2022	As of September 30, 2022
<b>ASSETS:</b>		
Cash and deposits	1,107,622	1,584,238
Call loans	260,597	219,891
Monetary claims bought	310,140	482,669
Money held in trust	4,914	8,758
Securities	35,833,252	35,668,721
Loans	3,023,520	3,271,343
Tangible fixed assets	567,165	598,368
Intangible fixed assets	201,871	250,940
Due from agents	239	196
Reinsurance receivables	1,728	3,935
Other assets	1,375,566	1,621,014
Net defined benefit assets	21,677	21,151
Deferred tax assets	290,037	722,012
Allowance for possible loan losses	(4,047)	(4,453)
<b>Total assets</b>	<b>42,994,287</b>	<b>44,448,789</b>
<b>LIABILITIES:</b>		
Policy reserves and other reserves	33,714,825	35,350,175
Reserve for outstanding claims	156,079	228,872
Policy reserves	33,342,519	34,877,608
Policyholders' dividend reserves	216,226	243,694
Reinsurance payables	20,523	13,901
Corporate bonds	508,257	513,429
Other liabilities	6,124,590	7,090,263
Payables under repurchase agreements	3,513,925	4,142,770
Other	2,610,664	2,947,492
Net defined benefit liabilities	2,884	4,381
Reserve for price fluctuation	972,169	1,015,588
Deferred tax liabilities	13,172	-
Deferred tax liabilities for land revaluation	12,583	12,548
<b>Total liabilities</b>	<b>41,369,007</b>	<b>44,000,286</b>
<b>NET ASSETS:</b>		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	73,458	61,364
Total funds, reserve and surplus	712,461	700,367
Net unrealized gains (losses) on available-for-sale securities	1,015,426	(222,760)
Deferred gains (losses) on derivatives under hedge accounting	(3,001)	(12,754)
Land revaluation differences	(59,581)	(59,438)
Foreign currency translation adjustments	(39,098)	44,716
Remeasurements of defined benefit plans	(1,067)	(1,772)
Total accumulated other comprehensive income	912,676	(252,009)
Non-controlling interests	141	144
<b>Total net assets</b>	<b>1,625,279</b>	<b>448,502</b>
<b>Total liabilities and net assets</b>	<b>42,994,287</b>	<b>44,448,789</b>

## b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Ordinary income	1,743,228	2,304,218
Insurance premiums and other	1,178,854	1,310,974
Investment income	514,425	934,594
Interest, dividends and other income	399,949	482,249
Gains on money held in trust	30	1,196
Gains on trading securities	2,818	-
Gains on sales of securities	32,903	170,832
Investment gains on separate accounts	24,140	-
Other ordinary income	49,948	58,648
Ordinary expenses	1,702,981	2,209,660
Benefits and other payments	906,213	1,070,323
Claims paid	279,705	287,800
Annuity payments	207,733	203,515
Benefits payments	186,049	263,023
Surrender benefits	203,276	285,523
Provision for policy reserves and other reserves	425,136	494,797
Provision for reserves for outstanding claims	2,353	39,244
Provision for policy reserves	422,767	455,537
Provision for interest on policyholders' dividend reserves	15	14
Investment expenses	74,553	323,168
Interest expenses	6,911	11,240
Losses on trading securities	-	54,680
Losses on sales of securities	7,274	75,872
Losses on valuation of securities	5,670	2,397
Investment losses on separate accounts	-	32,056
Operating expenses	220,609	237,788
Other ordinary expenses	76,468	83,583
Ordinary profit	40,247	94,558
Extraordinary gains	2,119	12
Gains on disposals of fixed assets	2,119	12
Extraordinary losses	18,755	45,748
Losses on disposals of fixed assets	2,275	67
Impairment losses	311	1,685
Provision for reserve for price fluctuation	15,615	43,418
Payments to social responsibility reserve	552	577
Surplus (loss) before income taxes	23,611	48,822
Income taxes		
Current	32,814	1,254
Deferred	(33,794)	1,205
Total income taxes	(980)	2,460
Net surplus	24,591	46,362
Net surplus attributable to non-controlling interests	5	3
Net surplus attributable to the Parent Company	24,585	46,358

### c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net surplus	24,591	46,362
Other comprehensive income (loss)	93,561	(1,164,829)
Net unrealized gains (losses) on available-for-sale securities	68,232	(1,236,191)
Deferred gains (losses) on derivatives under hedge accounting	(543)	(9,752)
Foreign currency translation adjustments	22,306	69,864
Remeasurements of defined benefit plans	(1,666)	(704)
Share of other comprehensive income (loss) of associates under the equity method	5,233	11,955
Comprehensive income (loss)	118,153	(1,118,466)
Comprehensive income (loss) attributable to the Parent Company	118,147	(1,118,470)
Comprehensive income (loss) attributable to non-controlling interests	5	3

