
Financial Results for the Fiscal Year Ended March 31, 2022
(With Notes to the Unaudited Consolidated Financial Statements)

Sumitomo Life Insurance Company announces financial results for the fiscal year ended March 31, 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, 2021	As of March 31, 2022
ASSETS:		
Cash and deposits	1,386,540	1,107,622
Call loans	192,142	260,597
Monetary claims bought	565,143	310,140
Money held in trust	-	4,914
Securities	34,343,796	35,833,252
Loans	2,645,407	3,023,520
Tangible fixed assets	570,045	567,165
Land	360,256	357,045
Buildings	174,980	178,632
Lease assets	4,548	3,782
Construction in progress	23,711	22,201
Other tangible fixed assets	6,548	5,503
Intangible fixed assets	193,877	201,871
Software	37,258	37,497
Goodwill	42,918	41,220
Other intangible fixed assets	113,699	123,153
Due from agents	145	239
Reinsurance receivables	1,241	1,728
Other assets	1,112,257	1,375,566
Net defined benefit assets	18,370	21,677
Deferred tax assets	69,056	290,037
Allowance for possible loan losses	(3,938)	(4,047)
Total assets	41,094,086	42,994,287
LIABILITIES:		
Policy reserves and other reserves	32,295,045	33,714,825
Reserve for outstanding claims	138,027	156,079
Policy reserves	31,938,861	33,342,519
Policyholders' dividend reserves	218,156	216,226
Reinsurance payables	12,837	20,523
Corporate bonds	474,969	508,257
Other liabilities	5,272,243	6,124,590
Payables under repurchase agreements	2,870,573	3,513,925
Payables under securities borrowing transactions	501,353	355,998
Other	1,900,316	2,254,666
Net defined benefit liabilities	4,775	2,884
Reserve for price fluctuation	883,835	972,169
Deferred tax liabilities	33,615	13,172
Deferred tax liabilities for land revaluation	12,894	12,583
Total liabilities	38,990,217	41,369,007
NET ASSETS:		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	81,850	73,458
Total funds, reserve and surplus	720,853	712,461
Net unrealized gains(losses) on available-for-sale securities	1,526,505	1,015,426
Deferred gains(losses) on derivatives under hedge accounting	104	(3,001)
Land revaluation differences	(59,397)	(59,581)
Foreign currency translation adjustments	(84,516)	(39,098)
Remeasurements of defined benefit plans	185	(1,067)
Total accumulated other comprehensive income	1,382,881	912,676
Non-controlling interests	133	141
Total net assets	2,103,868	1,625,279
Total liabilities and net assets	41,094,086	42,994,287

Sumitomo Life Insurance Company

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Ordinary income	3,517,715	3,599,428
Insurance premiums and other	2,415,578	2,411,977
Investment income	981,812	1,084,989
Interest, dividends and other income	748,445	827,483
Gains on money held in trust	-	379
Gains on trading securities	12,785	5,797
Gains on sales of securities	91,348	75,831
Gains on redemption of securities	16,592	2,665
Gains on derivative financial instruments	-	37,153
Foreign exchange gains	-	98,556
Reversal of allowance for possible loan losses	-	220
Other investment income	5,597	10,471
Investment gains on separate accounts	107,044	26,429
Other ordinary income	120,324	102,461
Ordinary expenses	3,399,491	3,470,616
Benefits and other payments	1,873,355	1,898,437
Claims paid	592,713	566,570
Annuity payments	439,632	428,801
Benefits payments	379,375	392,436
Surrender benefits	405,680	448,685
Other refunds	55,954	61,944
Provision for policy reserves and other reserves	771,972	827,824
Provision for reserves for outstanding claims	296	13,558
Provision for policy reserves	771,646	814,237
Provision for interest on policyholders' dividend reserves	29	29
Investment expenses	173,751	134,380
Interest expenses	14,480	14,279
Losses on sales of securities	19,970	71,520
Losses on valuation of securities	4,824	11,735
Losses on redemption of securities	1,657	2,694
Losses on derivative financial instruments	53,720	-
Foreign exchange losses	11,113	-
Provision for allowance for possible loan losses	1,257	-
Depreciation of real estate for investments	8,439	8,446
Other investment expenses	58,287	25,704
Operating expenses	422,875	454,743
Other ordinary expenses	157,536	155,229
Ordinary profit	118,223	128,811
Extraordinary gains	241	2,344
Gains on disposals of fixed assets	241	2,344
Extraordinary losses	98,693	92,541
Losses on disposals of fixed assets	793	3,043
Impairment losses	1,111	480
Provision for reserve for price fluctuation	96,128	88,334
Payments to social responsibility reserve	659	683
Surplus(loss) before income taxes	19,771	38,614
Income taxes		
Current	39,834	41,314
Deferred	(47,041)	(48,314)
Total income taxes	(7,206)	(7,000)
Net surplus	26,978	45,614
Net surplus attributable to non-controlling interests	12	9
Net surplus attributable to the Parent Company	26,965	45,605

