

## Financial Results for the Fiscal Year Ended March 31, 2022

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the fiscal year ended March 31, 2022.

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Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2022

# Financial Summary for the Fiscal Year Ended March 31, 2022

## 1. Business Highlights

### (1) Policies in Force, New Policies and Surrendered and Lapsed Policies

#### (i) Policies in Force

		As of March 31, 2021				As of March 31, 2022			
		Number of policies		Amount		Number of policies		Amount	
		(Thousands)	Changes (%, Pre-FYE)	(100 millions of yen)	Changes (%, Pre-FYE)	(Thousands)	Changes (%, Pre-FYE)	(100 millions of yen)	Changes (%, Pre-FYE)
	Individual insurance	3,172	99.6	224,018	99.9	3,165	99.8	223,809	99.9
	Individual annuities	604	96.4	23,624	96.2	583	96.6	22,692	96.1
	Subtotal	3,776	99.1	247,643	99.5	3,749	99.3	246,501	99.5
	Group insurance	—	—	175,362	99.6	—	—	173,407	98.9
	Group annuities	—	—	22,610	101.2	—	—	22,898	101.3

Notes: 1. Policy amounts for individual annuities are equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and (b) the amount of policy reserve for an annuity for which payments have commenced and (c) special riders for term insurance attached to individual annuities.

2. Policy amount in force for group annuities is equal to the amount of outstanding policy reserve.

#### (ii) New Policies

Year ended March 31, 2021		Total				New business		Net increase by conversion	
		Number of policies		Amount		Amount		Amount	
		(Thousands)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)
	Individual insurance	294	83.0	14,793	96.8	10,974	81.4	3,819	211.6
	Individual annuities	7	73.2	205	70.9	214	71.1	(8)	—
	Subtotal	301	82.7	14,998	96.3	11,188	81.2	3,810	212.4
	Group insurance	—	—	30	27.4	30	27.4	—	—
	Group annuities	—	—	0	183.7	0	183.7	—	—

Year ended March 31, 2022		Total				New business		Net increase by conversion	
		Number of policies		Amount		Amount		Amount	
		(Thousands)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)	(100 millions of yen)	Changes (%, YoY)
	Individual insurance	344	117.0	16,001	108.2	12,201	111.2	3,800	99.5
	Individual annuities	7	110.8	223	108.9	232	108.4	(8)	—
	Subtotal	351	116.9	16,224	108.2	12,433	111.1	3,791	99.5
	Group insurance	—	—	158	520.0	158	520.0	—	—
	Group annuities	—	—	9	8,980.1	9	8,980.1	—	—

Notes: 1. Number of new policies is the sum of new business and policies after conversion.

2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence and special riders for term insurance attached to individual annuities.

3. Amount for group annuities is equal to the initial premium payment.

#### (iii) Surrendered and Lapsed Policies (Individual Insurance and Individual Annuities)

	Year ended March 31, 2021		Year ended March 31, 2022	
		Changes (%, YoY)		Changes (%, YoY)
Amount of surrender and lapse (100 millions of yen)	10,195	83.4	11,256	110.4
Surrender and lapse ratio (%)	4.10	(0.76)	4.55	0.45

Notes: 1. The amount of lapse is not offset by the amount of reinstatement which was once lapsed.

2. The column of "Changes" of surrender and lapse ratio is increase-decrease points over year.

## (2) Annualized Premiums

### (i) Policies in Force

(100 millions of yen, %)

	As of March 31, 2021		As of March 31, 2022	
		Changes (%, Pre-FYE)		Changes (%, Pre-FYE)
Individual insurance	2,665	99.0	2,638	99.0
Individual annuities	1,120	96.7	1,093	97.6
Total	3,785	98.3	3,731	98.6
Medical coverage and living benefits	1,143	100.7	1,154	101.0

### (ii) New Policies

(100 millions of yen, %)

	Year ended March 31, 2021		Year ended March 31, 2022	
		Changes (%, YoY)		Changes (%, YoY)
Individual insurance	114	81.7	128	112.4
Individual annuities	5	71.5	6	108.4
Total	120	81.1	135	112.2
Medical coverage and living benefits	60	80.3	70	115.4

- Notes: 1. Annualized premiums are calculated by using coefficients based on the premium payment method. (For single premium contracts, the amount is calculated by dividing the premium by the coverage period.)  
2. Figures for medical coverage and living benefits represent portion of annualized premium corresponding to the medical benefits (hospitalization benefits and surgery benefits, etc.), living benefits (nursing care benefits, etc.) and premium waiver benefits, in which disability cause is excluded but causes such as specific illness are included.  
3. New policies include net increase by conversion.

