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Independent Auditor's Report

To the Board of Directors of Meiji Yasuda Life Insurance Company.:

Opinion

We have audited the accompanying consolidated financial statements of Meiji Yasuda Life Insurance Company ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2021 and 2022, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

We excluded "Appropriateness of the judgment as to whether an impairment loss should be recognized on goodwill allocated to the group insurance business of StanCorp," which was a key audit matter in the previous fiscal year, from the key audit matters in our audit of the consolidated financial statements for the current fiscal year, as we determined that the relative risks decreased, after reexamining the risk assessment to reflect recent business performance and the trends of the premium income of the group insurance business of StanCorp Financial Group, Inc. (StanCorp).

Appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group, Policy reserves of ¥36,143,309 million were recognized for the current fiscal year, of which ¥33,069,484 million was the policy reserves of the Company, accounting for a significant portion as large as approximately 68.6% of total liabilities and net assets in the consolidated financial statements. The amount included additional policy reserves of ¥110,814 million set aside in the current fiscal year for the difference arising from the calculation of premium reserves using the expected rate of interest of 2.0% for individual annuity contracts entered into on or before April 1, 1999, pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." The additional policy reserve was originally planned to be provided for over four years starting from the previous fiscal year; however, the unfunded balance was provided for in a lump sum in the current fiscal year. As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (15) Policy reserves" to the consolidated financial statements, policy reserves are reported at an amount determined by actuarial calculations in accordance with the statement of calculation procedures for insurance premiums and policy reserves approved by the Financial Services Agency to prepare for future fulfilment of obligations under the insurance contracts, pursuant to Article 116, Paragraph 1 of the "Insurance Business Act." In order to validate whether the amount of policy reserves is sufficient, the appointed actuary is engaged to perform a future income and expense analysis, pursuant to the "Insurance Business Act" and other relevant regulations. The analysis involved significant judgment in determining assumptions for estimating future cash flows, as well as a high level of actuarial expertise. In addition, if there is deemed to be a risk that the policy reserves provided for in accordance with the statement of calculation procedures for insurance premiums and policy reserves may be insufficient to fulfill future obligations due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." The procedures to recognize additional policy reserves required a high level of actuarial expertise and involved significant management judgement.	The primary procedures we performed to assess whether the Company's judgment with respect to the sufficiency of the amount of policy reserves was appropriate, included the following: We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the recognition of policy reserves. In this assessment, we focused our testing on controls in which management validates the sufficiency of the amount of policy reserves based on the opinion letter and the supplementary report provided by the appointed actuary. In addition, we performed the following procedures, with the assistance of actuarial specialists within our firm, with respect to the testing to validate the sufficiency of the amount of policy reserves (i.e., a future income and expense analysis) and management judgment on the recognition of additional policy reserves: • assessed whether the testing to validate the sufficiency of the amount of policy reserves was performed pursuant to the relevant laws and regulations, the "Standard of Practice for Appointed Actuaries of Life Insurance Companies" (issued by the Institute of Actuaries of Japan) and the Company's internal rules, and compared the policy reserves with the calculation results in the previous fiscal years; • evaluated the appointed actuary's opinion letter and the supplementary report (including additional policy reserves set aside for the current fiscal year) by inquiring of the actuary regarding the contents of the reports; • inspected the documents for management approval and other relevant documents and assessed whether management judgment on the scope of the insurance contracts subject to additional policy reserves set aside for the current fiscal year and the timing of their recognition were reasonable considering the recent economic environment; and • confirmed that the statement of calculation procedures for insurance premiums and policy reserves used to calculate the additional policy reserves was approved by the Financial Services Agency, and then evaluated whether additional policy reserves for the relevant insurance contracts were recognized in accordance with the statement of calculation procedures for insurance premiums and policy reserves.

We, therefore, determined that our assessment of the appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Appropriateness of the valuation of claim reserves for long-term disability insurance in the group insurance business at StanCorp	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheets of the Group, Reserves for outstanding claims of ¥795,352 million were reported for the current fiscal year. Of this amount, the claim reserves of StanCorp amounted to ¥653,086 million, a significant portion of which was related to claim reserves for the long-term disability insurance, called Long-Term Disability-Disabled Life Reserves (hereinafter, "LTD-DLR"), in its group insurance business. Reserves for outstanding claims are set aside at amounts for which the payment obligation has incurred but the payment to the policyholder has yet to be completed as of the end of the fiscal year. As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (19) Significant Accounting Estimates a. "Claim reserves of StanCorp Financial Group, Inc. (StanCorp)" to the consolidated financial statements, StanCorp's claim reserves for LTD-DLR are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of StanCorp's consolidated balance sheet date in accordance with U.S. generally accepted accounting principles. While StanCorp evaluates annually whether the amount of claim reserves is appropriate, the selection of an appropriate valuation methodology used in this evaluation required a high level of actuarial expertise. In addition, claim reserves for LTD-DLR are provided for future payment obligations up to the date when the benefit payment would be terminated upon the reinstatement of the insured, and accordingly, the estimate of claim reserves for LTD-DLR reflected key assumptions, such as the claim termination rates, which involved significant management judgment. We, therefore, determined that our assessment of the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	In order to assess the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp's financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary. Such procedures included testing, in accordance with our group audit instructions, of the design and implementation of certain relevant internal controls, with a focus on controls in which StanCorp's actuary evaluates the appropriateness of key assumptions such as the claim termination rates. We also focused on the following procedures, performed with the assistance of actuarial specialists within the firm of the component auditor, considering the status of benefit payments due to the spread of COVID-19 infections, the trends of the unemployment rates and other economic indicators which affected key assumptions of the claim termination rates, and other factors: • assessed whether the selection of a valuation methodology to evaluate the appropriateness of the amount of claim reserves complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices; • assessed whether the claim termination rates, which were a key assumption used to estimate the claim reserves, were appropriate; • compared, for a selection of relevant contracts, the claim reserve independently calculated by the actuarial specialists with the amount recognized by StanCorp; and • assessed the reliability of underlying information used in evaluating whether the amount of claim reserves was appropriate.

<table>
<tr><th colspan="2">Appropriateness of the valuation of the in-force business related to the individual disability insurance business at StanCorp</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
In the consolidated balance sheets of the Group, Other intangible fixed assets of ¥248,560 million were reported for the current fiscal year. Of this amount, the value of the in-force business, or a Value of Business Acquired (“VOBA”), that arose from the acquisition of StanCorp accounted for ¥44,819 million, a significant portion of which was related to the individual disability insurance business.
As described in Note “II. Basis for preparing consolidated financial statements” under 4. “Summary of Significant Accounting Policies”: (19) Significant Accounting Estimates c. “Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition” to the consolidated financial statements, the amount of VOBA arising from the acquisition of StanCorp was the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and was recognized in its consolidated financial statements in accordance with U.S. generally accepted accounting principles.
The VOBA related to the individual disability insurance products is being amortized over a certain period based on their contractual terms in proportion to future premiums. However, if assumptions underlying the actuarial calculations deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, StanCorp performs the evaluation of VOBA concurrently with its assessment of the sufficiency of the amount of policy reserves (loss recognition testing). As a result of the testing, StanCorp determined that the recognition of a loss was not necessary.
In the loss recognition testing, the selection of an appropriate methodology used in the testing required a high level of actuarial expertise. In addition, the estimate of future cash flows used in the testing reflected key assumptions, such as the incident rates that estimates the probability of benefit payment being commenced due to the policy holder’s future disability and the claim termination rates that estimates the probability of the benefit payment being terminated due to reinstatement of the disabled insured, that involved significant management judgment.
We, therefore, determined that our assessment of the appropriateness of the valuation of VOBA related to the individual disability insurance business arising from the acquisition of StanCorp was one of the most significant matters in our audit of the
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In order to assess the appropriateness of the valuation of VOBA related to the individual disability insurance business at StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp’s financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary.
Such procedures included testing, in accordance with our group audit instructions, of the design and operating effectiveness of certain of StanCorp’s controls relevant to the loss recognition testing on the individual disability insurance business, with a focus on controls in which StanCorp’s actuary evaluates the appropriateness of key assumptions, such as the incident rates and the claim termination rates.
We also focused on the following procedures with respect to the results of StanCorp’s loss recognition testing, considering the status of benefit payments due to the spread of COVID-19 infections, the trends of the unemployment rate and other economic indicators which affected the claim termination rates, a key assumption, and other factors:

assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the selection of a methodology used in the loss recognition testing complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices;
assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the incident rates and the claim termination rates used in the loss recognition testing were appropriate; and
evaluated the reliability of underlying information used to estimate future cash flows in the loss recognition testing.

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consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note "I. Basis of Presentation" to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Takuji Kanai
Designated Engagement Partner
Certified Public Accountant

Yukio Kumaki
Designated Engagement Partner
Certified Public Accountant

Hiroki Kobayashi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 3, 2022

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Balance Sheets

As of March 31	Millions of Yen 2021	Millions of Yen 2022	Millions of U.S. Dollars 2022
ASSETS:			
Cash and deposits (*3)	¥ 1,210,322	¥ 859,231	$ 7,020
Call loans	90,000	40,004	326
Monetary claims bought	264,184	182,781	1,493
Money held in trust	170,522	175,209	1,431
Securities (*1, *2, *3, *4)	37,097,578	39,213,372	320,396
Loans (*3, *5, *6)	4,937,975	4,936,701	40,335
Tangible fixed assets (*7, *13)			
Land	624,069	624,917	5,105
Buildings	273,028	270,747	2,212
Leased assets	315	293	2
Construction in progress	3,653	8,614	70
Other tangible fixed assets	7,304	6,717	54
Subtotal	908,371	911,290	7,445
Intangible fixed assets			
Software	63,918	63,010	514
Goodwill	109,536	113,702	929
Other intangible fixed assets	228,986	248,560	2,030
Subtotal	402,441	425,274	3,474
Due from agents	1,560	1,453	11
Reinsurance receivables	152,211	169,181	1,382
Other assets	601,097	1,106,219	9,038
Net defined benefit assets	126,976	184,385	1,506
Deferred tax assets	2,180	2,494	20
Customers' liabilities under acceptances and guarantees	19,215	5,473	44
Allowance for possible loan losses	(6,837)	(10,518)	(85)
Total assets	¥ 45,977,802	¥ 48,202,554	$ 393,843

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Balance Sheets (continued)