Sumitomo Life Insurance Company

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net surplus	26,978	45,614
Other comprehensive income(loss)	558,098	(470,020)
Net unrealized gains(losses) on available-for-sale securities	575,067	(511,875)
Deferred gains(losses) on derivatives under hedge accounting	(300)	(3,106)
Foreign currency translation adjustments	(19,738)	36,294
Remeasurements of defined benefit plans	4,313	(1,252)
Share of other comprehensive income(loss) of associates under the equity method	(1,243)	9,919
Comprehensive income(loss)	585,076	(424,405)
Comprehensive income(loss) attributable to the Parent Company	585,064	(424,415)
Comprehensive income(loss) attributable to non-controlling interests	12	9

d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2021	Year ended March 31, 2022
I Cash flows from operating activities:		
Surplus(loss) before income taxes	19,771	38,614
Depreciation of real estate for investments	8,439	8,446
Depreciation	33,708	35,173
Impairment losses	1,111	480
Amortization of goodwill	5,826	6,475
Increase(Decrease) in reserve for outstanding claims	902	14,661
Increase(Decrease) in policy reserves	831,622	907,998
Provision for interest on policyholders' dividend reserves	29	29
Increase(Decrease) in allowance for possible loan losses	1,011	(230)
Increase(Decrease) in net defined benefit liabilities	(13,995)	(6,942)
Increase(Decrease) in reserve for price fluctuation	96,128	88,334
Interest, dividends and other income	(748,445)	(827,483)
Losses(Gains) on securities	(192,148)	(18,090)
Interest expenses	14,480	14,279
Foreign exchange losses(gains)	11,365	(94,736)
Losses(Gains) on tangible fixed assets	427	679
Investment losses(gains) under the equity method	6,716	1,312
Decrease(Increase) in due from agents	26	(78)
Decrease(Increase) in reinsurance receivables	(111)	(375)
Decrease(Increase) in other assets (excluding those related to investing and financing activities)	16,236	6,349
Increase(Decrease) in reinsurance payables	1,870	5,058
Increase(Decrease) in other liabilities (excluding those related to investing and financing activities)	8,815	(23,030)
Others, net	48,742	(34,570)
Subtotal	152,532	122,355
Interest, dividends and other income received	790,054	866,236
Interest paid	(15,482)	(12,937)
Policyholders' dividends paid	(50,810)	(56,141)
Others, net	(659)	(683)
Income taxes paid	(45,261)	(49,172)
Net cash provided by operating activities	830,371	869,657
II Cash flows from investing activities:		
Net decrease(increase) in deposits	204,089	5,353
Purchase of monetary claims bought	(961,921)	(476,962)
Proceeds from sales and redemption of monetary claims bought	720,425	730,125
Purchase of money held in trust	-	(4,534)
Purchase of securities	(5,073,449)	(4,988,814)
Proceeds from sales and redemption of securities	3,234,239	3,929,071
Loans made	(451,769)	(869,963)
Proceeds from collection of loans	576,602	562,077
Others, net	828,345	(83,609)
Total investment activities (II a)	(923,438)	(1,197,256)
[I + II a]	[(93,066)]	[(327,598)]
Purchase of tangible fixed assets	(16,105)	(16,434)
Proceeds from sales of tangible fixed assets	2,148	1,572
Purchase of shares of subsidiaries resulting in change in scope of consolidation	805	-
Others, net	(10,973)	(11,615)
Net cash used in investing activities	(947,562)	(1,223,734)
III Cash flows from financing activities:		
Proceeds from issuance of debt	70,000	-
Repayments of debt	-	(20)
Proceeds from issuance of corporate bonds	-	100,586
Redemption of corporate bonds	(1,129)	(70,000)
Others, net	39,595	37,260
Net cash provided by(used in) financing activities	108,465	67,827
IV Effect of foreign exchange rate changes on cash and cash equivalents	(4,058)	12,670
V Net increase(decrease) in cash and cash equivalents	(12,783)	(273,579)
VI Cash and cash equivalents at the beginning of the year	584,224	571,440
VII Cash and cash equivalents at the end of the year	571,440	297,861

e. Unaudited Consolidated Statements of Changes in Net Assets

Year ended March 31, 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	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 fiscal year				
Additions to policyholders' dividend reserves			(47,451)	(47,451)
Net surplus attributable to the Parent Company			26,965	26,965
Reversal of land revaluation differences			(311)	(311)
Net changes, excluding funds, reserve and surplus				
Net changes in the fiscal year	-	-	(20,797)	(20,797)
Ending balance	639,000	2	81,850	720,853

	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 fiscal year								
Additions to policyholders' dividend reserves								(47,451)
Net surplus attributable to the Parent Company								26,965
Reversal of land revaluation differences								(311)
Net changes, excluding funds, reserve and surplus	577,125	(300)	311	(23,039)	4,313	558,410	11	558,422
Net changes in the fiscal year	577,125	(300)	311	(23,039)	4,313	558,410	11	537,624
Ending balance	1,526,505	104	(59,397)	(84,516)	185	1,382,881	133	2,103,868

Year ended March 31, 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	81,850	720,853
Changes in the fiscal year				
Additions to policyholders' dividend reserves			(54,181)	(54,181)
Net surplus attributable to the Parent Company			45,605	45,605
Reversal of land revaluation differences			184	184
Net changes, excluding funds, reserve and surplus				
Net changes in the fiscal year	-	-	(8,391)	(8,391)
Ending balance	639,000	2	73,458	712,461

	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 fiscal year								
Additions to policyholders' dividend reserves								(54,181)
Net surplus attributable to the Parent Company								45,605
Reversal of land revaluation differences								184
Net changes, excluding funds, reserve and surplus	(511,079)	(3,106)	(184)	45,417	(1,252)	(470,204)	8	(470,196)
Net changes in the fiscal year	(511,079)	(3,106)	(184)	45,417	(1,252)	(470,204)	8	(478,588)
Ending balance	1,015,426	(3,001)	(59,581)	(39,098)	(1,067)	912,676	141	1,625,279

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 27 as of March 31, 2022.