## (3) Selected Items of Statements of Operations

(100 millions of yen, %)

	Year ended March 31, 2021		Year ended March 31, 2022	
		Changes (%, YoY)		Changes (%, YoY)
Premium and other income	4,850	90.9	4,864	100.3
Investment income	2,066	106.0	1,943	94.0
Claims and other payments	4,154	94.6	4,160	100.2
Investment expenses	494	84.0	433	87.6
Ordinary profits	881	180.2	387	44.0

## (4) Statements of Surplus

(100 millions of yen, %)

	Year ended March 31, 2021		Year ended March 31, 2022	
		Changes (%, YoY)		Changes (%, YoY)
Unappropriated surplus	591	102.1	570	96.6
Reserve for dividends to policyholders	327	103.8	307	93.8
Net surplus	26	100.2	25	99.8
Unappropriated surplus carried forward	237	100.0	237	100.0

Note: Unappropriated surplus for the years ended March 31, 2021 and 2022 included reversal of voluntary surplus reserve of ¥1 million and ¥1 million, respectively.

## (5) Total Assets

(100 millions of yen, %)

	As of March 31, 2021		As of March 31, 2022	
		Changes (%, Pre-FYE)		Changes (%, Pre-FYE)
Total assets	71,579	105.4	73,893	103.2

## 2. Investment Results of General Account Assets

### (1) Asset Composition

(Millions of yen, %)

	As of March 31, 2021		As of March 31, 2022	
	Amount	% of total	Amount	% of total
Cash, deposits, and call loans	291,190	4.1 %	202,459	2.8 %
Monetary claims bought	239	0.0	80	0.0
Money held in trust	25,277	0.4	26,070	0.4
Securities	5,857,001	83.0	6,173,529	84.8
Domestic bonds	2,779,477	39.4	2,884,480	39.6
Domestic stocks	786,886	11.2	768,954	10.6
Foreign securities	2,128,047	30.2	2,335,951	32.1
Foreign bonds	1,710,567	24.3	1,823,435	25.1
Foreign stocks and other securities	417,479	5.9	512,516	7.0
Other securities	162,590	2.3	184,143	2.5
Loans	568,091	8.1	553,305	7.6
Policy loans	50,797	0.7	48,629	0.7
Ordinary loans	517,293	7.3	504,675	6.9
Real estate	239,545	3.4	241,164	3.3
Others	76,000	1.1	82,725	1.1
Allowance for possible loan losses	(4,386)	(0.1)	(2,515)	(0.0)
Total	7,052,960	100.0	7,276,821	100.0
Foreign currency denominated assets	2,421,279	34.3	2,629,067	36.1

Note: The amount of real estate is equal to the amounts of land, buildings, and construction in progress.

### (2) Changes (Increase/Decrease) in Assets

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	(224,354)	(88,730)
Monetary claims bought	(29)	(158)
Money held in trust	1,120	792
Securities	591,599	316,528
Domestic bonds	101,779	105,003
Domestic stocks	174,867	(17,932)
Foreign securities	270,126	207,904
Foreign bonds	129,738	112,867
Foreign stocks and other securities	140,388	95,036
Other securities	44,825	21,552
Loans	2,617	(14,785)
Policy loans	(4,541)	(2,167)
Ordinary loans	7,159	(12,617)
Real estate	24,240	1,618
Deferred tax assets	(29,397)	—
Others	(16,687)	6,724
Allowance for possible loan losses	(2,362)	1,870
Total	346,747	223,860
Foreign currency denominated assets	261,984	207,787