As of March 31	Millions of Yen 2021	Millions of Yen 2022	Millions of U.S. Dollars 2022
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 708,582	¥ 795,352	$ 6,498
Policy reserves	35,297,785	36,143,309	295,312
Policyholders' dividend reserves (*8)	260,030	281,323	2,298
Subtotal	36,266,398	37,219,985	304,109
Due to agents	3,628	5,167	42
Reinsurance payables	802	800	6
Bonds payable (*9)	666,866	669,599	5,471
Other liabilities			
Payables under securities borrowing transactions	2,514,959	3,469,240	28,345
Other liabilities (*10)	660,720	1,253,117	10,238
Subtotal	3,175,679	4,722,358	38,584
Net defined benefit liabilities	8,317	8,877	72
Reserve for price fluctuation	851,195	870,721	7,114
Deferred tax liabilities	378,208	314,918	2,573
Deferred tax liabilities for land revaluation (*13)	79,003	78,954	645
Acceptances and guarantees	19,215	5,473	44
Total liabilities	41,449,317	43,896,857	358,663
NET ASSETS:			
Foundation funds	250,000	150,000	1,225
Reserve for redemption of foundation funds	730,000	830,000	6,781
Reserve for revaluation	452	452	3
Surplus	515,259	413,961	3,382
Total funds, reserve and surplus	1,495,712	1,394,414	11,393
Net unrealized gains on available-for-sale securities	2,959,118	2,759,564	22,547
Deferred unrealized gains on derivatives under hedge accounting	28,261	4,821	39
Land revaluation differences (*13)	118,183	121,889	995
Foreign currency translation adjustments	(89,185)	(22,534)	(184)
Remeasurements of defined benefit plans	15,714	46,850	382
Total accumulated other comprehensive income	3,032,091	2,910,591	23,781
Non-controlling interests	681	692	5
Total net assets	4,528,485	4,305,697	35,180
Total liabilities and net assets	¥ 45,977,802	¥ 48,202,554	$ 393,843

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income
[Consolidated Statements of Income]

Years ended March 31	Millions of Yen 2021	Millions of Yen 2022	Millions of U.S. Dollars 2022
ORDINARY INCOME:			
Insurance premiums and other	¥ 2,669,358	¥ 2,809,838	$ 22,958
Investment income			
Interest, dividends and other income	906,130	966,359	7,895
Gains on money held in trust	1,825	2,816	23
Gains on sales of securities	98,530	115,088	940
Gains on redemption of securities	133,300	71,940	587
Foreign exchange gains	44,445	133,051	1,087
Other investment income	3,197	4,144	33
Investment gains on separate accounts	75,981	9,658	78
Subtotal	1,263,411	1,303,059	10,646
Other ordinary income	95,923	101,441	828
Total ordinary income	4,028,693	4,214,339	34,433
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	642,535	679,079	5,548
Annuity payments	663,129	628,789	5,137
Benefit payments	515,164	550,883	4,501
Surrender benefits	582,654	666,735	5,447
Other refunds	138,930	99,014	809
Subtotal	2,542,415	2,624,503	21,443
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	11,014	20,696	169
Provision for policy reserves	293,947	270,941	2,213
Provision for interest on policyholders' dividend reserves	82	57	0
Subtotal	305,044	291,695	2,383
Investment expenses			
Interest expenses	43,401	52,360	427
Losses on sales of securities	63,723	65,987	539
Losses on valuation of securities	3,583	5,852	47
Losses on redemption of securities	78,895	9,328	76
Losses on derivative financial instruments	78,612	215,416	1,760
Provision for allowance for possible loan losses	2,867	2,237	18
Depreciation of real estate for non-insurance business	10,006	9,919	81
Other investment expenses	25,071	28,601	233
Subtotal	306,162	389,703	3,184
Operating expenses	489,678	513,982	4,199
Other ordinary expenses	156,398	163,111	1,332
Total ordinary expenses	3,799,698	3,982,997	32,543
Ordinary profit	¥ 228,994	¥ 231,341	$ 1,890

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income
[Consolidated Statements of Income] (continued)

Years ended March 31	Millions of Yen 2021	Millions of Yen 2022	Millions of U.S. Dollars 2022
Extraordinary gains			
Gains on disposals of fixed assets	¥ 385	¥ 124	$ 1
Reversal of reserve for contingent liabilities	1	–	–
Subtotal	**386**	**124**	**1**
Extraordinary losses			
Losses on disposals of fixed assets	6,361	6,419	52
Impairment losses (*2)	2,262	556	4
Provision for reserve for price fluctuation	17,604	19,484	159
Losses on reduction entry of real estate	325	–	–
Contributions for promotion of social welfare project	661	1,587	12
Other extraordinary losses (*1)	4,383	–	–
Subtotal	**31,598**	**28,047**	**229**
Surplus before income taxes and non-controlling interests	**197,782**	**203,418**	**1,662**
Income taxes			
Current	57,904	12,157	99
Deferred	(48,923)	9,390	76
Total income taxes	**8,981**	**21,547**	**176**
Net surplus	**188,801**	**181,870**	**1,485**
Net surplus attributable to non-controlling interests	**60**	**71**	**0**
Net surplus attributable to the Parent Company	**¥ 188,740**	**¥ 181,799**	**$ 1,485**

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income
[Consolidated Statements of Comprehensive Income]

Years ended March 31		Millions of Yen 2021		Millions of Yen 2022		Millions of U.S. Dollars 2022
Net surplus	¥	**188,801**	¥	**181,870**	$	**1,485**
Other comprehensive income (loss)		948,034		(125,206)		(1,023)
Net unrealized gains (losses) on available-for-sale securities		965,043		(196,584)		(1,606)
Deferred unrealized gains (losses) on derivatives under hedge accounting		(17,181)		(23,210)		(189)
Foreign currency translation adjustments		(33,286)		64,061		523
Remeasurements of defined benefit plans		38,532		31,136		254
Share of other comprehensive income (loss) of associates accounted for under the equity method		(5,073)		(609)		(4)
Comprehensive income (loss)	¥	**1,136,835**	¥	**56,664**	$	**462**
Comprehensive income (loss) attributable to the Parent Company		1,136,774		56,592		462
Comprehensive income (loss) attributable to non-controlling interests		60		71		0

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets

Year ended March 31, 2021 — **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	250,000	730,000	452	475,912	1,456,365
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(148,874)	(148,874)
Payment of interest on foundation funds				(757)	(757)
Net surplus attributable to the Parent Company				188,740	188,740
Reversal of land revaluation differences				238	238
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	–	–	–	39,346	39,346
Ending balance	250,000	730,000	452	515,259	1,495,712

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	1,993,002	45,187	118,421	(49,497)	(22,818)	2,084,295	700	3,541,362
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(148,874)
Payment of interest on foundation funds								(757)
Net surplus attributable to the Parent Company								188,740
Reversal of land revaluation differences								238
Net changes, excluding funds, reserves and surplus	966,115	(16,926)	(238)	(39,687)	38,532	947,795	(19)	947,776
Net changes in the fiscal year	966,115	(16,926)	(238)	(39,687)	38,532	947,795	(19)	987,122
Ending balance	2,959,118	28,261	118,183	(89,185)	15,714	3,032,091	681	4,528,485

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2022 | **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	250,000	730,000	452	515,259	1,495,712
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(178,633)	(178,633)
Additions to reserve for redemption of foundation funds		100,000			100,000
Payment of interest on foundation funds				(757)	(757)
Net surplus attributable to the Parent Company				181,799	181,799
Redemption of foundation funds	(100,000)				(100,000)
Reversal of reserve for fund redemption				(100,000)	(100,000)
Reversal of land revaluation differences				(3,706)	(3,706)
Net changes, excluding funds, reserves and surplus					–
Net changes in the fiscal year	(100,000)	100,000	–	(101,297)	(101,297)
Ending balance	150,000	830,000	452	413,961	1,394,414

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,959,118	28,261	118,183	(89,185)	15,714	3,032,091	681	4,528,485
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(178,633)
Additions to reserve for redemption of foundation funds								100,000
Payment of interest on foundation funds								(757)
Net surplus attributable to the Parent Company								181,799
Redemption of foundation funds								(100,000)
Reversal of reserve for fund redemption								(100,000)
Reversal of land revaluation differences								(3,706)
Net changes, excluding funds, reserves and surplus	(199,554)	(23,440)	3,706	66,650	31,136	(121,500)	10	(121,489)
Net changes in the fiscal year	(199,554)	(23,440)	3,706	66,650	31,136	(121,500)	10	(222,787)
Ending balance	2,759,564	4,821	121,889	(22,534)	46,850	2,910,591	692	4,305,697

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2022 — **Millions of U.S. Dollars**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	2,042	5,964	3	4,209	12,220
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(1,459)	(1,459)
Additions to reserve for redemption of foundation funds		817			817
Payment of interest on foundation funds				(6)	(6)
Net surplus attributable to the Parent Company				1,485	1,485
Redemption of foundation funds	(817)				(817)
Reversal of reserve for fund redemption				(817)	(817)
Reversal of land revaluation differences				(30)	(30)
Net changes, excluding funds, reserves and surplus					–
Net changes in the fiscal year	(817)	817	–	(827)	(827)
Ending balance	1,225	6,781	3	3,382	11,393

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	24,177	230	965	(728)	128	24,774	5	37,000
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(1,459)
Additions to reserve for redemption of foundation funds								817
Payment of interest on foundation funds								(6)
Net surplus attributable to the Parent Company								1,485
Redemption of foundation funds								(817)
Reversal of reserve for fund redemption								(817)
Reversal of land revaluation differences								(30)
Net changes, excluding funds, reserves and surplus	(1,630)	(191)	30	544	254	(992)	0	(992)
Net changes in the fiscal year	(1,630)	(191)	30	544	254	(992)	0	(1,820)
Ending balance	22,547	39	995	(184)	382	23,781	5	35,180