The major subsidiaries as of March 31, 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)
Symetra Financial Corporation (U.S.A.)

Two subsidiaries of Symetra Financial Corporation were included in the scope of the consolidation as a result of their establishment from the period ended March 31, 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 March 31, 2022.

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 March 31, 2022.

The number of affiliates under the equity method was 10 as of March 31, 2022.

The major affiliates as of March 31, 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) (On July 1, 2021, Agent Co., Ltd. changed its corporate name

to Agent Insurance Group, Inc.)

Baoviet Holdings (Vietnam)

PT BNI Life Insurance (Indonesia)

Singapore Life Holdings Pte. Ltd. (Singapore) (On January 1, 2022, Aviva Singlife Holdings Pte. Ltd. changed its corporate name to Singapore Life Holdings Pte. Ltd.)

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. Fiscal year-end of consolidated subsidiaries

The fiscal year-end of foreign subsidiaries is December 31, 2021. The consolidated financial statements include the accounts of the subsidiaries as of their fiscal year-end, with appropriate adjustments made for material transactions between their fiscal year-end and the consolidated balance sheet date.

4. Goodwill on consolidation

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

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

Notes to the Unaudited Consolidated Balance Sheet as of March 31, 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 deferred hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain policy reserves of the previous subsection "Individual life insurance and individual annuity (certain types of insurance are excluded)" 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 from the period ended March 31, 2022.

As a result, the Company changed the subsection as follows and there has been no impact on profit and loss for the period ended March 31, 2022:

- The Company excludes a certain percentage of cash flows from the previous subsection "Individual life insurance and individual annuity (certain types of insurance are excluded)"

Current subsection: "Individual life insurance and individual annuity (certain types of insurance and a certain percentage of cash flows are excluded)"

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. Derivatives are stated at the fair value.
4. 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.
5. 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.
6. 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.

7. 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 ¥31 million for the fiscal year ended March 31, 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.
8. Net defined benefit liabilities are provided based on the projected benefit obligations and plan assets as of the balance sheet date.

Assumptions used in accounting for the defined benefit plans for the fiscal year ended March 31, 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

The following provide details of the retirement benefit plans.

1) Summary of the retirement benefit plans

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

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

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

Certain foreign consolidated subsidiaries have defined contribution plans.

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal year ended March 31, 2022 were as follows:

	Millions of Yen
At the beginning of the fiscal year	304,975
Service costs	13,265
Interest costs on projected benefit obligations	1,726
Actuarial losses (gains)	2,090
Benefits paid	(15,081)
Past service cost	(780)
Others	344
At the end of the fiscal year	306,541

b) Changes in the plan assets for the fiscal year ended March 31, 2022 were as follows:

	Millions of Yen
At the beginning of the fiscal year	318,570
Expected return on plan assets	3,048
Actuarial gains (losses)	4,973
Contribution by employer	5,418
Benefits paid	(6,686)
Others	10
At the end of the fiscal year	325,333

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheet as of March 31, 2022 were determined as follows:

	Millions of Yen
Present value of funded obligations	304,018
Plan assets at fair value	(325,333)
Net present value of funded obligations	(21,315)
Present value of unfunded obligations	2,522
Net value on the balance sheet	(18,792)
Net defined benefit liabilities	2,884
Net defined benefit assets	(21,677)
Net value on the balance sheet	(18,792)

d) The amounts recognized in retirement benefit expenses in the consolidated statement of income for the fiscal year ended March 31, 2022 were as follows:

	Millions of Yen
Service costs	13,265
Interest costs on projected benefit obligations	1,726
Expected return on plan assets	(3,048)

Amortization of net actuarial losses (gains)	(4,381)
Amortization of net past service costs	(1,026)
Others	340
Retirement benefit expenses	6,876

e) Major components of other comprehensive income and accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) for the fiscal year ended March 31, 2022 were as follows:

	Millions of Yen
Actuarial gains (losses)	(1,498)
Past service costs	(245)
Total	(1,744)

Major components of accumulated other comprehensive income (before income tax effect adjustments) as of March 31, 2022 were as follows:

	Millions of Yen
Unrecognized actuarial gains (losses)	(1,728)
Unrecognized past service costs	245
Total	(1,482)

f) The plan assets

The plan assets as of March 31, 2022 were comprised as follows:

	% of total fair value of plan assets
Equity securities	40
General accounts of life insurance companies	36
Investment trusts	6
Debt securities	4
Others	14
Total	100

47% of the plan assets were the retirement benefit trusts as of March 31, 2022.

g) The expected long-term rate of return on the plan assets

The expected long-term rate of return on the plan assets is calculated by aggregating the weighted rates of return derived from each asset category. The expected long-term rates of return for each asset category is based primarily on various aspects of long-term prospects for the economy that include historical performances and the market environment.

h) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the fiscal year ended March 31, 2022 were as follows:

Discount rate	0.575%
Expected long-term rates of return on the plan assets	

Defined benefit pension plans	1.8%
Retirement benefit trusts	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥2,643 million for the fiscal year ended March 31, 2022.