## d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>I Cash flows from operating activities:</b>		
Surplus (loss) before income taxes	23,611	48,822
Depreciation	21,567	23,560
Impairment losses	311	1,685
Amortization of goodwill	3,112	3,847
Increase (Decrease) in reserve for outstanding claims	2,378	66,075
Increase (Decrease) in policy reserves	481,049	601,859
Provision for interest on policyholders' dividend reserves	15	14
Increase (Decrease) in allowance for possible loan losses	(51)	(181)
Increase (Decrease) in net defined benefit liabilities	(1,064)	1,045
Increase (Decrease) in reserve for price fluctuation	15,615	43,418
Interest, dividends and other income	(399,949)	(482,249)
Losses (Gains) on securities	(42,553)	(16,096)
Interest expenses	6,911	11,240
Losses (Gains) on tangible fixed assets	144	43
Others, net	(19,952)	(180,246)
Subtotal	91,144	122,839
Interest, dividends and other income received	435,876	503,536
Interest paid	(5,701)	(9,986)
Policyholders' dividends paid	(29,927)	(30,856)
Others, net	(552)	(577)
Income taxes paid	(24,254)	(20,150)
Net cash provided by operating activities	466,584	564,804
<b>II Cash flows from investing activities:</b>		
Net decrease (increase) in deposits	14,180	(275,477)
Purchase of monetary claims bought	(278,470)	(455,493)
Proceeds from sales and redemption of monetary claims bought	387,444	279,452
Purchase of money held in trust	(2,213)	(2,647)
Purchase of securities	(2,002,566)	(3,308,645)
Proceeds from sales and redemption of securities	1,464,227	3,405,824
Loans made	(387,074)	(497,607)
Proceeds from collection of loans	137,619	405,813
Others, net	(165,530)	78,495
Total investment activities ( II a)	(832,383)	(370,284)
[ I + II a]	[(365,799)]	[194,519]
Purchase of tangible fixed assets	(6,326)	(44,392)
Proceeds from sales of tangible fixed assets	551	330
Others, net	(5,969)	(8,159)
Net cash used in investing activities	(844,128)	(422,505)
<b>III Cash flows from financing activities:</b>		
Repayments of debt	(20)	-
Proceeds from issuance of corporate bonds	100,586	-
Redemption of corporate bonds	(70,000)	-
Others, net	31,428	32,676
Net cash provided by (used in) financing activities	61,994	32,676
<b>IV Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>7,783</b>	<b>26,147</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>(307,765)</b>	<b>201,123</b>
<b>VI Cash and cash equivalents at the beginning of the period</b>	<b>571,440</b>	<b>297,861</b>
<b>VII Cash and cash equivalents at the end of the period</b>	<b>263,675</b>	<b>498,985</b>

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

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

Six months ended September 30, 2022

(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	73,458	712,461
Changes in the period				
Additions to policyholders' dividend reserves			(58,310)	(58,310)
Net surplus attributable to the Parent Company			46,358	46,358
Reversal of land revaluation differences			(142)	(142)
Net changes, excluding funds, reserve and surplus				
Net changes in the period	-	-	(12,094)	(12,094)
Ending balance	639,000	2	61,364	700,367

	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	1,015,426	(3,001)	(59,581)	(39,098)	(1,067)	912,676	141	1,625,279
Changes in the period								
Additions to policyholders' dividend reserves								(58,310)
Net surplus attributable to the Parent Company								46,358
Reversal of land revaluation differences								(142)
Net changes, excluding funds, reserve and surplus	(1,238,186)	(9,752)	142	83,815	(704)	(1,164,686)	2	(1,164,683)
Net changes in the period	(1,238,186)	(9,752)	142	83,815	(704)	(1,164,686)	2	(1,176,777)
Ending balance	(222,760)	(12,754)	(59,438)	44,716	(1,772)	(252,009)	144	448,502

## Notes to the Unaudited Consolidated Financial Statements

### Policies of Presenting the Unaudited Consolidated Financial Statements for the Six Months Ended September 30, 2022

#### 1. Consolidated subsidiaries

The number of consolidated subsidiaries was 28 as of September 30, 2022.

The major subsidiaries as of September 30, 2022 are listed as follows:

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

Sumisei Asset Management Company was included in the scope of the consolidation as a result of its establishment from the period ended September 30, 2022.