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Cash Flows

Years ended March 31	Millions of Yen 2021	Millions of Yen 2022	Millions of U.S. Dollars 2022
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 197,782	¥ 203,418	$ 1,662
Depreciation of real estate for non-insurance business	10,006	9,919	81
Depreciation	44,059	45,749	373
Impairment losses	2,262	556	4
Amortization of goodwill	7,222	8,026	65
Increase (Decrease) in reserve for outstanding claims	18,158	22,634	184
Increase (Decrease) in policy reserves	459,457	446,335	3,646
Provision for interest on policyholders' dividend reserves	82	57	0
Increase (Decrease) in allowance for possible loan losses	82	3,681	30
Increase (Decrease) in net defined benefit liabilities	159	100	0
Increase (Decrease) in reserve for contingent liabilities	(1)	–	–
Increase (Decrease) in reserve for price fluctuation	17,604	19,484	159
Interest, dividends, and other income	(906,130)	(966,359)	(7,895)
Losses (Gains) on securities	(304,383)	(568,774)	(4,647)
Interest expenses	43,401	52,360	427
Foreign exchange losses (gains)	(33,266)	(5,925)	(48)
Losses (Gains) on tangible fixed assets	5,974	6,294	51
Investment losses (gains) on equity method	2,796	7,832	63
Decrease (Increase) in due from agents	48	114	0
Decrease (Increase) in reinsurance receivables	2	(135)	(1)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	56,968	(34,670)	(283)
Increase (Decrease) in due to agents	126	1,134	9
Increase (Decrease) in reinsurance payables	(162)	(2)	0
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	209,971	204,560	1,671
Others, net	(1,947)	(9,848)	(80)
Subtotal	**(169,721)**	**(553,455)**	**(4,522)**
Interest, dividends, and other income received	945,305	987,989	8,072
Interest paid	(43,242)	(47,928)	(391)
Policyholders' dividends paid	(134,950)	(157,424)	(1,286)
Income taxes paid	(47,787)	(65,387)	(534)
Net cash provided by operating activities	**¥ 549,604**	**¥ 163,794**	**$ 1,338**

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Cash Flows (continued)

Years ended March 31		Millions of Yen 2021		Millions of Yen 2022		Millions of U.S. Dollars 2022
II Cash flows from investing activities						
Net decrease (increase) in deposits	¥	(22,689)	¥	(60,181)	$	(491)
Purchase of monetary claims bought		(2,500)		–		–
Proceeds from sales and redemption of monetary claims bought		12,355		11,233		91
Increase in money held in trust		(131,500)		(5,000)		(40)
Purchase of securities		(7,727,693)		(8,416,665)		(68,769)
Proceeds from sales and redemption of securities		6,238,296		6,909,007		56,450
Loans extended		(1,034,296)		(994,125)		(8,122)
Proceeds from collection of loans		969,888		1,099,100		8,980
Net increase (decrease) in cash collateral under securities		1,234,854		715,216		5,843
Total investment activities (IIa)		**(463,284)**		**(741,415)**		**(6,057)**
[I + IIa]		**86,320**		**(577,621)**		**(4,719)**
Purchase of tangible fixed assets		(32,182)		(22,333)		(182)
Proceeds from sales of tangible fixed assets		951		266		2
Purchase of intangible fixed assets		(26,978)		(33,273)		(271)
Others, net		(2,286)		(4,580)		(37)
Net cash used in investing activities		**(523,779)**		**(801,335)**		**(6,547)**
III Cash flows from financing activities						
Proceeds from borrowings		–		200,000		1,634
Redemption of foundation funds		–		(100,000)		(817)
Payment of interest on foundation funds		(757)		(757)		(6)
Others, net		(3,870)		(76)		0
Net cash provided by (used in) financing activities		**(4,627)**		**99,165**		**810**
IV Effect of foreign exchange rate changes on cash and cash equivalents		**4,434**		**9,020**		**73**
V Net increase (decrease) in cash and cash equivalents		**25,631**		**(529,356)**		**(4,325)**
VI Cash and cash equivalents at the beginning of the year		**1,293,097**		**1,318,728**		**10,774**
VII Cash and cash equivalents at the end of the year	**¥**	**1,318,728**	**¥**	**789,372**	**$**	**6,449**

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to the Consolidated Financial Statements

I. Basis of Presentation

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

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2022, which was ¥122.39 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

II. Basis for preparing consolidated financial statements

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 18 as of March 31, 2021 and 2022. The main consolidated subsidiaries as of March 31, 2022 are as follows:

Meiji Yasuda General Insurance Co., Ltd. (Japan)
Meiji Yasuda Asset Management Company Ltd. (Japan)
Meiji Yasuda System Technology Company Limited (Japan)
Pacific Guardian Life Insurance Company, Limited (U.S.A.)
StanCorp Financial Group, Inc. (U.S.A.)
Meiji Yasuda America Incorporated (U.S.A.)

A main subsidiary that is not consolidated, is Meiji Yasuda Life Planning Center Company, Limited.

The non-consolidated subsidiaries are excluded from the range of consolidation, due to all of them being small in scale from a total asset, sales, current profit/loss and (profit) surplus perspective. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position of the Company and its subsidiaries and the results of their operations.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to the Consolidated Financial Statements

2. Affiliates

The number of affiliates accounted for by the equity method was 9 as of March 31, 2021 and 2022. The main affiliates accounted for by the equity method as of March 31, 2022 are as follows:

Founder Meiji Yasuda Life Insurance Co., Ltd. (China)
PT Avrist Assurance (Indonesia)
TU Europa S.A. (Poland)
TUiR Warta S.A. (Poland)
Thai Life Insurance Public Company Limited (Thailand)

The subsidiaries not consolidated (e.g., Meiji Yasuda Life Planning Center Company, Limited and others, and certain affiliates) are excluded from the scope of the equity method due to their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

3. Fiscal year-end of consolidated subsidiaries

The fiscal year-ends of consolidated overseas subsidiaries are December 31. The consolidated financial statements include the accounts of such subsidiaries as of their fiscal year-ends, with appropriate adjustments made for material transactions occurring between their respective fiscal year-ends and the date of the consolidated financial statements.

4. Summary of Significant Accounting Policies

(1) Securities

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

a. Trading securities are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.

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

c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the 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 (JICPA). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.

d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the “Insurance Business Act” and Article 13-5-2, Paragraph 3 of the “Order for Enforcement of the Insurance Business Act.” The affiliates are under Paragraph 4 of the order.

e. Available-for-sale securities are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method. Stocks and others of which market value is not available are stated at cost using the moving average method. Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the consolidated balance sheets.

(2) Money held in trust

Money held in trust is stated at fair value.

(3) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors) of individual life insurance, individual annuities and group pensions as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No.21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" issued by the JICPA.

(4) Derivative transactions

Derivative transactions are stated at fair value.

(5) Tangible fixed assets

Tangible fixed assets (excluding leased assets) owned by the Company are depreciated as follows:

a. Buildings
Calculated using the straight-line method.

b. Other tangible fixed assets
Calculated using the declining-balance method.

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

Tangible fixed assets owned by the Company's overseas consolidated subsidiaries are depreciated by mainly using the straight-line method.

Leased assets related to finance leases that do not transfer ownership to the lessees are depreciated by using the straight-line method, with the lease period being considered as useful lives of assets and residual value being set at zero.

(6) Software

Capitalized software for internal use owned by the Company and subsidiaries (included in intangible fixed assets in the consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives. Intangible fixed assets owned by certain overseas consolidated subsidiaries are amortized based on each country's accounting standard, such as U.S. generally accepted accounting principles (hereafter, "U.S. GAAP").

(7) Allowance for possible loan losses

Allowance for possible loan losses of the Company 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 (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees.

For loans to borrowers that have high possibility of bankruptcy (hereafter, "borrowers with high possibility of bankruptcy"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collateral and by executing guarantees.

For 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 by the department concerned based on the Company's standards for the self-assessment of asset quality and an independent department is responsible for audit of its self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans with collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2021 and 2022 amounted to ¥391 million and ¥3 million (U.S. $0 million), respectively.

Certain overseas consolidated subsidiaries directly deduct an allowance for possible loan losses from the assets in the consolidated balance sheets as of March 31, 2021 and 2022, respectively. The amount is as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2021**	**2022**	**2022**
Loans	¥ 2,372	¥ 1,227	$ 10

(8) Net defined benefit liabilities and assets

Net defined benefit liabilities and assets are provided based on the estimate of retirement benefit obligations and plan assets at the balance sheet date.

Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2021 and 2022 were as follows:

Years ended March 31	2021	2022
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

(9) Reserve for price fluctuation

Reserve for price fluctuation of the Company and the domestic consolidated insurance subsidiary is calculated pursuant to Article 115 of the “Insurance Business Act”.

(10) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for equity securities issued by unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Equity securities issued by unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues and expenses of the Company's overseas consolidated subsidiaries are translated into Japanese yen at the exchange rate at the end of their fiscal year, and translation adjustments are included in "foreign currency translation adjustments" in the net assets section of the consolidated balance sheets.

(11) Method of hedge accounting

Methods of hedge accounting of the Company are in accordance with the ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. These methods consist primarily of:
- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans receivable;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans and bonds payable; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities, from the year ended March 31, 2010, based on the Industry Audit Committee Report No. 26, “Accounting and Auditing Treatments related to Application of Accounting Standard for Financial Instruments in the Insurance Industry,” issued by the JICPA.

Hedge effectiveness for the deferred hedge accounting to hedge against interest rate fluctuation risk related to insurance liabilities is assessed by verifying the correlation between interest rates that would be used in calculating theoretical prices of hedged items and hedging instruments.

(12) Goodwill on consolidation

Goodwill (including goodwill relating to affiliates) is amortized on the straight-line basis over 20 years. However, immaterial amounts of goodwill are fully recognized as expenses as incurred.

(13) Cash and cash equivalents

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents are comprised of cash on hand, demand deposits and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present insignificant risk of change in value.

(14) Accounting for consumption taxes

National and local consumption taxes of the Company 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 prepaid expenses and amortized over a five-year period on the straight-line basis pursuant to the “Corporation Tax Act”.

(15) Policy reserves

Regarding contracts for which the insurer’s liability under insurance policies has started as of the end of the fiscal year, policy reserves of the Company are set aside in accordance with the methods stated in 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, Paragraph 1 of the “Insurance Business Act”, in order to prepare for future fulfilment of obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated by the following methods:
a. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Prime Minister (Notification of the Minister of Finance No. 48, 1996).
b. Reserves for policies not subject to the standard policy reserve requirements are calculated based on the net level premium method.

In addition, if there is deemed to be a risk of being unable to fulfill future obligations in the policy reserves set aside in accordance with the statement of calculation procedures approved by the Financial Service Agency due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act”. In accordance with this provision, the following reserves are set aside:

- The policy reserves set aside in the fiscal year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995.
- The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 2 years since the fiscal year ended March 31,

2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).
The Company originally planned to set aside the above additional reserves for 4 years since the fiscal year ended March 31, 2021; however, the remaining amount totaling ¥110,814 million (U.S. $905 million) was fully set aside in the fiscal year ended March 31, 2022, completing the accumulation of the reserves ahead of schedule.

Contingency reserves included in policy reserves are set aside in accordance with 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 cover risks that may occur in the future in order to ensure the performance of future obligations under insurance contracts.