9. Reserve for price fluctuation is calculated pursuant to Article 115 of the Insurance Business Act.
10. 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 from the period ended March 31, 2022.

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

11. National and local consumption taxes are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the fiscal year, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a five-year period on the straight-line basis pursuant to the Corporation Tax Act.
12. 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 March 31, 2022 are recognized 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 future obligations under its insurance contracts.

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

- 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 insufficient to cover the performance of the future obligations due to a large deviation in the estimated future cash flows based on the statement of calculation procedures with assumed incidents rates, interest rates and others, compared to recent actual results.

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

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

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

- 1) Valuation of Goodwill

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

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

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

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

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

The Company determined that no triggering event was identified and recorded no impairment losses for the fiscal year ended March 31, 2022.

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

The Company recorded other intangible fixed assets which included Value of Business Acquired (VOBA) accompanied by the acquisition of U.S. subsidiaries of ¥10,189 million and other assets included Deferred Policy Acquisition Costs (DAC) of U.S. subsidiaries of ¥118,356 million on the consolidated balance sheets.

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

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

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

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

·"Application Guidelines of Accounting Standard for Calculation of fair value" (Application Guidance of Corporate Accounting standards, No. 31(17 June 2021, revised on))

1) Overview

The guidance for fair value measurement of investment trusts was established because "Application Guidelines of Accounting Standard for Calculation of fair value" was revised.

2) Effective date

These accounting standards and guidance will be effective from the beginning of the fiscal year ended March 31, 2023.

3) Impact of applying the standards and guidance

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

17. 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 March 31, 2022. 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 March 31, 2022.

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.

18. Qualitative information on financial instruments, fair value of financial instruments and matters concerning fair value of financial:

1) Qualitative information on financial instruments

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

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

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

The Company utilizes foreign currency forward contracts, currency options and currency swaps to hedge foreign currency risks of assets and liabilities denominated in foreign currencies, futures trading, forwards trading and options to hedge market risks of stocks, bond futures, options and interest rate swaptions to hedge market risks of fixed rate assets relating to the fluctuation of interest rates, and interest rate swaps to hedge interest fluctuation risks of floating rate assets. Gains and losses on certain foreign currency forward contracts to hedge foreign currency risks mainly of foreign securities are accounted for under hedge accounting. The deferred hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain policy reserves in order to appropriately control interest rate fluctuations, in accordance with Industry Audit Committee Practical Guideline No. 26, "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators", issued by the Japanese Institute of Certified Public Accountants from the period ended March 31, 2022. The hedge effectiveness is regularly assessed by comparing fluctuations in the fair value of hedged items and hedging instruments.

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

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

The risk management department maintains asset risk management in accordance with Risk Management Policy established by the board of directors. In addition, the Company strives to

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

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

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

2) Fair value of financial instruments

The following table shows the carrying amounts in the consolidated balance sheet, the fair values and their differences of financial instruments as of March 31, 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	520,844	520,844	—
(Negotiable certificates of deposit)			
[Available-for-sale securities] *1	[520,844]	[520,844]	—
Monetary claims bought	310,140	311,400	1,259
[Available-for-sale securities] *1	[192,123]	[192,123]	—
Money held in trust	4,914	4,914	—
Securities	35,450,247	36,790,028	1,339,781
Trading securities	1,107,657	1,107,657	—
Held-to-maturity debt securities	1,640,178	1,891,271	251,092
Policy-reserve-matching bonds	12,514,443	13,596,489	1,082,045
Investments in unconsolidated subsidiaries and affiliated companies	47,036	53,679	6,642
Available-for-sale securities	20,140,931	20,140,931	—
Loans	3,023,520		
Allowance for possible loan losses *2	(3,295)		

	3,020,225	3,046,138	25,912
Corporate bonds	508,257	515,593	7,336
Derivative transactions *3	(614,268)	(614,268)	—
Hedge accounting not applied	(23,373)	(23,373)	—
Hedge accounting applied	(590,895)	(590,895)	—

*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 March 31, 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	326,290	350,959	24,669
	Foreign securities (bonds)	1,305,600	1,532,328	226,728
Fair value does not exceed the balance sheet amount	Bonds	8,288	7,983	(304)
	Foreign securities (bonds)	—	—	—
Total		1,640,178	1,891,271	251,092

b) Policy-reserve-matching bonds

		Millions of Yen		
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	9,121,741	10,385,240	1,263,498
	Foreign securities (bonds)	408,480	422,909	14,429
Fair value does not exceed the balance sheet amount	Bonds	2,425,133	2,276,412	(148,720)
	Foreign securities (bonds)	559,088	511,926	(47,161)
Total		12,514,443	13,596,489	1,082,045

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 March 31, 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	122,748	127,640	4,891
	Bonds	927,128	975,276	48,148
	Stocks	902,639	2,084,398	1,181,759
	Foreign securities	7,579,746	8,118,621	538,875
	Foreign bonds	6,858,017	7,242,811	384,794
	Other foreign securities	721,728	875,810	154,081
	Other securities	192,719	225,564	32,845
		Negotiable certificates of deposit	520,900	520,844
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary claims bought	65,354	64,483	(870)
	Bonds	1,992,142	1,901,023	(91,118)
	Stocks	252,606	213,078	(39,527)
	Foreign securities	6,681,426	6,413,183	(268,242)
	Foreign bonds	5,714,947	5,514,520	(200,427)
	Other foreign securities	966,478	898,663	(67,815)
	Other securities	218,287	209,782	(8,504)
	Total	19,455,698	20,853,900	1,398,201

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 "2) Fair value of financial instruments:"

	Millions of Yen
	Balance sheet amount
Stocks with no market prices*1	136,387
Investments in partnership*2	246,617

*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.