One subsidiary of Symetra Financial Corporation was included in the scope of the consolidation as a result of its establishment from the period ended September 30, 2022.

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to the dissolution of equity from the period ended September 30, 2022.

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, 2022.

The number of affiliates under the equity method was 10 as of September 30, 2022.

The major affiliates as of September 30, 2022 are listed as follows:

Nippon Building Fund Management Ltd. (Japan)  
Japan Pension Navigator Co., Ltd. (Japan)

Mycommunication Co., Ltd. (Japan)  
Agent Insurance Group, Inc. (Japan)  
Baoviet Holdings (Vietnam)  
PT BNI Life Insurance (Indonesia)  
Singapore Life Holdings Pte. Ltd. (Singapore)

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

3. Interim closing date of consolidated subsidiaries

The interim closing date of foreign subsidiaries is June 30, 2022. 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, 2022

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 and a certain percentage of cash flows are excluded)

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

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

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

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

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

Interest rate variable whole life insurance (single premium)

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

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

insurance are excluded)

3. 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:

- 1) Buildings

Calculated using the straight-line method.

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

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

- 3) 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 was ¥30 million for the period ended September 30, 2022.

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, 2022, are provided based on the projected benefit obligations and plan assets as of March 31, 2023.

Assumptions used in accounting for the defined benefit plans for the period ended September 30, 2022 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 deferred hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain policy reserves in order to appropriately control interest rate fluctuations, in accordance with Industry Audit Committee Practical Guideline No. 26, "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators," issued by the Japanese Institute of Certified Public Accountants.

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

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

The hedging relationships included in the scope of applying the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Solutions No.40, March 17, 2022) are subject to 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 company and some consolidated subsidiaries in Japan, which adopted the Group Tax Sharing System, processed and disclosed corporate tax and local corporate tax, and Tax Effect Accounting, based on "the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force No.42, August 12, 2021).
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 its insurance contracts.

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

- 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 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.

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 "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)) from the beginning of the period ended September 30, 2022. In accordance with transitional treatment stipulated in Item 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement," the Company has applied new accounting policies prospectively since the beginning of the period ended September 30, 2022.  
Due to this application, the measurement of fair value of investment trusts was based on "Implementation Guidance on Accounting Standard for Fair Value Measurement" and matters concerning fair value of investment trusts and breakdown by input level were noted.
17. Fair value of financial instruments and matters concerning 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, 2022.

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	642,359	642,359	—
(Negotiable certificates of deposit)			
[Available-for-sale securities] *1	[642,359]	[642,359]	—
Monetary claims bought	482,669	482,652	(16)
[Available-for-sale securities] *1	[368,254]	[368,254]	—
Money held in trust	8,758	8,758	—
Securities	35,201,631	35,792,507	590,875
Trading securities	1,053,083	1,053,083	—
Held-to-maturity debt securities	1,626,789	1,876,664	249,875
Policy-reserve-matching bonds	12,820,423	13,161,509	341,085
Investments in unconsolidated subsidiaries and affiliated companies	53,301	53,216	(85)
Available-for-sale securities *2	19,648,033	19,648,033	—
Loans	3,271,343		
Allowance for possible loan losses *3	(3,803)		
	3,267,539	3,208,730	(58,809)
Corporate bonds	513,429	502,576	(10,852)
Derivative transactions *4	(1,141,450)	(1,141,450)	—
Hedge accounting not applied	(223,723)	(223,723)	—
Hedge accounting applied	(917,727)	(917,727)	—

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

\*2 The amount of the investment trusts applied net asset value as fair value is included in accordance with Item 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)).

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

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

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

The following tables show the carrying amounts in the consolidated balance sheet, the fair values and

their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of September 30, 2022.

a) Held-to-maturity debt securities

				Millions of Yen
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	293,769	314,308	20,538
	Foreign securities (bonds)	1,305,600	1,536,861	231,261
Fair value does not exceed the balance sheet amount	Bonds	27,419	25,494	(1,924)
	Foreign securities (bonds)	—	—	—
Total		1,626,789	1,876,664	249,875

b) Policy-reserve-matching bonds

				Millions of Yen
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	8,035,286	9,060,067	1,024,781
	Foreign securities (bonds)	68,064	70,347	2,283
Fair value does not exceed the balance sheet amount	Bonds	3,572,468	3,091,487	(480,980)
	Foreign securities (bonds)	1,144,605	939,605	(204,999)
Total		12,820,423	13,161,509	341,085

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, 2022.