Policy reserves of certain overseas consolidated subsidiaries are recorded using the amount calculated in accordance with U.S. GAAP.

(16) Income Taxes

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

(17) Recognition of Insurance Premiums, Benefits and Claims, and Other Payments

Insurance premiums of the Company are, in principle, recorded for insurance contracts for which insurance premium has been received and under which the insurer’s liability has commenced by the relevant amounts received.

Also, premiums which corresponds to the period that is not expired at the end of the fiscal year, are set aside in the policy reserves in accordance with Article 116 of the “Insurance Business Act”, and Article 69, Paragraph 1, Item 2 of the “Ordinance for Enforcement of the Insurance Business Act”.

Benefits and claims (excluding reinsurance premiums) of the Company are recorded for contracts for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions by the relevant amounts paid.

In addition, the Company recognizes outstanding claims with the amount of unpaid claims over the contracts for which payment obligation exists at the end of the fiscal year 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”.

(18) Policy acquisition costs

Policy acquisition costs of the Company are expensed when incurred.

Policy acquisition costs of certain overseas consolidated subsidiaries are calculated based on each country's accounting standard, such as U.S. GAAP.

(19) Significant Accounting Estimates

Significant accounting estimates that are identified pursuant to Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31), are as follows.

a. Claim reserves of StanCorp Financial Group, Inc. (StanCorp)

(i) Amount recorded in the consolidated financial statements at the end of the fiscal year
The amounts of ¥575,256 million and ¥653,086 million (U.S. $5,336 million) are recorded in Reserve for outstanding claims of the consolidated balance sheets for the fiscal years ended March 31, 2021 and 2022, respectively. Claim reserves for the long-term disabled disability insurance, called Long-Term Disability-Disabled Life Reserves, in its group insurance business accounts for a significant portion of the reserve.

(ii) Other information that contributes to the understanding of users of consolidated financial statements about the contents of accounting estimates
StanCorp's claim reserves are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of the StanCorp's balance sheet date in accordance with U.S. GAAP. While StanCorp evaluates annually whether the amount of claim reserves is appropriate, key assumptions such as claim termination rates are used for this evaluation.

Those assumptions are subject to a high degree of uncertainty and may greatly affect the future cash flow estimates on the consolidated balance sheets at the end of the next fiscal year.

b. Impairment of goodwill arising from the acquisition of StanCorp

(i) Amount recorded in the consolidated financial statements at the end of the fiscal year
The amounts of ¥109,536 million and ¥113,702 million (U.S. $929 million) are recorded in Goodwill of the consolidated balance sheets for the fiscal years ended March 31, 2021 and 2022, respectively. The goodwill allocated to its group insurance business accounts for a significant portion.

(ii) Other information that contributes to the understanding of users of consolidated financial statements about the contents of accounting estimates
Goodwill arising from the acquisition of StanCorp is recognized in the consolidated financial statements of StanCorp, and is tested for impairment by StanCorp in accordance with U.S. GAAP.
In the impairment testing, StanCorp evaluates the indication of impairment in accordance with U.S. GAAP, and assesses qualitative factors to determine whether it is more likely than not that the fair value of the group insurance business is less than its carrying amount including goodwill (qualitative assessment). Additionally, StanCorp performs a quantitative impairment test based on its earnings forecast.
This evaluation uses key assumptions such as premium growth rates and the insurance

benefit ratios.

Those assumptions involve a high degree of uncertainty and may greatly affect the future cash flow estimates on the consolidated financial statements of the next fiscal year.

As a result of the testing, no impairment losses are recognized.

c. Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition

(i) Amount recorded in the consolidated financial statements at the end of the fiscal year
The amounts of ¥42,978 million and ¥44,819 million (U.S. $366 million) of the VOBA are recorded in Other intangible fixed assets of the consolidated balance sheets for the fiscal years ended March 31, 2021 and 2022, respectively. The balance related to the individual disability insurance business accounts for a significant portion of the VOBA.

(ii) Other information that contributes to the understanding of users of consolidated financial statements about the contents of the accounting estimates
The amount of VOBA arising from the acquisition of consolidated overseas subsidiaries is the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and is recognized in its consolidated financial statements in accordance with U.S. GAAP.
Key assumptions such as the incident rates and the claim termination rates are used for the calculation of the VOBA. In addition, the VOBA is being amortized over a certain period based on their contractual terms in proportion to future premiums.

If the assumptions listed above deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, this evaluation is performed with its assessment of the sufficiency of the amount of policy reserves.

Those assumptions involve a high degree of uncertainty, and may greatly affect the future cash flow estimates on the consolidated financial statements of the next fiscal year.

As a result of the testing, no impairment losses are recognized.

(Change in accounting policies)

The Company adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30: July 4, 2019) and other relevant standards at the beginning of the fiscal year ended March 31, 2022.
In accordance with the transitional treatments set forth in Paragraph 19 of the “ Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10), the Company adopts new accounting policies prescribed in the “Accounting Standard for Fair Value Measurement” and other relevant standards for the reporting of its current and future financial results, prospectively.

Accordingly, the valuation of stocks included in available-for-sale securities with fair value, is conducted using the fair value method based on closing market prices at the end of the fiscal year, whereas these stocks were valued at the average of the market price during the final month of each fiscal year.

Moreover, the Company began to disclose fair value hierarchy in line with the adoption of the "Accounting Standard for Fair Value Measurement. However, in accordance with transitional treatment set forth in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19: July 4, 2019), the Company omitted the disclosure for the fiscal year ended March 31, 2021.

III. Notes to Consolidated Balance Sheets

*1. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥4,068,010 million and ¥4,758,137 million (U.S. $38,876 million) as of March 31, 2021 and 2022, respectively.

*2. Securities sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥100,242 million and ¥236,593 million (U.S. $1,933 million) as of March 31, 2021 and 2022, respectively.

*3. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of ¥327 million and ¥559 million (U.S. $4 million), securities in the amount of ¥37,024 million and ¥1,898 million (U.S. $15 million), and loans in the amount of ¥123,610 million and ¥159,179 million (U.S. $1,300 million) as of March 31, 2021 and 2022, respectively.

*4. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥205,549 million and ¥202,576 million (U.S. $1,655 million) as of March 31, 2021 and 2022, respectively.

*5. Loans

The amounts of risk-monitored loans, which comprised (1) bankrupt and quasi-bankrupt loans, (2) doubtful loans, (3) loans in arrears for three months or longer and (4) restructured loans, were ¥23,293 million and ¥28,373 million (U.S. $231 million) as of March 31, 2021 and 2022, respectively.

The amounts of bankrupt and quasi-bankrupt loans were ¥416 million and ¥421 million (U.S. $3 million) as of March 31, 2021 and 2022, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet as of March 31, 2021 and 2022 were ¥391 million and ¥3 million (U.S. $0 million) for bankrupt and quasi-bankrupt loans, respectively.

Bankrupt and quasi- bankrupt loans are loans to borrowers that have been found or are likely to be found legally bankrupt through fillings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.

The amounts of doubtful loans were ¥4,425 million and ¥11,339 million (U.S. $92 million) as of March 31, 2021 and 2022, respectively.

Doubtful loans are loans with a high probability of failure in the receipt of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance even though the borrower has yet to be in the state of bankruptcy. These loans do not include bankrupt and quasi-bankrupt loans.

The amounts of loans in arrears for three months or longer were ¥89 million and ¥98 million (U.S. $0 million) as of March 31, 2021 and 2022, respectively.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. These loans do not include bankrupt and quasi-bankrupt loans or doubtful loans.

The amounts of restructured loans were ¥18,360 million and ¥16,513 million (U.S. $134 million) as of March 31, 2021 and 2022, respectively.

Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include bankrupt and quasi-bankrupt loans, doubtful loans, or loans in arrears for three months or longer.

*6. Loan Commitments

The amounts of loan commitments outstanding were ¥77,182 million and ¥65,864 million (U.S. $538 million) as of March 31, 2021 and 2022, respectively.

*7. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥468,988 million and ¥474,328 million (U.S. $3,875 million) as of March 31, 2021 and 2022, respectively.

*8. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2021 and 2022 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2021**	**2022**	**2022**
Balance at the beginning of the fiscal year	¥ 245,988	¥ 260,030	$ 2,124
Transfer from surplus in the previous fiscal year	148,874	178,633	1,459
Dividend payments to policyholders during the fiscal year	(134,950)	(157,424)	(1,286)
Interest accrued during the fiscal year	117	83	0
Balance at the end of the fiscal year	260,030	281,323	2,298

*9. Subordinated Bonds

As of March 31, 2021 and 2022, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥640,735 million and ¥640,735 million (U.S. $5,235 million), respectively, and the repayments of which are subordinated to other obligations.

*10. Subordinated Borrowings

As of March 31, 2022, other liabilities in liabilities included subordinated borrowings of ¥200,000 million (U.S. $1,634 million), and the repayments of which are subordinated to other obligations.

11. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥719,161 million and ¥707,095 million (U.S. $5,777 million) as of March 31, 2021 and 2022, respectively. The amounts of separate account liabilities were the same as these figures.

12. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥45,929 million and ¥45,414 million (U.S. $371 million) as of March 31, 2021 and 2022, respectively, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

*13. Revaluation of land

The Company revalued certain parcels of land owned for operational use as of March 31, 2000, as permitted by the "Act on Revaluation of Land".

The difference in value before and after revaluation is directly included in net assets in the consolidated balance sheets and presented as land revaluation differences, after net of income taxes which is presented as deferred tax liabilities for land revaluation in the consolidated balance sheets. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the "Order for Enforcement of the Act on Revaluation of Land") for the revaluation.

The Company also revalued certain parcels of land acquired from former Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004 as of March 31, 2001, as permitted by the act. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the former company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the order) and appraisal value (detailed in Article 2, Item 5 of the order) for the revaluation.