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

Scheduled redemptions of monetary claims, securities with maturities and corporate bonds as of March 31, 2022.

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Negotiable certificates of deposit	520,900	—	—	—
Monetary claims bought	34,550	213	295	271,025
Securities	729,290	4,928,930	9,413,674	14,116,412
Held-to-maturity debt securities	22,904	613,924	219,608	782,622
Policy-reserve-matching bonds	160,622	970,898	4,251,363	7,045,414
Available-for-sale securities	545,763	3,344,108	4,942,702	6,288,374
Loans	430,316	561,029	588,104	1,173,472
Corporate bonds	—	27,499	—	480,510

*The table above excludes certain financial instruments for which estimation of the value of recovery is impracticable, such as loans to borrowers that are legally or substantially bankrupt and borrowers likely to become bankrupt, and those without maturities.

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

in which each input belongs.

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

Millions of Yen				
	Fair value			Total
	Level 1	Level 2	Level 3	
Negotiable certificates of deposit	—	520,844	—	520,844
Monetary claims bought	—	34,493	157,630	192,123
Money held in trust	—	—	4,914	4,914
Securities	6,520,745	11,806,909	527,991	18,855,647
Trading securities	510,889	397,991	12,332	921,214
Available for sale securities	6,009,855	11,408,918	515,658	17,934,432
National government bonds	1,291,807	—	—	1,291,807
Local government bonds	—	46,195	—	46,195
Corporate bonds	—	1,537,296	1,000	1,538,296
Domestic stocks	2,296,837	640	—	2,297,477
Foreign securities	2,417,887	9,824,785	514,658	12,757,331
Foreign bonds	2,417,887	9,824,785	514,658	12,757,331
Other securities	3,323	—	—	3,323
Loans	—	—	114,039	114,039
Derivative transactions	558	208,908	11,734	221,201
Currency-related	—	155,693	—	155,693
Interest-rate related	—	13,306	—	13,306
Stock-related	556	38,016	11,734	50,307
Other	2	1,892	—	1,895
Total assets	6,521,303	12,571,157	816,310	19,908,771
Derivative transactions	7,481	825,334	2,654	835,470
Currency-related	—	815,207	2,169	817,377
Interest-rate related	—	7,153	—	7,153
Stock-related	6,347	2,786	484	9,618
Other	1,133	187	—	1,320
Total liabilities	7,481	825,334	2,654	835,470

*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 ¥2,392,941 million as of March 31, 2022.

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	—	—	119,276	119,276
Securities	10,623,422	4,916,008	2,008	15,541,440
Held-to-maturity debt securities	165,421	1,725,849	—	1,891,271
National government bonds	165,421	—	—	165,421
Local government bonds	—	2,031	—	2,031
Corporate bonds	—	191,489	—	191,489
Foreign securities	—	1,532,328	—	1,532,328
Foreign bonds	—	1,532,328	—	1,532,328
Policy-reserve-matching bonds	10,458,000	3,136,479	2,008	13,596,489
National government bonds	10,458,000	—	—	10,458,000
Local government bonds	—	135,972	—	135,972
Corporate bonds	—	2,067,679	—	2,067,679
Foreign securities	—	932,827	2,008	934,836
Foreign bonds	—	932,827	2,008	934,836
Investments in unconsolidated subsidiaries and affiliated companies	—	53,679	—	53,679
Loans	—	18,038	2,914,060	2,932,098
Total assets	10,623,422	4,934,046	3,035,346	18,592,815
Corporate bonds	—	515,593	—	515,593
Total liabilities	—	515,593	—	515,593

(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) Quantitative information about significant unobservable *1

Category	Valuation technique	Significant unobservable inputs	Range
Loans	Discounted cash flow	Discount rate	2.4%-4.8%

*1 The non-adjusted inputs 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 March 31, 2022

	Millions of Yen					
	Monetary claims bought	Money held in trust	Securities	Loans	Derivative transactions* ⁵	Total
Beginning balance	159,383	—	473,620	112,291	(20,035)	725,260
Gains (losses) for the period/ other comprehensive income	(1,941)	382	27,331	(1,735)	2,099	26,136
Recorded to gains (losses) for the period * ¹	8	382	30,527	(1,735)	2,099	31,282
Recorded to other comprehensive income * ²	(1,950)	—	(3,195)	—	—	(5,145)
Net amount of purchase, sale, issuance and settlement, etc.	187	4,532	30,549	3,483	27,016	65,768
Transfer to Level 3 * ³	—	—	6,374	—	—	6,374
Transfer from Level 3 * ⁴	—	—	(9,884)	—	—	(9,884)
Ending balance	157,630	4,914	527,991	114,039	9,080	813,656
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	—	—	3,114	6,402	(994)	8,522

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

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

*3 Those are the transfers from Level 1 or 2 to Level 3, due to changes in observability of valuation inputs which are used in fair value measurements. The transfer was made at the beginning of the fiscal year.

*4 Those are the transfers from Level 3 to Level 1 or 2, due to changes in observability of valuation inputs which are used in fair value measurements. The transfer was made at the beginning of the fiscal year.