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	67,291	70,640	3,348
	Bonds	752,487	807,240	54,753
	Stocks	942,562	1,975,704	1,033,141
	Foreign securities	2,180,461	2,483,092	302,630
	Foreign bonds	1,951,763	2,165,084	213,321
	Other foreign securities	228,698	318,008	89,309
	Other securities	82,577	103,250	20,673
		Negotiable certificates of deposit	642,400	642,359
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary claims bought	300,453	297,614	(2,839)
	Bonds	2,221,627	1,936,834	(284,792)
	Stocks	299,559	262,026	(37,533)
	Foreign securities	13,250,327	11,806,439	(1,443,888)
	Foreign bonds	11,610,171	10,436,710	(1,173,461)
	Other foreign securities	1,640,156	1,369,729	(270,427)
	Other securities	316,602	273,444	(43,158)
	Total	21,056,351	20,658,647	(397,703)

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	155,039
Investments in partnership*2	312,049

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

\*2 Investments in partnership includes those for Limited Partnerships. In accordance with Item 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)), 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	—	642,359	—	642,359
Monetary claims bought	—	217,992	150,262	368,254
Money held in trust	—	—	8,758	8,758
Securities	6,328,507	13,336,425	717,418	20,382,351
Trading securities	649,002	404,039	42	1,053,083
Available for sale securities	5,679,505	12,932,386	717,376	19,329,267
National government bonds	1,139,486	—	—	1,139,486
Local government bonds	—	42,201	—	42,201
Corporate bonds	—	1,561,745	641	1,562,387
Domestic stocks	2,219,247	18,483	—	2,237,731
Foreign securities	2,267,750	10,993,997	716,734	13,978,481
Foreign bonds	2,040,736	10,032,766	528,291	12,601,794
Other foreign securities	227,013	961,230	188,442	1,376,687
Other securities	53,020	315,958	—	368,979
Loans	—	—	127,408	127,408
Derivative transactions	4,435	118,307	5,384	128,127
Currency-related	—	80,885	136	81,021
Interest-rate related	—	22,987	—	22,987
Stock-related	4,434	13,798	5,247	23,480
Other	1	636	—	638
Total assets	6,332,943	14,315,085	1,009,232	21,657,260

Derivative transactions	1,855	1,260,954	6,768	1,269,578
Currency-related	—	1,223,720	3,936	1,227,656
Interest-rate related	—	23,448	—	23,448
Stock-related	966	13,734	2,832	17,532
Other	889	51	—	940
<b>Total liabilities</b>	<b>1,855</b>	<b>1,260,954</b>	<b>6,768</b>	<b>1,269,578</b>

Net asset value of investment trusts is not included in the table above in accordance with Item 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Application Guidance of Corporate Accounting standards, No. 31 (17 June 2021, revised on)). The consolidated balance sheet amount of these investment trusts was ¥318,765 million as of September 30, 2022.

The reconciliation between the beginning and ending balance is below:

	Millions of Yen
	Net asset value of investment trusts
Beginning balance	228,914
Gains (losses) for the period/ other comprehensive income	48,612
Recorded to gains (losses) for the period *1	1,812
Recorded to other comprehensive income *2	46,800
Net amount of purchase, sale, issuance and settlement, etc.	41,239
The amount of the investment trusts applied net asset value as fair value in the earnings of the period	—
The amount of the investment trusts not applied net asset value as fair value in the earnings of the period	—
Ending balance	318,765
Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date among the amount recognized in the earnings of the period	—

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

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

These investment trusts with the restrictions of redemption mainly consisted of the investment trusts with the restriction that voluntary cancellation is not permitted, and the consolidated balance sheet amount of these investment trusts was ¥237,277 million as of September 30, 2022.

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

Millions of Yen				
	Fair value			Total
	Level 1	Level 2	Level 3	
Monetary claims bought	—	—	114,397	114,397
Securities	10,281,131	4,808,252	2,005	15,091,390
Held-to-maturity debt securities	162,982	1,713,682	—	1,876,664
National government bonds	162,982	—	—	162,982
Local government bonds	—	1,882	—	1,882
Corporate bonds	—	174,938	—	174,938
Foreign securities	—	1,536,861	—	1,536,861
Foreign bonds	—	1,536,861	—	1,536,861
Policy-reserve-matching bonds	10,118,149	3,041,354	2,005	13,161,509
National government bonds	10,118,149	—	—	10,118,149
Local government bonds	—	130,113	—	130,113
Corporate bonds	—	1,903,292	—	1,903,292
Foreign securities	—	1,007,948	2,005	1,009,953
Foreign bonds	—	1,007,948	2,005	1,009,953
Investments in unconsolidated subsidiaries and affiliated companies	—	53,216	—	53,216
Loans	—	18,039	3,063,282	3,081,322
Total assets	10,281,131	4,826,292	3,179,686	18,287,110
Corporate bonds	—	502,576	—	502,576
Total liabilities	—	502,576	—	502,576

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.