IV. Notes to Consolidated Statements of Income

*1. Other Extraordinary Losses

Other extraordinary losses recorded in the fiscal year ended March 31, 2021 are mainly as follows

and due to the declaration of a COVID-19 state of emergency by the Japanese government:
(1) Compensation for sales agents due to self-restraint of face-to-face business activity
(2) Cancellation costs of outsourcing system development

*2. Impairment of Fixed Assets

The details of the impairment losses on fixed assets are as follows:

(1) Method for grouping the assets

The Company and certain consolidated subsidiaries group all the fixed assets held and utilized mainly for the insurance business as one asset group for the impairment test.
For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2021 and 2022, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2021

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	3	¥625	¥1,415	¥2,040
Idle assets	6	129	91	221
Total	9	755	1,507	2,262

For the year ended March 31, 2022

Asset group	Number of properties impaired	Millions of Yen			
		Land	Buildings	Other intangible fixed assets	Total
Real estate for non-insurance business	0	¥ –	¥ –	¥ –	¥ –
Idle assets	9	310	242	3	556
Total	9	310	242	3	556

For the year ended March 31, 2022

Asset group	Land	Buildings	Other intangible fixed assets	Total
				Millions of U.S. Dollars
Real estate for non-insurance business	$ –	$ –	$ –	$ –
Idle assets	2	1	0	4
Total	2	1	0	4

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 1.87% and 1.82% for the years ended March 31, 2021 and 2022, respectively. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value. In addition, the Company recognized impairment losses associated with certain affiliates in the fiscal year ended March 31, 2022 in light of their current operating environment. These losses are included into investment losses (gains) on equity method classified under other ordinary expenses.

V. Notes to Consolidated Statements of Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2021 and 2022 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2021**	**2022**	**2022**
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	¥ 1,463,056	¥ (229,166)	$ (1,872)
Reclassification adjustments	(128,405)	(40,483)	(330)
Before income tax effect adjustments	1,334,650	(269,649)	(2,203)
Income tax effects	(369,607)	73,065	596
Net unrealized gains on available-for-sale securities	965,043	(196,584)	(1,606)
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ (19,503)	¥ (30,545)	$ (249)
Reclassification adjustments	(4,346)	(1,673)	(13)
Before income tax effect adjustments	(23,849)	(32,219)	(263)
Income tax effects	6,668	9,008	73
Deferred unrealized gains (losses) on derivatives under hedge accounting	(17,181)	(23,210)	(189)
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ (33,286)	¥ 64,061	$ 523
Reclassification adjustments	—	—	—
Before income tax effect adjustments	(33,286)	64,061	523
Income tax effects	—	—	—
Foreign currency translation adjustments	(33,286)	64,061	523
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ 54,196	¥ 48,895	$ 399
Reclassification adjustments	(464)	(6,125)	(50)
Before income tax effect adjustments	53,732	42,770	349
Income tax effects	(15,199)	(11,633)	(95)
Remeasurements of defined benefit plans	38,532	31,136	254
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ (4,835)	¥ 1,161	$ 9
Reclassification adjustments	(238)	(1,771)	(14)
Share of other comprehensive income of affiliates accounted for by the equity method	(5,073)	(609)	(4)
Total other comprehensive income	948,034	(125,206)	(1,023)

VI. Notes to Consolidated Statements of Changes in Net Assets

1. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

Having redeemed foundation funds totaling ¥100,000 million (U.S. $817 million) in the fiscal year ended March 31, 2022, the Company has transferred reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the “Insurance Business Act.”

VII. Notes to Consolidated Statements of Cash Flows

1. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2021 and 2022 were as follows:

		Millions of Yen	Millions of U.S. Dollars
As of March 31	**2021**	**2022**	**2022**
Cash and deposits	¥ 1,210,322	¥ 859,231	$ 7,020
Time deposits (over 3 months)	(67,616)	(127,798)	(1,044)
Call loans	90,000	40,004	326
Monetary claims bought (matured within 3 months from the date of acquisition)	69,990	–	–
Money held in trust (matured within 3 months)	15,900	17,600	143
Securities (matured within 3 months from the date of acquisition)	132	334	2
Cash and cash equivalents	1,318,728	789,372	6,449

VIII. Financial Instruments

1. Qualitative information on financial instruments

The Company develops the asset and liability management based on surplus, and it monitors a surplus derived from the difference between the economic values of assets and liabilities as a measure of financial soundness, in order to manage its investment assets (excluding the assets of the separate account prescribed in Article 118, Paragraph 1 of the “Insurance Business Act”).

Based on this risk management, the Company mainly invests in securities and loans. Securities held primarily consist of bonds, stocks and investment trusts. Loans primarily consist of loans to domestic corporate borrowers. Securities held by certain overseas consolidated subsidiaries primarily consist of bonds, and loans primarily consist of loans to overseas borrowers.

Derivatives are mainly used for hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable risk.

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. These methods consist primarily of:
- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans and bonds payable; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Securities held by the Company and certain overseas consolidated subsidiaries are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk. Loans are exposed to credit risk and interest rate fluctuation risk. Derivative transactions are exposed to market risk and credit risk.

Some of the bonds payable of the Company and certain overseas consolidated subsidiaries which are denominated in foreign currencies are exposed to exchange rate fluctuation risk.

With regard to the interest rate fluctuation risk management, the Company manages the fluctuation risk on the basis of economic values from a surplus management perspective, by purchasing super long-term bonds to keep asset duration stable and using interest rate swaps for the interest rate risk hedge against insurance liabilities.

To manage the exchange rate fluctuation risk, the Company hedges against exchange rate fluctuation using forward exchange contracts where necessary for appropriate controls of exchange rate fluctuation risk.

To manage price fluctuation risk and other market risks, the Company performs integrated management for outstanding balances and the profit and loss situation of securities and derivative transactions and also monitors loss limits to minimize unexpected losses.

In addition to the Value at Risk (VaR) method to measure the maximum expected loss, the Company performs stress tests periodically to simulate conditions that might arise in the event of sharp market fluctuations that exceed normal forecasts.

The profit and loss status and compliance with these procedures are monitored by the investment risk management department, reported regularly (or immediately in urgent cases) to the risk management verification committee and, on important matters, reported directly to the Board of Directors and Committees.

To manage credit risk, the Company carefully identifies risks in each transaction and limits investments to those that are assessed to be of high quality.

Where credit risk assessment is particularly important regarding corporate loans, the credit risk management department ensures that a rigorous screening system is in place, and monitors borrowers and internal credit rating using corporate screening methods. The Company follows careful discussions by the Investment Council to make decisions on highly important deals.

Further, the Company sets exposure limits based on counterparties' creditworthiness to ensure that risk is not concentrated among certain companies or groups, and diversifies investments.

With regard to derivative transactions, the Company limits risk by setting up policies and establishing limits by the type of transaction and by each counterparty. At the same time, a system of internal checks is in place by segregating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

2. Fair value of financial instruments

The amounts of the principal financial assets and liabilities reported in the consolidated balance sheets at the end of the fiscal year, their fair values and the differences between them, were as presented in the following table. In addition, notes for cash are omitted. Moreover, the Company omitted notes for deposits other than CDs; money held in trust that is jointly invested and has a nature similar to deposits; payables under repurchase agreements; and payables under securities borrowing transactions, based on the assumption that the fair value of these instruments approximates book value due to short-term nature of their contracts.

As of March 31	Millions of Yen		
	2021		
	Balance sheet amount	Fair value	Difference
Deposits	¥ 52,995	¥ 52,995	¥ —
Available-for-sale securities (CDs)	52,995	52,995	—
Monetary claims bought	264,184	273,558	9,374
Held-to-maturity debt securities	185,473	194,847	9,374
Available-for-sale securities	78,711	78,711	—
Money held in trust	170,522	170,522	—
Available-for-sale securities	170,522	170,522	—
Securities	36,843,824	38,799,520	1,955,695
Trading securities	1,731,803	1,731,803	—
Held-to-maturity debt securities	3,753,345	4,389,597	636,252
Policy-reserve-matching bonds	10,648,522	11,967,965	1,319,442
Available-for-sale securities	20,710,153	20,710,153	—
Loans	4,937,975	5,159,899	221,923
Policy loans	211,058	211,058	—
Industrial and consumer loans	4,726,917	4,948,840	221,923
Allowance for possible loan losses (*1)	(5,580)	—	—
	4,932,395	5,159,899	227,504
Bonds payable	666,866	695,032	28,166
Derivative financial instruments (*2)	(219,408)	(219,408)	—
Hedge accounting is not applied	(30,988)	(30,988)	—
Hedge accounting is applied	(188,420)	(188,420)	—

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.
(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.
(*3) Unlisted stocks and others of which market value is not readily available are not subject to fair value disclosure and are therefore not included in the table above because these are regarded as extremely difficult to determine fair value. The amount of the unlisted stocks and others reported in the consolidated balance sheet was ¥253,754 million as of March 31, 2021. Impairment losses on the unlisted stocks and others were ¥470 million for the year ended March 31, 2021.

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2022			2022		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Deposits	¥ 12,998	¥ 12,998	¥ –	$ 106	$ 106	$ –
Available-for-sale securities (CDs)	12,998	12,998	–	106	106	–
Monetary claims bought	182,781	191,256	8,475	1,493	1,562	69
Held-to-maturity debt securities	175,607	184,082	8,475	1,434	1,504	69
Available-for-sale securities	7,173	7,173	–	58	58	–
Money held in trust	157,609	157,609	–	1,287	1,287	–
Trading securities	4,608	4,608	–	37	37	–
Available-for-sale securities	153,000	153,000	–	1,250	1,250	–
Securities	38,955,322	40,269,048	1,313,725	318,288	329,022	10,733
Trading securities	1,898,003	1,898,003	–	15,507	15,507	–
Held-to-maturity debt securities	3,539,261	4,064,631	525,370	28,917	33,210	4,292
Policy-reserve-matching bonds	12,578,485	13,366,841	788,355	102,773	109,215	6,441
Available-for-sale securities	20,939,573	20,939,573	–	171,088	171,088	–
Loans	4,936,701	5,117,463	180,762	40,335	41,812	1,476
Policy loans	194,834	194,834	–	1,591	1,591	–
Industrial and consumer loans	4,741,867	4,922,629	180,762	38,743	40,220	1,476
Allowance for possible loan losses (*1)	(9,167)	–	–	(74)	–	–
	4,927,533	5,117,463	189,930	40,260	41,812	1,551
Bonds payable	669,599	685,178	15,578	5,471	5,598	127
Borrowings	200,000	197,260	(2,740)	1,634	1,611	(22)
Derivative financial instruments (*2)	(446,488)	(446,488)	–	(3,648)	(3,648)	–
Hedge accounting is not applied	(85,965)	(85,965)	–	(702)	(702)	–
Hedge accounting is applied	(360,523)	(360,523)	–	(2,945)	(2,945)	–

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.
(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.
(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19: March 31, 2020) and Paragraph 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31: July

4, 2019), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.
The amounts of stocks and others of which market value is not available, as reported in the consolidated balance sheets, were ¥242,969 million (U.S. $1,985 million) as of March 31, 2022. Of this, the amounts of stocks of subsidiaries and affiliates were ¥202,576 million (U.S. $1,655 million). The amounts of investments in capital partnerships reported in the consolidated balance sheets totaled ¥15,079 million (U.S. $123 million) as of March 31, 2022.
Impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships were ¥1,541 million (U.S. $12 million) for the year ended March 31, 2022.