*5 Debits and credits arising from derivative transactions are netted, and the net credit positions are

shown in ().

3) Explanation about the fair value valuation process

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

19. The carrying amount for investment and rental properties was ¥395,019 million, and its fair value was ¥532,472 million as of March 31, 2022. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amount of ¥1,319 million as of March 31, 2022.

20. Of claims pursuant to the Insurance Business Act, the aggregate amount of claims against bankrupt or de facto bankrupt borrowers, doubtful claims, past due claims (3 months or more) and restructured claims was ¥1,355 million as of March 31, 2022. The details are as follows:

The amount of claims against bankrupt or de facto bankrupt borrowers was nil and doubtful claims was ¥755 million as of March 31, 2022. The amount of claims deemed uncollectible and directly deducted from the claims in the consolidated balance sheet was ¥17 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 amount of past due claims (3 months or more) was nil as of March 31, 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 amount of restructured claims was ¥600 million as of March 31, 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).

21. Accumulated depreciation of tangible fixed assets amounted to ¥434,717 million as of March 31, 2022.
22. The Company's total amounts deducted from the original acquisition cost of the qualified properties were ¥2,826 million for the period ended March 31, 2022.
23. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥828,542 million as of March 31, 2022. The total amount of separate account liabilities was the same as this.
24. Changes in policyholders' dividend reserves for the fiscal year ended March 31, 2022 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 fiscal year	56,141
Interest accrued during the fiscal year	29
At the end of the fiscal year	216,226

25. Total amount of investments in unconsolidated subsidiaries and affiliates was ¥189,174 million as of March 31, 2022.
26. Assets pledged as collateral were securities in the amount of ¥4,023,777 million, loans in the amount of ¥427,658 million and cash and deposits in the amount of ¥1,144 million as of March 31, 2022.
27. Securities loaned under security lending agreements amounted to ¥4,776,801 million as of March 31, 2022.
28. 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 ¥6,492 million, and none of the securities was pledged as collateral as of March 31, 2022.
29. The amount of loan commitments outstanding was ¥27,098 million as of March 31, 2022.
30. 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 March 31, 2022.

31. Other liabilities included subordinated debt of ¥120,000 million, the repayments of which are subordinated to other obligations as of March 31, 2022.
32. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥589,198 million and ¥641,532 million, respectively.
33. 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 March 31, 2022, pursuant to Article 259 of the Insurance Business Act.
The contributions are recognized as operating expenses when they are made.

34. Deferred tax assets/liabilities as of March 31, 2022 were recognized as follows:

	Millions of Yen
Deferred tax assets	781,308
Valuation allowance for deferred tax assets	(16,500)
Subtotal	764,807
Deferred tax liabilities	(487,943)
Net deferred tax assets	276,864

Major components of deferred tax assets/liabilities as of March 31, 2022 were as follows:

	Millions of Yen
Deferred tax assets:	
Policy reserves and other reserves	396,857
Reserve for price fluctuation	271,813
Deferred tax liabilities:	
Net unrealized gains on available-for-sale securities	(378,029)

Notes to the Unaudited Consolidated Statement of Income for the Fiscal Year Ended March 31, 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 fiscal year ended March 31, 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 fiscal year ended March 31, 2022

Asset Group	Asset Category	Millions of Yen
Idle assets	Land and buildings	432
Total		432

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 Comprehensive Income for the Fiscal Year Ended March 31, 2022

1. The components of other comprehensive income for the fiscal year ended March 31, 2022 were as follows:

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

	Millions of Yen
<hr/>	
Net unrealized gains (losses) on available-for-sale securities:	
Amount arising during the fiscal year	(740,795)
Reclassification adjustments	38,959
Before income tax effect adjustments	<u>(701,835)</u>
Income tax effects	189,960
Net unrealized gains (losses) on available-for-sale securities	<u>(511,875)</u>
<hr/>	
Deferred gains (losses) on derivatives under hedge accounting:	
Amount arising during the fiscal year	(2,475)
Reclassification adjustments	(1,985)
Before income tax effect adjustments	<u>(4,460)</u>
Income tax effects	1,353
Deferred gains (losses) on derivatives under hedge accounting	<u>(3,106)</u>
<hr/>	
Foreign currency translation adjustments:	
Amount arising during the fiscal year	36,294
Reclassification adjustments	—
Before income tax effect adjustments	<u>36,294</u>
Income tax effects	—
Foreign currency translation adjustments	<u>36,294</u>
<hr/>	
Remeasurements of defined benefit plans:	
Amount arising during the fiscal year	3,663
Reclassification adjustments	(5,408)
Before income tax effect adjustments	<u>(1,744)</u>
Income tax effects	492
Remeasurements of defined benefit plans	<u>(1,252)</u>
<hr/>	
Share of other comprehensive income of associates under the equity method:	
Amount arising during the year	10,494
Reclassification adjustments	(575)
Share of other comprehensive income of associates under the equity method	<u>9,919</u>

Total other comprehensive income

(470,020)

Notes to the Unaudited Consolidated Statement of Cash Flows for the Fiscal Year Ended March 31, 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 March 31, 2022 was as follows:

	Millions of Yen
Cash and deposits	1,107,622
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(809,761)
Cash and cash equivalents	297,861