For investment trusts which do not have market price, the company applied net asset value of these investment trusts as fair value if there are no material restrictions on cancellation as the company is required to compensate market participant for the cancellation. The fair value is categorized as Level 2 or Level 3 based on the level of the major components of these investment trusts.

#### 4) Loans

As for general loans, the fair values are measured 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) Quantitative information about significant unobservable input\*1

Category	Valuation technique	Significant unobservable inputs	Range
Loans	Discounted cash flow	Discount rate	4.35%-6.35%

\*1 The non-adjusted inputs obtained from third parties are not included.

2) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings for the period ended September 30, 2022

	Millions of Yen					
	Monetary claims bought	Money held in trust	Securities	Loans	Derivative transactions*6	Total
Beginning balance *1	157,630	4,914	695,614	114,039	9,080	981,278
Gains (losses) for the period/ other comprehensive income	(3,507)	1,196	32,710	(12,291)	(18,705)	(596)
Recorded to gains (losses) for the period *2	2	1,196	72,830	(12,291)	(18,705)	43,033
Recorded to other comprehensive income *3	(3,510)	—	(40,119)	—	—	(43,630)
Net amount of purchase, sale, issuance and settlement, etc.	(3,859)	2,647	20,647	25,660	8,240	53,334
Transfer to Level 3 *4	—	—	3,705	—	—	3,705
Transfer from Level 3 *5	—	—	(35,258)	—	—	(35,258)
Ending balance	150,262	8,758	717,418	127,408	(1,384)	1,002,463
Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date among the amount recognized in the earnings of the period	—	—	(1)	(4,682)	(13,895)	(18,580)

\*1 The amount of investment trusts, ¥167,622 million, is included in Securities.

- \*2 Principally included in "Investment income" and "Investment expenses" of the consolidated statements of income.
- \*3 Included in "Net unrealized gains (losses) on available-for-sale securities" under "Other comprehensive income (loss)." of the consolidated statements of comprehensive income.
- \*4 Those are the transfers from Level 1 or 2 to Level 3, due to changes in observability of valuation inputs which are used in fair value measurements. The transfer was made at the beginning of the fiscal year.
- \*5 Those are the transfers from Level 3 to Level 1 or 2, due to changes in observability of valuation inputs which are used in fair value measurements. The transfer was made at the beginning of the fiscal year.
- \*6 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ( ).

### 3) Explanation about the fair value valuation process

The company has implemented policies and procedures regarding the fair value measurement by the risk management department and 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.

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

#### Discount rate

Discount rate is a rate that is adjusted to reflect the uncertainty of cash flow and the liquidity of financial instruments. A significant increase (decrease) in discount rate generally causes a significant decrease (increase) in fair value.

18. As of September 30, 2022, 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. Of claims pursuant to the Insurance Business Act, the aggregate amounts of claims against bankrupt or de facto bankrupt borrowers, doubtful claims, past due claims (3 months or more) and restructured claims were ¥639 million as of September 30, 2022. The details are as follows:

The amounts of claims against bankrupt or de facto bankrupt borrowers were nil and doubtful claims were ¥639 million as of September 30, 2022. The amounts of claims deemed uncollectible and directly deducted from the claims in the consolidated balance sheet were ¥16 million, which is claims against bankrupt or de facto bankrupt borrowers.

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation of other similar legal proceedings. Doubtful claims are those against borrowers who have not yet failed

but their financial condition business performance have deteriorated, with a high possibility that the principal and interest on these claims will not be received as per agreement, excluding claims against bankrupt or de facto bankrupt borrowers. The amounts of past due claims (3 months or more) were nil as of September 30, 2022.

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

The amounts of restructured claims were nil million as of September 30, 2022. Restructured claims represent claims which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured claims do not include claims classified as claims against bankrupt or de facto bankrupt borrowers, doubtful claims or past due claims (3 months or more).

20. The Company's total amounts deducted from the original acquisition cost of the qualified properties were ¥16,601 million for the period ended September 30, 2022.
21. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥779,162 million as of September 30, 2022. The total amount of separate account liabilities was the same as this.
22. Changes in policyholders' dividend reserves for the period ended September 30, 2022 were as follows:

	Millions of Yen
At the beginning of the fiscal year	216,226
Transfer from surplus in the previous fiscal year	58,310
Dividend payments to policyholders during the period	30,856
Interest accrued during the period	14
At the end of the period	243,694

23. Assets pledged as collateral were securities in the amount of ¥4,661,189 million, loans in the amount of ¥586,537 million and cash and deposits in the amount of ¥1,356 million as of September 30, 2022.
24. Securities loaned under security lending agreements amounted to ¥4,891,672 million as of September 30, 2022.
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 ¥12,018 million, and none of the securities was pledged as collateral as of September 30, 2022.
26. The amount of loan commitments outstanding was ¥44,441 million as of September 30, 2022.
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, 2022.