Notes:

a. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen 2021					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (CDs)	¥ 52,995	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	69,990	—	—	—	—	194,194
Money held in trust	15,900	—	—	—	—	—
Loans*	475,712	752,768	706,359	535,644	859,310	1,396,872
Securities	1,404,433	2,251,639	1,330,784	2,400,737	4,881,792	15,920,794
Held-to-maturity debt securities	189,347	393,955	552,273	455,522	90,164	2,069,280
Policy-reserve-matching bonds	1,149	112,823	27,687	312,772	2,025,835	8,168,253
Available-for-sale securities with maturities	1,213,937	1,744,860	750,823	1,632,441	2,765,791	5,683,259
Total	2,019,031	3,004,407	2,037,143	2,936,382	5,741,103	17,511,860

As of March 31	Millions of Yen 2022						Millions of U.S. Dollars 2022					
	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	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
Deposits (CDs)	¥ 12,998	¥ —	¥ —	¥ —	¥ —	¥ —	$ 106	$ —	$ —	$—	$ —	$ —
Monetary claims bought	—	—	—	—	—	182,781	—	—	—	—	—	1,493
Loans*	500,177	725,947	722,555	520,564	810,766	1,455,017	4,086	5,931	5,903	4,253	6,624	11,888
Securities	1,089,456	1,779,932	1,755,345	3,120,451	6,849,998	15,815,149	8,901	14,543	14,342	25,495	55,968	129,219
Held-to-maturity debt securities	177,431	412,710	625,103	253,554	567,930	1,502,530	1,449	3,372	5,107	2,071	4,640	12,276
Policy-reserve-matching bonds	112,780	16,879	80,807	695,584	2,295,505	9,376,927	921	137	660	5,683	18,755	76,615
Available-for-sale securities with Maturities	799,244	1,350,341	1,049,434	2,171,312	3,986,563	4,935,691	6,530	11,033	8,574	17,740	32,572	40,327
Total	1,602,633	2,505,879	2,477,900	3,641,016	7,660,765	17,452,948	13,094	20,474	20,245	29,749	62,593	142,601

(*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥249 million and ¥6,837

million (U.S. $55 million) as of March 31, 2021 and 2022, respectively.
(*) Policy loans are not included because they have no defined maturity dates.

b. Maturity analysis of bonds payable and borrowings.

As of March 31	Millions of Yen					
	2021					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ 26,131	¥ —	¥ —	¥ —	¥ 640,735
Total	—	26,131	—	—	—	640,735

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2022						2022					
	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	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
Bonds payable	¥ 28,864	¥ —	¥ —	¥ —	¥ —	¥ 640,735	$ 235	$ —	$ —	$ —	$ —	$ 5,235
Borrowings	—	—	—	—	—	200,000	—	—	—	—	—	1,634
Total	28,864	—	—	—	—	840,735	235	—	—	—	—	6,869

3. Fair value hierarchy of financial instruments

Fair values of financial instruments are classified into three different levels of fair value hierarchy, defined as follows, in accordance with the observability and significance of input used in fair value measurements.

Level 1: Fair value measured at (unadjusted) quoted prices in active markets for the same assets or liabilities
Level 2: Fair value calculated by using directly or indirectly observable input other than Level 1
Level 3: Fair value calculated using significant unobservable input

In addition, multiple inputs that exert a significant impact on calculation results may be used in fair value measurements. In such cases, the Company classifies the fair value of assets and liabilities into the level with lowest priority among the levels to which each input belongs in terms of fair value measurement.

(1) Financial assets and liabilities whose balance sheet amounts are presented at fair value

	Millions of Yen				Millions of U.S. Dollars			
As of March 31	2022				2022			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 12,998	¥ —	¥ 12,998	$ —	$ 106	$ —	$ 106
Monetary claims bought	—	7,173	—	7,173	—	58	—	58
Available-for-sale securities	—	7,173	—	7,173	—	58	—	58
Money held in trust	—	157,609	—	157,609	—	1,287	—	1,287
Trading securities	—	4,608	—	4,608	—	37	—	37
Available-for-sale securities	—	153,000	—	153,000	—	1,250	—	1,250
Securities	10,135,349	9,350,511	166,027	19,651,888	82,811	76,399	1,356	160,567
Trading securities	1,601,609	149,133	—	1,750,743	13,086	1,218	—	14,304
National & local government bonds	138,073	—	—	138,073	1,128	—	—	1,128
Corporate bonds	—	75,936	—	75,936	—	620	—	620
Domestic stocks	59,140	—	—	59,140	483	—	—	483
Other	1,404,395	73,197	—	1,477,592	11,474	598	—	12,072
Available-for-sale securities	8,533,739	9,201,378	166,027	17,901,144	69,725	75,180	1,356	146,263
National & local government bonds	2,274,673	121,976	—	2,396,650	18,585	996	—	19,582
Corporate bonds	—	1,637,238	—	1,637,238	—	13,377	—	13,377
Domestic stocks	4,486,044	2,408	—	4,488,452	36,653	19	—	36,673
Other	1,773,021	7,439,754	166,027	9,378,803	14,486	60,787	1,356	76,630
Derivative financial instruments	363	54,324	3,525	58,212	2	443	28	475
Currency related	—	13,386	—	13,386	—	109	—	109
Interest rate related	—	40,937	—	40,937	—	334	—	334
Stock related	363	—	3,525	3,888	2	—	28	31
Bond related	—	—	—	—	—	—	—	—
Total assets	10,135,712	9,582,617	169,552	19,887,882	82,814	78,295	1,385	162,495
Derivative financial instruments	80	504,620	—	504,701	0	4,123	—	4,123
Currency related	—	477,599	—	477,599	—	3,902	—	3,902
Interest rate related	—	27,021	—	27,021	—	220	—	220
Stock related	80	—	—	80	0	—	—	0
Bond related	—	—	—	—	—	—	—	—
Total liabilities	80	504,620	—	504,701	0	4,123	—	4,123

(*) The above table does not include investment trusts subject to transitional treatment in accordance with Paragraph 26 of the “Implementation

Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: July 4, 2019). The value of such investment trusts, which are recognized as financial assets on the consolidated balance sheet, amounts to ¥3,185,687 million (U.S. $26,028 million).

(2) Financial assets and liabilities whose balance sheet amounts are not presented at fair value

	Millions of Yen				Millions of U.S. Dollars			
As of March 31	2022				2022			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ ―	¥ 181,774	¥ 2,308	¥ 184,082	―	1,485	18	1,504
Held-to-maturity debt securities	―	181,774	2,308	184,082	―	1,485	18	1,504
Securities	15,784,018	1,644,449	3,004	17,431,472	128,964	13,436	24	142,425
Held-to-maturity debt securities	3,377,897	683,729	3,004	4,064,631	27,599	5,586	24	33,210
National & local government bonds	3,372,115	174,058	―	3,546,173	27,552	1,422	―	28,974
Corporate bonds	―	420,506	―	420,506	―	3,435	―	3,435
Other	5,782	89,164	3,004	97,951	47	728	24	800
Policy-reserve-matching bonds	12,406,120	960,720	―	13,366,841	101,365	7,849	―	109,215
National & local government bonds	12,076,749	―	―	12,076,749	98,674	―	―	98,674
Corporate bonds	―	36,800	―	36,800	―	300	―	300
Other	329,371	923,919	―	1,253,291	2,691	7,548	―	10,240
Loans	―	―	5,117,463	5,117,463	―	―	41,812	41,812
Policy loans	―	―	194,834	194,834	―	―	1,591	1,591
Industrial and consumer loans	―	―	4,922,629	4,922,629	―	―	40,220	40,220
Total assets	15,784,018	1,826,223	5,122,776	22,733,019	128,964	14,921	41,856	185,742
Bonds payable	―	685,178	―	685,178	―	5,598	―	5,598
Borrowings	―	197,260	―	197,260	―	1,611	―	1,611
Total liabilities	―	882,438	―	882,438	―	7,210	―	7,210

Notes:

a. Explanations on valuation methods and inputs used in fair value measurements

(i) Deposits, monetary claims bought, money held in trust and securities

Regarding deposits, monetary claims bought, and money held in trust and securities, the fair values of these instruments are classified into Level 1 when unadjusted quoted prices are available from active markets. This includes mainly listed stocks and government bonds. When publicly announced quoted prices are only available from inactive markets, the Company classifies the fair value of instruments into Level 2. This includes mainly negotiable deposits, local government bonds and corporate bonds.

When quoted prices are unavailable, the Company measures the fair value of instruments based on theoretical prices calculated by discounting the net future cash flows to the present value, or the value at the end of fiscal year based on data provided by pricing vendors or transactional counterparts. In the course of the above valuation process, the Company utilizes observable inputs as much as possible. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

(ii) Derivative financial instruments

With regard to derivative financial instruments, the Company classifies their fair values into Level 1 when unadjusted quoted prices from active markets are available. This includes mainly stock index futures and bond futures.

However, most derivative financial instruments are traded over the counter and, accordingly, publicly announced quoted prices for these instruments are unavailable. Because of this, the fair value of foreign exchange contracts is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, while the fair value of currency swaps, interest rate swaps and other similar derivative financial instruments is stated at value based on data provided by pricing vendors. The fair values of the above instruments are classified into Level 2.

Since instruments subject to the allocation method for currency swaps are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair values are included in the fair values of the relevant loans and bonds payable. Moreover, since instruments subject to special hedge accounting treatment for interest rate swaps are treated as an integral part of the hedged foreign currency denominated loans, their fair values are included in the fair values of the relevant loans. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

(iii) Loans

The fair values of industrial and consumer loans are, in principle, stated at value calculated by discounting the net future cash flows to the present value utilizing unobservable input. Accordingly, the Company classifies their fair values into Level 3.

The fair values of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy, are stated at value calculated by deducting the estimated amount of loan losses from the book value of loans before direct write-off.

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company regards the book value as the fair value with the assumption that the fair value approximates the book value considering factors such as projected repayment period and interest condition. Accordingly, the fair values of these loans are classified into Level 3.

(iv) Bonds payable
The fair values of bonds issued by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors. The fair values of these instruments are classified into Level 2.