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2021	As of March 31, 2022
Solvency margin gross amount (A)	5,178,317	4,795,724
Foundation funds and others	516,421	495,828
Reserve for price fluctuation	883,835	972,169
Contingency reserve	510,966	705,442
Unusual contingency reserve	—	—
General allowance for possible loan losses	3,496	3,604
(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	1,248,951
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	103,047	118,196
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	261	(1,482)
Excess of continued Zillmerized reserve	791,007	761,616
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)	(180,420)
Others	71,101	71,306
Total amount of risk $\sqrt{(R_1^2 + R_5^2 + R_6 + R_9)^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$ (B)	1,200,721	1,207,009
Insurance risk R_1	90,606	93,867
General insurance risk R_5	—	—
Large disaster risk R_6	0	0
Third-sector insurance risk R_8	82,627	86,858
Insurance risk of small-amount, short-term insurer R_9	9	9
Risk of assumed yield R_2	181,527	175,401
Minimum guarantee risk R_7^{**}	4,896	6,102
Investment risk R_3	974,755	984,644
Operational risk R_4	26,688	26,937
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	862.5%	794.6%

※ 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 March 31, 2022	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,300,346	3.8	1,044,510	2.9
Monetary claims bought	565,143	1.6	310,140	0.9
Money held in trust	-	-	4,914	0.0
Investments in securities	29,756,172	86.0	30,720,996	86.1
Domestic bonds	14,431,149	41.7	14,520,419	40.7
Domestic stocks	2,480,707	7.2	2,459,308	6.9
Foreign securities	12,391,645	35.8	13,218,894	37.1
Foreign bonds	10,516,392	30.4	10,730,565	30.1
Other foreign securities	1,875,252	5.4	2,488,328	7.0
Other securities	452,669	1.3	522,373	1.5
Loans	1,945,518	5.6	2,192,253	6.1
Policy loans	258,549	0.7	244,196	0.7
Industrial and consumer loans	1,686,968	4.9	1,948,057	5.5
Real estate	557,409	1.6	556,472	1.6
Investment property	394,204	1.1	392,177	1.1
Deferred tax assets	68,356	0.2	288,586	0.8
Other assets	403,110	1.2	560,974	1.6
Allowance for possible loan losses	(890)	(0.0)	(925)	(0.0)
Total	34,595,165	100.0	35,677,924	100.0
Foreign currency denominated assets	11,799,295	34.1	12,660,503	35.5

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, 2021		As of March 31, 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

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 March 31, 2022				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,590,707	1,852,103	261,395	261,404	(8)	1,569,177	1,812,094	242,917	242,925	(8)
Policy-reserve-matching bonds	12,470,906	14,068,089	1,597,183	1,654,525	(57,341)	12,514,443	13,596,489	1,082,045	1,277,927	(195,882)
Investments in subsidiaries and affiliated companies	52,238	46,861	(5,376)	-	(5,376)	52,238	53,679	1,441	1,441	-
Available-for-sale securities	13,963,576	15,804,479	1,840,903	1,986,544	(145,641)	15,177,316	16,387,386	1,210,069	1,599,191	(389,121)
Domestic bonds	2,477,237	2,529,740	52,503	86,818	(34,315)	2,752,734	2,709,967	(42,767)	44,159	(86,927)
Domestic stocks	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)	1,155,190	2,297,231	1,142,041	1,181,568	(39,527)
Foreign securities	9,096,111	9,618,085	521,974	601,930	(79,956)	10,149,382	10,231,870	82,488	335,724	(253,236)
Foreign bonds	7,922,014	8,356,187	434,173	509,392	(75,219)	8,461,174	8,457,396	(3,777)	181,643	(185,421)
Other foreign securities	1,174,097	1,261,898	87,801	92,538	(4,737)	1,688,207	1,774,473	86,266	154,081	(67,815)
Other securities	349,067	387,108	38,040	38,775	(735)	411,007	435,347	24,340	32,845	(8,504)
Monetary claims bought	433,890	439,749	5,859	6,427	(567)	188,102	192,123	4,021	4,891	(870)
Negotiable certificates of deposit	491,600	491,530	(69)	-	(69)	520,900	520,844	(55)	-	(55)
Others	-	-	-	-	-	-	-	-	-	-
Total	28,077,428	31,771,534	3,694,106	3,902,473	(208,367)	29,313,176	31,849,649	2,536,473	3,121,486	(585,012)
Domestic bonds	14,378,646	16,015,275	1,636,628	1,710,830	(74,201)	14,563,186	15,651,386	1,088,199	1,323,856	(235,656)
Domestic stocks	1,115,669	2,338,264	1,222,594	1,252,591	(29,996)	1,155,190	2,297,231	1,142,041	1,181,568	(39,527)
Foreign securities	11,308,555	12,099,606	791,051	893,848	(102,797)	12,474,789	12,752,715	277,925	578,323	(300,398)
Foreign bonds	10,082,219	10,790,846	708,627	801,310	(92,683)	10,734,343	10,924,561	190,217	422,801	(232,583)
Other foreign securities	1,226,335	1,308,760	82,424	92,538	(10,113)	1,740,446	1,828,153	87,707	155,522	(67,815)
Other securities	349,067	387,108	38,040	38,775	(735)	411,007	435,347	24,340	32,845	(8,504)
Monetary claims bought	433,890	439,749	5,859	6,427	(567)	188,102	192,123	4,021	4,891	(870)
Negotiable certificates of deposit	491,600	491,530	(69)	-	(69)	520,900	520,844	(55)	-	(55)
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 March 31, 2022
Investments in subsidiaries and affiliated companies	697,616	743,750
Available-for-sale securities	62,198	134,191
Domestic stocks	20,368	19,990
Foreign stocks	34,558	34,558
Others	7,271	79,642
Total	759,814	877,942

(3) Fair Value Information of Money held in trust

(Millions of Yen)

	As of March 31, 2021					As of March 31, 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	-	-	-

Money held in trust for trading

(Millions of Yen)

	As of March 31, 2021		As of March 31, 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

Money held in trust except for trading

No money held in trust except for trading as of March 31, 2021 and March 31, 2022.