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 ¥192,493 million as of September 30, 2022.
29. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥684,829 million and ¥644,159 million, respectively.

## Notes to the Unaudited Consolidated Statement of Income for the Six Months Ended September 30, 2022

1. 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.

2. 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.

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, 2022, 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, 2022

Asset Group	Asset Category	Millions of Yen
Investment and rental properties	Land and buildings	751
Idle assets	Land and buildings	789
Total		1,541

### 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, 2022

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, 2022 was as follows:

	Millions of Yen
Cash and deposits	1,584,238
Deposits bearing interest of the Company and domestic consolidated subsidiaries	<u>(1,085,252)</u>
Cash and cash equivalents	<u>498,985</u>

3. Others in Cash flows from financing activities are mainly comprised of proceeds from financing activities by the subsidiary in U.S.

## 2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2022	As of September 30, 2022
Solvency margin gross amount (A)	4,795,724	3,396,501
Foundation funds and others	495,828	464,655
Reserve for price fluctuation	972,169	1,015,588
Contingency reserve	705,442	815,101
Unusual contingency reserve	—	—
General allowance for possible loan losses	3,604	4,199
(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)	1,248,951	(289,377)
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	118,196	140,513
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(1,482)	(2,461)
Excess of continued Zillmerized reserve	761,616	766,321
Qualifying subordinated debt	600,510	600,510
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(180,420)	(191,143)
Others	71,306	72,593
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)	1,207,009	1,244,329
Insurance risk $R_1$	93,867	100,451
General insurance risk $R_5$	—	—
Large disaster risk $R_6$	0	0
Third-sector insurance risk $R_8$	86,858	93,632
Insurance risk of small-amount, short-term insurer $R_9$	9	9
Risk of assumed yield $R_2$	175,401	176,522
Minimum guarantee risk $R_7^{\ast}$	6,102	7,698
Investment risk $R_3$	984,644	1,016,624
Operational risk $R_4$	26,937	27,898
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	794.6%	545.9%

※ 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 (General Account)

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

(Millions of Yen, %)

	As of March 31, 2022		As of September 30, 2022	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,044,510	2.9	1,543,018	4.3
Monetary claims bought	310,140	0.9	482,669	1.3
Money held in trust	4,914	0.0	8,758	0.0
Investments in securities	30,720,996	86.1	30,103,226	83.2
Domestic bonds	14,520,419	40.7	14,426,583	39.9
Domestic stocks	2,459,308	6.9	2,419,777	6.7
Foreign securities	13,218,894	37.1	12,793,117	35.4
Foreign bonds	10,730,565	30.1	10,344,612	28.6
Other foreign securities	2,488,328	7.0	2,448,504	6.8
Other securities	522,373	1.5	463,748	1.3
Loans	2,192,253	6.1	2,237,230	6.2
Policy loans	244,196	0.7	239,006	0.7
Industrial and consumer loans	1,948,057	5.5	1,998,223	5.5
Real estate	556,472	1.6	588,249	1.6
Investment property	392,177	1.1	403,785	1.1
Deferred tax assets	288,586	0.8	645,667	1.8
Other assets	560,974	1.6	568,411	1.6
Allowance for possible loan losses	(925)	(0.0)	(870)	(0.0)
Total	35,677,924	100.0	36,176,361	100.0
Foreign currency denominated assets	12,660,503	35.5	12,440,176	34.4

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

(Millions of Yen)

	As of March 31, 2022		As of September 30, 2022	
	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	4,914	383	8,758	1,149

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

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

(Millions of Yen)