(v)Borrowings
The fair values of borrowings by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors regarding bonds being issued under the backing of the relevant borrowings. The fair values of these instruments are classified into Level 2.

b. Information regarding financial assets and liabilities whose consolidated balance sheet amounts are stated at fair value and classified into Level 3

(i) Quantitative information regarding significant unobservable inputs

Category	Valuation technique	Significant unobservable inputs	Range of input
Derivative financial instruments			
Index option transactions	Black–Scholes model	(*2)	(*2)

(*1) In addition to the above, available-for-sales securities classified under monetary claims bought and available-for-sale securities classified under securities include instruments whose fair values are classified into Level 3. However, these instruments are not included in the above table as they are valued based on unadjusted prices provided by third parties.
(*2) Inputs used include implied volatility, such as S&P 500 Index.

(ii) Reconciliation from the beginning balance to the ending balance and net unrealized gains and losses recognized in the statement of income

	Millions of Yen				Millions of U.S. Dollars			
	Monetary claims bought	Securities	Derivative financial instruments	Total	Monetary claims bought	Securities	Derivative financial instruments	Total
	Available-for-sale securities	Available-for-sale securities	Index option transactions		Available-for-sale securities	Available-for-sale securities	Index option transactions	
		Other				Other		
Balance at the beginning of the fiscal year	¥ 8,721	¥ 162,617	¥ 3,112	¥ 174,450	$ 71	$ 1,328	$ 25	$ 1,425
Profit (loss) or other comprehensive income (loss) for the period								
Recognized in the consolidated statement of income (*1)	—	—	2,616	2,616	—	—	21	21
Recognized in other comprehensive income (loss) (*2)	(1,547)	4,463	346	3,262	(12)	36	2	26
Bought, sold, issued and settled								
Bought	—	36,741	2,264	39,005	—	300	18	318
Sold	—	(32,631)	—	(32,631)	—	(266)	—	-266
Settled	—	—	(4,814)	(4,814)	—	—	(39)	(39)
Transferred to Level 3 fair value (*3)	—	9,240	—	9,240	—	75	—	75
Transferred from Level 3 fair value (*4)	(7,173)	(14,404)	—	(21,577)	-58	-117	—	-176
Balance at the end of the fiscal year	—	166,027	3,525	169,552	—	1,356	28	1,385
Net unrealized gains (losses) recorded on financial assets and liabilities held at the consolidated balance sheet date and included in the consolidated statement of income (*1)	—	—	1,247	1,247	—	—	10	10

(*1) Included in losses on derivative financial instruments under investment expenses presented on the consolidated statement of income.

(*2) Included in net unrealized gains (losses) on available-for-sale securities and foreign currency translation adjustments under other comprehensive income presented on the consolidated statement of comprehensive income.

(*3) Indicating transfer from Level 2 fair value to Level 3 fair value due to the lack of observable data. This transfer is carried out at the end of the fiscal year.

(*4) Indicating transfer from Level 3 fair value to Level 2 fair value due to newly available observable data. This transfer is carried out at the end of the fiscal year.

(iii) Explanation of fair value measurement process

When quoted prices provided by third parties are used in fair value measurement, the Company verifies the appropriateness of such prices in a proper manner via, for example, confirming valuation techniques and inputs used and comparing fair values with those of similar financial instruments. Verification results are reported to departments in charge of risk management. In this way, the Company ensures the appropriateness of its fair value measurement policies and procedures.

(iv) Explanation of impacts on fair value due to changes in significant unobservable inputs

Index volatility is a significant unobservable input for use in the fair value measurement of index option transactions and an indicator representing the speed and magnitude of changes in the relevant indices. A significant increase (decrease) in volatility therefore causes option prices to rise (fall) considerably. In case of long position in option transactions, such volatility would result in a considerable rise (fall) in the fair value of these instruments.

IX. Securities

1. Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥45,148 million and ¥(17,083) million (U.S. $139 million) for the years ended March 31, 2021 and 2022, respectively.

2. Held-to-maturity debt securities

The amounts reported in the consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, are shown in the following table. Among the held-to-maturity debt securities, disposition of securities due to considerable deterioration of the issuer's credit standing amounted to ¥4,887 million resulting in losses on sales of ¥112 million for the year ended March 31, 2021. In addition, no held-to-maturity debt securities were sold during the year ended March 31, 2022.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2021			2022			2022		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 3,245,561	¥ 3,812,541	¥ 566,980	¥ 3,075,970	¥ 3,545,306	¥ 469,335	$ 25,132	$ 28,967	$ 3,834
2) Corporate bonds	410,714	475,162	64,447	367,284	420,506	53,221	3,000	3,435	434
3) Others	266,823	281,115	14,292	243,957	255,791	11,833	1,993	2,089	96
Total	3,923,099	4,568,819	645,720	3,687,213	4,221,604	534,391	30,126	34,493	4,366
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	870	866	(3)	7	7	(0)
2) Corporate bonds	2,991	2,991	(0)	—	—	—	—	—	—
3) Others	12,727	12,633	(93)	26,785	26,242	(542)	218	214	(4)
Total	15,718	15,625	(93)	27,655	27,109	(546)	225	221	(4)

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act".

3. Policy-reserve-matching bonds

Disposition of policy-reserve-matching bonds amounted to ¥786,256 million and ¥477,685 million (U.S. $3,902 million) resulting in total gains on sales of ¥6,220 million and ¥13,234 million (U.S. $108 million) for the years ended March 31, 2021 and 2022, respectively. Total losses on sales were ¥35,679 million and ¥17,048 million (U.S. $139 million) for the years ended March 31, 2021 and 2022, respectively. The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type are shown in the following table, along with their fair values and the differences between these amounts.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2021			2022			2022		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 7,637,948	¥ 8,953,434	¥ 1,315,486	¥ 7,165,711	¥ 8,224,240	¥ 1,058,528	$ 58,548	$ 67,196	$ 8,648
2) Corporate bonds	17,038	20,443	3,405	13,686	16,322	2,635	111	133	21
3) Others	631,053	682,972	51,918	429,681	439,836	10,154	3,510	3,593	82
Total	8,286,040	9,656,850	1,370,809	7,609,080	8,680,399	1,071,318	62,170	70,924	8,753
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	1,926,000	1,905,510	(20,489)	4,055,209	3,852,508	(202,700)	33,133	31,477	(1,656)
2) Corporate bonds	336	333	(2)	21,976	20,477	(1,498)	179	167	(12)
3) Others	436,146	405,271	(30,874)	892,220	813,455	(78,764)	7,289	6,646	(643)
Total	2,362,482	2,311,115	(51,367)	4,969,405	4,686,441	(282,963)	40,603	38,291	(2,311)

4. Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥1,467,830 million and ¥1,986,447 million (U.S. $16,230 million) resulting in total gains on sales of ¥92,309 million and ¥101,854 million (U.S. $832 million) and total losses of ¥27,932 million and ¥48,939 million (U.S. $399 million) for the years ended March 31, 2021 and 2022, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities are shown in the following table.

As of March 31				Millions of Yen			Millions of U.S. Dollars		
	2021			2022			2022		
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs									
(1) Domestic stocks	¥ 1,408,942	¥ 4,410,200	¥ 3,001,258	¥ 1,344,535	¥ 4,299,196	¥ 2,954,661	$ 10,985	$ 35,127	$ 24,141
(2) Bonds	4,513,842	4,847,512	333,670	3,334,365	3,589,892	255,527	27,243	29,331	2,087
1) National & local government bonds	2,867,490	3,104,775	237,284	2,096,904	2,285,380	188,476	17,132	18,672	1,539
2) Corporate bonds	1,646,351	1,742,737	96,385	1,237,460	1,304,511	67,050	10,110	10,658	547
(3) Others	8,084,729	8,962,161	877,432	7,343,936	8,261,131	917,194	60,004	67,498	7,494
Total	14,007,514	18,219,875	4,212,360	12,022,837	16,150,220	4,127,383	98,233	131,957	33,723
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	160,982	139,151	(21,831)	216,603	189,255	(27,347)	1,769	1,546	(223)
(2) Bonds	104,911	103,472	(1,439)	453,053	443,996	(9,056)	3,701	3,627	(73)
1) National & local government bonds	20,165	20,034	(130)	112,648	111,269	(1,378)	920	909	(11)
2) Corporate bonds	84,746	83,437	(1,309)	340,404	332,726	(7,677)	2,781	2,718	(62)
(3) Others	2,644,618	2,549,883	(94,735)	4,598,288	4,329,273	(269,015)	37,570	35,372	(2,198)
Total	2,910,512	2,792,506	(118,005)	5,267,945	4,962,526	(305,419)	43,042	40,546	(2,495)

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the “Financial Instruments and Exchange Act”.

“Acquisition or amortized costs” in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is available amounted to ¥3,113 million and ¥2,004 million (U.S. $16 million) for the years ended March 31, 2021 and 2022, respectively.

X. Derivative Transactions

1. Hedge accounting not applied

(1) Interest-rate related

As of March 31	Millions of Yen 2021			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 112,471	¥ 107,632	¥ (1,320)	¥ (1,320)
Receipts floating, payments fixed	21,015	20,912	–	–
Total				(1,320)

As of March 31	Millions of Yen 2022				Millions of U.S. Dollars 2022			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ 141,184	¥ 138,268	¥ (3,405)	¥ (3,405)	$ 1,153	$ 1,129	$ (27)	$ (27)
Receipts floating, payments fixed	27,581	24,159	–	–	225	197	–	–
Total				(3,405)				(27)

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

(2) Currency-related

As of March 31	Millions of Yen			
	2021			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥ 898,760	¥ ー	¥ (40,836)	¥ (40,836)
(U.S. dollar)	821,769	ー	(38,179)	(38,179)
(Euro)	22,427	ー	64	64
(Australian dollar)	54,482	ー	(2,721)	(2,721)
(Others)	80	ー	(0)	(0)
Bought	5,775	ー	31	31
(U.S. dollar)	3,502	ー	35	35
(Euro)	1,536	ー	(2)	(2)
(Australian dollar)	712	ー	(2)	(2)
(Others)	24	ー	0	0
Cross currency swaps				
Receipts foreign currency, payments yen				
(Australian dollar)	78,660	78,660	7,315	7,315
(U.S. dollar)	8,280	8,280	507	507
Total				(32,982)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2022				2022			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥ 1,134,865	¥ –	¥ (82,880)	¥ (82,880)	$ 9,272	$ –	$ (677)	$ (677)
(U.S. dollar)	904,313	–	(73,420)	(73,420)	7,388	–	(599)	(599)
(Euro)	114,601	–	(3,178)	(3,178)	936	–	(25)	(25)
(Australian dollar)	115,613	–	(6,282)	(6,282)	944	–	(51)	(51)
(Others)	337	–	1	1	2	–	0	0
Bought	249,356	–	4,373	4,373	2,037	–	35	35
(U.S. dollar)	164,709	–	4,400	4,400	1,345	–	35	35
(Euro)	35,252	–	(45)	(45)	288	–	(0)	(0)
(Australian dollar)	49,051	–	18	18	400	–	0	0
(Others)	341	–	(0)	(0)	2	–	(0)	(0)
Currency options								
Sold								
Call	493,358	–			4,031	–		
	[907]		14,900	(13,993)	[7]		121	(114)
(U.S. dollar)	493,358	–			4,031	–		
	[907]		14,900	(13,993)	[7]		121	(114)
Bought								
Put	444,806	–			3,634	–		
	[907]		77	(830)	[7]		0	(6)
(U.S. dollar)	444,806	–			3,634	–		
	[907]		77	(830)	[7]		0	(6)
Cross currency swaps								
Receipts foreign currency, payments yen								
(Australian dollar)	93,320	93,320	5,170	5,170	762	762	42	42
(U.S. dollar)	38,400	38,400	1,792	1,792	313	313	14	14
Total				(86,367)				(705)

(*) Net gains (losses) on foreign currency forward contracts and cross currency swaps represent the fair values, and net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.