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

(1) Net Gains and Losses on Derivatives

(Millions of Yen)

	As of March 31, 2021						As of March 31, 2022					
	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)	5,768	(555,980)	-	-	-	(550,211)
Hedge accounting not applied	-	(114,345)	(29,942)	99	687	(143,501)	(568)	(73,414)	(6,653)	-	(762)	(81,399)
Total	6,094	(457,540)	(29,942)	99	687	(480,602)	5,200	(629,394)	(6,653)	-	(762)	(631,611)

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 ¥ 585,471 million as of March 31, 2021 and March 31, 2022, respectively.

(2) Interest-related

(Millions of Yen)

Type	As of March 31, 2021				As of March 31, 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	15,645	11,580	13	13	136,580	136,535	(5,619)	(5,619)
Receipts floating, payments fixed	83,032	83,032	6,081	6,081	91,792	91,792	10,820	10,820
Total				6,094				5,200

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

(Reference)

Interest rate swaps by contractual maturity dates

[As of March 31, 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)	45	11,035	500	-	-	125,000	136,580
Average fixed rate (receipt)	0.99	1.20	0.16	-	-	0.47	0.53
Average floating rate (payment)	0.63	1.22	0.24	-	-	(0.01)	0.09
Notional amount (receipts floating, payments fixed)	-	-	-	36,717	55,075	-	91,792
Average fixed rate (payment)	-	-	-	1.83	2.39	-	2.17
Average floating rate (receipt)	-	-	-	2.13	1.95	-	2.02

(3) Currency-related

(Millions of Yen)

Type	As of March 31, 2021				As of March 31, 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	11,132,717	2,386,505	(587,772)	(587,772)	10,036,218	3,363,811	(804,302)	(804,302)
(U.S. dollar)	5,143,273	1,116,818	(218,638)	(218,638)	4,771,599	1,656,305	(435,508)	(435,508)
(Euro)	3,539,608	906,783	(156,414)	(156,414)	3,105,975	1,265,539	(155,306)	(155,306)
(Australian dollar)	1,512,317	248,123	(176,151)	(176,151)	1,672,038	441,967	(174,858)	(174,858)
Bought	3,541,238	-	100,307	100,307	2,631,404	-	147,695	147,695
(Euro)	1,540,883	-	44,898	44,898	1,030,813	-	59,991	59,991
(U.S. dollar)	1,418,890	-	47,157	47,157	985,226	-	47,675	47,675
(Australian dollar)	272,639	-	5,311	5,311	485,633	-	37,174	37,174
Currency options								
Sold								
Call	172,500	-			120,000	-		
[U.S. dollar]	[726]	-	172	553	[313]	-	2,169	(1,856)
Put	135,000	-			-	-		
[U.S. dollar]	[681]	-	-	681	[-]	-	-	-
Bought								
Put	150,000	-			100,000	-		
[U.S. dollar]	[2,186]	-	2	(2,184)	[422]	-	-	(422)
Currency swaps	37,806	37,806	(3,900)	(3,900)	37,806	37,806	(5,352)	(5,352)
(U.S. dollar)	35,351	35,351	(3,685)	(3,685)	35,351	35,351	(5,057)	(5,057)
(Euro)	2,454	2,454	(215)	(215)	2,454	2,454	(294)	(294)
Total				(492,314)				(664,237)

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 March 31, 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)
Bought	21,868	-	93	93	-	-	-	-
Over-the-counter transactions								
Stock index options								
Sold								
Call	148,470 [1,674]	-	28,555	(26,881)	-	-	-	-
Put	122,715 [2,326]	-	-	2,326	-	-	-	-
Bought								
Put	149,985 [5,481]	-	-	(5,481)	66,000 [1,392]	-	-	(1,391)
Total				(29,942)				(6,653)

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 March 31, 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								
Bond futures								
Sold	20,393	-	99	99	-	-	-	-
Total				99				-

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

(6) Others

(Millions of Yen)

Type	As of March 31, 2021				As of March 31, 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	134,140 [445]	-	549	(103)	136,100 [414]	-	187	227
Bought								
Call	127,843 [2,630]	-	3,421	790	143,926 [2,882]	-	1,892	(990)
Total				687				(762)

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

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

d. Disclosed Claims Based on Insurance Business Act

(Millions of Yen, %)

	As of March 31, 2021	As of March 31, 2022
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	853	755
Claims that are overdue for 3 months or more	-	-
Claims with repayment relaxation	1,200	600
Subtotal	2,053	1,355
[Percentage]	[0.03]	[0.02]
Claims against normal obligors	6,333,204	6,993,043
Total	6,335,257	6,994,398

- 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
 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
 5. Claims against normal obligors are all other loans.