	As of March 31, 2022					As of September 30, 2022				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,569,177	1,812,094	242,917	242,925	(8)	1,553,656	1,798,631	244,974	245,039	(65)
Policy-reserve-matching bonds	12,514,443	13,596,489	1,082,045	1,277,927	(195,882)	12,820,423	13,161,509	341,085	1,027,065	(685,979)
Investments in subsidiaries and affiliated companies	52,238	53,679	1,441	1,441	-	52,238	53,216	977	977	-
Available-for-sale securities	15,177,316	16,387,386	1,210,069	1,599,191	(389,121)	15,762,423	15,709,702	(52,721)	1,403,857	(1,456,578)
Domestic bonds	2,752,734	2,709,967	(42,767)	44,159	(86,927)	2,790,160	2,570,772	(219,388)	51,580	(270,969)
Domestic stocks	1,155,190	2,297,231	1,142,041	1,181,568	(39,527)	1,242,066	2,237,540	995,473	1,033,006	(37,533)
Foreign securities	10,149,382	10,231,870	82,488	335,724	(253,236)	10,320,871	9,514,080	(806,790)	295,247	(1,102,038)
Foreign bonds	8,461,174	8,457,396	(3,777)	181,643	(185,421)	8,452,016	7,826,343	(625,673)	205,937	(831,611)
Other foreign securities	1,688,207	1,774,473	86,266	154,081	(67,815)	1,868,854	1,687,737	(181,117)	89,309	(270,427)
Other securities	411,007	435,347	24,340	32,845	(8,504)	399,179	376,695	(22,484)	20,673	(43,158)
Monetary claims bought	188,102	192,123	4,021	4,891	(870)	367,745	368,254	509	3,348	(2,839)
Negotiable certificates of deposit	520,900	520,844	(55)	-	(55)	642,400	642,359	(40)	-	(40)
Others	-	-	-	-	-	-	-	-	-	-
Total	29,313,176	31,849,649	2,536,473	3,121,486	(585,012)	30,188,742	30,723,058	534,315	2,676,939	(2,142,623)
Domestic bonds	14,563,186	15,651,386	1,088,199	1,323,856	(235,656)	14,645,971	14,984,097	338,125	1,090,140	(752,015)
Domestic stocks	1,155,190	2,297,231	1,142,041	1,181,568	(39,527)	1,242,066	2,237,540	995,473	1,033,006	(37,533)
Foreign securities	12,474,789	12,752,715	277,925	578,323	(300,398)	12,891,379	12,114,111	(777,267)	529,770	(1,307,037)
Foreign bonds	10,734,343	10,924,561	190,217	422,801	(232,583)	10,970,286	10,373,158	(597,127)	439,482	(1,036,610)
Other foreign securities	1,740,446	1,828,153	87,707	155,522	(67,815)	1,921,093	1,740,953	(180,139)	90,287	(270,427)
Other securities	411,007	435,347	24,340	32,845	(8,504)	399,179	376,695	(22,484)	20,673	(43,158)
Monetary claims bought	188,102	192,123	4,021	4,891	(870)	367,745	368,254	509	3,348	(2,839)
Negotiable certificates of deposit	520,900	520,844	(55)	-	(55)	642,400	642,359	(40)	-	(40)
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, 2022	As of September 30, 2022
Investments in subsidiaries and affiliated companies	743,750	764,086
Available-for-sale securities	134,191	160,921
Domestic stocks	19,990	19,949
Foreign stocks	34,558	34,558
Others	79,642	106,413
Total	877,942	925,008

**c. Fair Value Information of Money held in trust (General Account)**

(Millions of Yen)

	As of March 31, 2022					As of September 30, 2022				
	Balance sheet amount	Fair value	Net gains (losses)	Gains	Losses	Balance sheet amount	Fair value	Net gains (losses)	Gains	Losses
Money held in trust	4,914	4,914	-	-	-	8,758	8,758	-	-	-

**Money held in trust for trading**

(Millions of Yen)

	As of March 31, 2022		As of September 30, 2022	
	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	4,914	383	8,758	1,149

**Money held in trust except for trading**

No money held in trust except for trading as of March 31, 2022 and September 30, 2022.

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

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

(Millions of Yen)

	As of March 31, 2022						As of September 30, 2022					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	5,768	(555,980)	-	-	-	(550,211)	4,110	(866,748)	-	-	-	(862,638)
Hedge accounting not applied	(568)	(73,414)	(6,653)	-	(762)	(81,399)	(715)	(245,100)	4,728	-	(2,737)	(243,824)
Total	5,200	(629,394)	(6,653)	-	(762)	(631,611)	3,395	(1,111,849)	4,728	-	(2,737)	(1,106,462)

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 ¥585,471 million and loss of ¥902,245 million as of March 31, 2022 and September 30, 2022, respectively.