(*) Option fees are shown in [ ].

(3) Stock-related

As of March 31	Millions of Yen			
	2021			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥2,140	¥ —	¥(67)	¥(67)
Bought	4,656	—	33	33
Foreign currency-denominated stock index futures				
Sold	539	—	(1)	(1)
Bought	4,840	—	32	32
Yen stock index option				
Bought				
Put	99,981	—		
	[302]	—	214	(88)
Foreign currency-denominated stock index options				
Bought				
Call	66,734	500		
	[1,868]	[26]	3,112	1,244
Total				1,152

As of March 31	Millions of Yen 2022				Millions of U.S. Dollars 2022			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Sold	¥1,580	¥ ―	¥(35)	¥(35)	$12	―	$(0)	$(0)
Bought	4,159	―	201	201	33	―	1	1
Foreign currency-denominated stock index futures								
Bought	4,117	―	116	116	33	―	0	0
Foreign currency-denominated stock index options								
Bought								
Call	88,702	555			724	4		
	[2,294]	[29]	3,525	1,231	[18]	[0]	28	10
Total				1,513				12

(*) Net gains (losses) represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(4) Bond-related

As of March 31	Millions of Yen 2021			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Foreign currency-denominated bond index futures				
Bought	¥803	¥ ―	¥(8)	¥(8)
Total				(8)

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

No ending balance as of March 31, 2022.

2. Hedge accounting applied

(1) Interest-rate related

As of March 31	Millions of Yen			
	2021			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥411,200	¥408,000	¥46,989
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	25,639	22,032	—
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	3,120	3,120	134
Total				47,124

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	2022				2022		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥672,200	¥668,900	¥17,322	$ 5,492	$5,465	$ 141
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	21,448	15,637	–	175	127	–
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	3,018	3,018	89	24	24	0
Total				17,411			142

(2) Currency-related

As of March 31				Millions of Yen
				2021
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥4,283,029	¥ —	¥(227,340)
(U.S. dollar)		3,107,080	—	(142,681)
(Euro)		259,122	—	(13,256)
(Australian dollar)		796,361	—	(67,254)
(Others)		120,465	—	(4,147)
Deferred hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	42,322	—	(1,229)
(U.S. dollar)		42,322	—	(1,229)
Cross currency swaps				
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-denominated bonds	81,785	81,785	(3,188)
(Euro)		35,575	35,575	(3,013)
(Australian dollar)		12,404	12,404	(638)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:				
Cross Currency swaps				
Receipts foreign currency, payments yen				
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-dominated loans	131,049	131,049	(*)
Total				(235,410)

As of March 31		Millions of Yen			Millions of U.S. Dollars		
		2022			2022		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	¥4,558,542	—	¥(365,831)	$37,246	—	$(2,989)
(U.S. dollar)		3,225,926	—	(237,894)	26,357	—	(1,943)
(Euro)		213,676	—	(6,309)	1,745	—	(51)
(Australian dollar)		1,033,020	—	(115,185)	8,440	—	(941)
(Others)		85,918	—	(6,441)	702	—	(52)
Deferred hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	—	—	—	—	—	—
(U.S. dollar)		—	—	—	—	—	—
Cross currency swaps							
Receipts yen, payments foreign currency	Foreign-currency-denominated bonds						
(U.S. dollar)		81,785	76,594	(8,811)	668	625	(71)
(Euro)		35,575	35,575	(2,543)	290	290	(20)
(Australian dollar)		12,404	12,404	(658)	101	101	(5)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:							
Cross Currency swaps							
Receipts foreign currency, payments yen							
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)	2,824	2,824	(*)
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-dominated loans	131,049	131,049	(*)	1,070	1,070	(*)
Total				(377,845)			(3,087)

(*) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

XI. Retirement Benefit Plans

The following items provide detailed information for the retirement benefit plans.

1. Summary of the retirement benefit plans

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

Certain overseas consolidated subsidiaries have defined benefit plans and defined contribution plans.

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

2. Defined benefit plans

(1) Changes in the retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2021**	**2022**	**2022**
Balance at the beginning of the fiscal year	¥332,076	¥331,337	$2,707
Service costs	9,390	8,811	71
Interest cost on retirement benefit obligations	4,439	4,168	34
Actuarial losses (gains) recognized	8,876	969	7
Benefits paid	(19,206)	(19,329)	(157)
Past service costs	(335)	(12,981)	(106)
Others	(3,904)	8,295	67
Balance at the end of the fiscal year	331,337	321,269	2,624

(2) Changes in the plan assets

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2021**	**2022**	**2022**
Balance at the beginning of the fiscal year	¥389,876	¥449,995	$3,676
Expected return on plan assets	6,924	8,075	65
Actuarial gains (losses) recognized	68,736	42,760	349
Contributions by employer	1,799	2,410	19
Benefits paid	(13,924)	(14,096)	(115)
Others	(3,416)	7,632	62
Balance at the end of the fiscal year	449,995	496,777	4,058

(3) The amount of the retirement benefit obligations and the plan assets, and the amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2021**	**2022**	**2022**
Present value of funded retirement benefit obligations	¥322,246	¥311,843	$2,547
Plan assets at fair value	(449,995)	(496,777)	(4,058)
Net present value of funded retirement benefit obligations	(127,749)	(184,934)	(1,511)
Present value of non-funded retirement benefit obligations	9,090	9,426	77
Net balance on the consolidated balance sheet	(118,658)	(175,508)	(1,434)
Consists of:			
Defined benefit liabilities	8,317	8,877	72
Defined benefit assets	(126,976)	(184,385)	(1,506)

(4) The amounts recognized in retirement benefit expenses in the consolidated statements of income

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2021**	**2022**	**2022**
Service costs	¥9,390	¥8,811	$71
Interest cost on retirement benefit obligations	4,439	4,168	34
Expected return on plan assets	(6,924)	(8,075)	(65)
Amortization of net actuarial losses (gains)	(5,395)	(8,328)	(68)
Amortization of net past service costs	(1,391)	(2,716)	(22)
Others	(145)	56	0
Retirement benefit expenses	(26)	(6,085)	(49)

(5) Major components of other comprehensive income and total accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2021 and 2022 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2021**	**2022**	**2022**
Actuarial gains (losses)	¥ 54,788	¥ 32,467	$ 265
Past service costs	(1,056)	10,302	84
Total	53,732	42,770	349

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2021 and 2022 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2021**	**2022**	**2022**
Unrecognized actuarial gains (losses)	¥ 13,111	¥ 45,579	$ 372
Unrecognized past service costs	9,494	19,797	161
Total	22,606	65,376	534

(6) Plan assets

Plan assets as of March 31, 2021 and 2022 were comprised as follows:

	% of total fair value of plan assets	
As of March 31	**2021**	**2022**
Debt securities	5.6%	6.1%
Stocks	31.7%	34.7%
General account of life insurance companies	29.0%	27.4%
Jointly invested assets	24.3%	22.7%
Investment trusts	3.9%	3.5%
Cash and deposits	1.7%	1.7%
Others	3.8%	3.9%
Total	100.0%	100.0 %

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 45.4% and 47.0% of total plan assets as of March 31, 2021 and 2022, respectively.

(7) The expected long-term rate of return on plan assets

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

(8) Assumptions used in calculation

Assumptions of the Company and certain overseas consolidated subsidiaries used in accounting for the defined benefit plans for the years ended March 31, 2021 and 2022 were as follows:

Years ended March 31	2021	2022
Discount rate		
Domestic	0.9%	0.9%
Overseas	2.3 to 2.5%	2.8%
Expected long-term rate of return on plan assets		
Domestic		
Defined benefit corporate pension plans	2.0%	2.0%
Retirement benefit trusts	0.0%	0.0%
Overseas	2.6 to 6.3%	1.6 to 6.3%

3. Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥3,915 million and ¥4,548 million (U.S. $37 million) for the years ended March 31, 2021 and 2022, respectively.

XII. Deferred Taxes

1. Deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2021	2022	2022
Deferred tax assets	¥ 843,764	¥ 872,191	$ 7,126
Valuation allowance for deferred tax assets	(9,868)	(15,575)	(127)
Deferred tax liabilities	(1,209,924)	(1,169,039)	(9,551)

2. Major components of deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2021	2022	2022
Deferred tax assets			
Policy reserves and other reserves	¥ 509,382	¥ 551,258	$ 4,504
Reserve for price fluctuation	237,889	243,320	1,988
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	1,102,712	1,028,866	8,406

3. The statutory tax rates

The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2021 and 2022, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Years ended March 31	2021	2022
Policyholders’ dividend reserves	(25.25) %	(20.73) %

XIII. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥616,753 million and ¥621,100 million (U.S. $5,074 million), and their fair values were ¥939,064 million and ¥953,250 million (U.S. $7,788 million) as of March 31, 2021 and 2022, respectively. The Company and certain subsidiaries own office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

XIV. Subsequent Events

1. Financing through a JPY denominated subordinated loan

The Company received financing through subordinated borrowings of ¥71,600 million on August 3, 2022, and the repayments for the borrowings are subordinated to other obligations.

2. Redemption of foundation funds

The Company redeemed foundation funds on August 1, 2022 and also established for reserve for redemption of foundation funds pursuant to Article 56 of the “Insurance Business Act” in the amount of ¥50,000 million.

3. Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2022 was approved as planned at the annual meeting of the representatives of policyholders held on July 5, 2022.