### (2) Interest-related

(Millions of Yen)

Type	As of March 31, 2022				As of September 30, 2022			
	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	136,580	136,535	△ 5,619	△ 5,619	199,057	193,022	△ 17,962	△ 17,962
Receipts floating, payments fixed	91,792	91,792	10,820	10,820	108,607	108,607	21,358	21,358
Total				5,200				3,395

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

#### (Reference)

#### Interest rate swaps by contractual maturity dates

[As of September 30, 2022]

(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)	6,035	5,022	500	-	-	187,500	199,057
Average fixed rate (receipt)	1.66	0.64	0.16	-	-	0.62	0.65
Average floating rate (payment)	1.66	0.62	0.23	-	-	(0.04)	0.03
Notional amount (receipts floating, payments fixed)	-	-	-	43,443	65,164	-	108,607
Average fixed rate (payment)	-	-	-	1.83	2.39	-	2.17
Average floating rate (receipt)	-	-	-	4.76	4.45	-	4.57

### (3) Currency-related

(Millions of Yen)

Type	As of March 31, 2022				As of September 30, 2022			
	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								
(U.S. dollar)	10,036,218	3,363,811	(804,302)	(804,302)	9,434,312	680,457	(1,195,264)	(1,195,264)
(Euro)	4,771,599	1,656,305	(435,508)	(435,508)	5,211,947	439,580	(934,430)	(934,430)
(Australian dollar)	3,105,975	1,265,539	(155,306)	(155,306)	2,617,182	240,877	(170,477)	(170,477)
(New Zealand dollar)	1,672,038	441,967	(174,858)	(174,858)	1,169,599	-	(98,787)	(98,787)
	432,489	-	(35,339)	(35,339)	432,870	-	8,464	8,464
Bought	2,631,404	-	147,695	147,695	1,720,841	4,024	51,709	51,709
(U.S. dollar)	985,226	-	47,675	47,675	996,363	4,024	36,804	36,804
(Euro)	1,030,813	-	59,991	59,991	531,305	-	18,020	18,020
(New Zealand dollar)	124,363	-	2,328	2,328	116,266	-	(4,758)	(4,758)
(Australian dollar)	485,633	-	37,174	37,174	76,907	-	1,642	1,642
Currency options								
Sold								
Call	120,000	-			83,200	-		
	[313]		2,169	(1,856)	[678]		3,936	(3,258)
(U.S. dollar)	120,000	-			83,200	-		
	[313]		2,169	(1,856)	[678]		3,936	(3,258)
Bought								
Put	100,000	-			67,400	-		
	[422]			(422)	[669]		136	(532)
(U.S. dollar)	100,000	-			67,400	-		
	[422]			(422)	[669]		136	(532)
Currency swaps								
(U.S. dollar)	37,806	37,806	(5,352)	(5,352)	37,806	37,806	(10,004)	(10,004)
(Euro)	35,351	35,351	(5,057)	(5,057)	35,351	35,351	(9,652)	(9,652)
	2,454	2,454	(294)	(294)	2,454	2,454	(352)	(352)
Total				(664,237)				(1,157,349)

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, 2022			
	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								
Sold	73,756	-	(5,261)	(5,261)	50,806	-	4,254	4,254
Over-the-counter transactions								
Stock index options								
Sold								
Call	-	-	-	-	40,000	-	502	543
Put	[ - ]				[1,046]			
Bought								
Put	66,000	-	0	(1,391)	40,000	-	2,089	(70)
	[1,392]				[2,159]			
Total				(6,653)				4,728

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

No bond-related derivative transactions as of March 31, 2022 and September 30, 2022.

#### (6) Others

(Millions of Yen)

Type	As of March 31, 2022				As of September 30, 2022			
	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	136,100	-	187	227	133,165	-	51	313
	[414]				[364]			
Bought								
Call	143,926	-	1,892	(990)	192,290	-	636	(3,050)
	[2,882]				[3,687]			
Total				(762)				(2,737)

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

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

## e. Disclosed Claims Based on Insurance Business Act

(Millions of Yen, %)

	As of March 31, 2022	As of September 30, 2022
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	755	639
Claims that are overdue for 3 months or more	-	-
Claims with repayment relaxation	600	-
Subtotal	1,355	639
[Percentage]	[0.02]	[0.01]
Claims against normal obligors	6,993,043	7,151,587
Total	6,994,398	7,152,227

- Notes:
1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
  2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered. (Excludes the claims listed in Note 1)
  3. Loans that are overdue for three months or more are loans for which payment of principal or interest is delayed for three months or more from the day following the contracted payment date. (Excludes the claims listed in Note 1 and 2)
  4. Claims with repayment relaxation are arrangements that are advantageous to the debtor, such as interest rate reduction and exemption, interest payment deferment, principal repayment deferment, debt waiver, etc., for the purpose of rebuilding or supporting the debtor (Excluding items mentioned in Note from 1 to 3 above).
  5. Claims against normal obligors are all other loans.