## (3) Investment Income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Interest, dividends and other income	155,559	167,609
Interest on deposits	5	2
Interest and dividends on securities	131,735	140,247
Interest on loans	8,137	8,048
Income from real estate for rent	15,534	19,074
Other interest and dividends	146	237
Gains on money held in trust, net	1,127	817
Gains on trading securities, net	6,523	1,664
Gains on sales of securities	23,959	13,920
Gains on sales of domestic bonds	7,447	6,543
Gains on sales of domestic stocks	14,974	3,932
Gains on sales of foreign securities	1,400	3,444
Other gains on sales of securities	137	—
Gains on redemption of securities, net	—	65
Foreign exchange gains, net	—	1,617
Reversal of allowance for possible loan losses	—	1,867
Other investment income	170	381
Total	187,341	187,944

## (4) Investment Expenses

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Interest expenses	4,093	4,402
Losses on sales of securities	11,809	15,060
Losses on sales of domestic bonds	735	5,343
Losses on sales of domestic stocks	7,592	7,414
Losses on sales of foreign securities	3,451	2,302
Other losses on sales of securities	29	—
Losses on valuation of securities	404	344
Losses on valuation of domestic bonds	65	—
Losses on valuation of domestic stocks	281	302
Losses on valuation of foreign securities	57	42
Losses on derivative instruments, net	12,967	7,746
Foreign exchange losses, net	4,602	—
Provision of allowance for possible loan losses	2,369	—
Depreciation of real estate for rent and other assets	4,427	4,788
Other investment expenses	8,767	10,985
Total	49,443	43,328

## (5) Net Investment Income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net investment income	137,898	144,616

(6) Other Information on Investments

(i) Investment Yield by Asset Categories

(%)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	0.00	0.00
Monetary claims bought	1.11	1.84
Money held in trust	4.67	3.24
Securities	2.54	2.50
Domestic bonds	1.81	1.73
Domestic stocks	3.91	3.18
Foreign securities	3.06	3.16
Foreign bonds	2.65	2.55
Foreign stocks and other securities	4.96	5.74
Loans	1.08	1.61
Ordinary loans	0.83	1.40
Real estate	2.39	2.91
Total	2.11	2.18
Overseas investments	2.87	3.13

Notes: 1. Investment yield above are calculated by dividing the net investment income by the average daily balance on a book value basis.

2. Overseas investments represent the total of foreign currency denominated assets and yen denominated assets.

(ii) Average Daily Balance

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	357,256	259,525
Monetary claims bought	254	223
Money held in trust	24,159	25,278
Securities	5,118,459	5,309,118
Domestic bonds	2,685,341	2,722,369
Domestic stocks	416,990	418,905
Foreign securities	1,890,731	2,021,019
Foreign bonds	1,557,603	1,637,884
Foreign stocks and other securities	333,128	383,134
Loans	565,568	567,015
Ordinary loans	512,224	517,341
Real estate	230,765	242,645
Total	6,524,287	6,642,474
Overseas investments	2,261,370	2,381,764

## (iii) Net Valuation Gains/Losses on Trading Securities

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations
Trading securities	53,703	8,310	43,563	2,581

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

## (iv) Fair Value Information on Securities (other than trading securities)

(Millions of yen)

	As of March 31, 2021					As of March 31, 2022				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	757,339	863,820	106,481	106,481	—	760,097	847,316	87,218	87,218	—
Domestic bonds	737,240	842,721	105,480	105,480	—	737,795	824,774	86,979	86,979	—
Foreign bonds	20,098	21,098	1,000	1,000	—	22,302	22,541	238	238	—
Policy-reserve-matching bonds	873,677	989,433	115,755	120,379	4,623	—	—	—	—	—
Domestic bonds	873,677	989,433	115,755	120,379	4,623	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	3,462,146	4,095,801	633,654	656,049	22,394	4,625,982	5,288,571	662,589	733,325	70,736
Domestic bonds	1,106,729	1,168,558	61,829	67,376	5,547	2,038,626	2,146,685	108,059	138,789	30,730
Domestic stocks	347,152	717,432	370,279	377,140	6,860	347,574	699,525	351,951	354,992	3,041
Foreign securities	1,898,343	2,068,561	170,217	179,442	9,225	2,109,727	2,282,658	172,931	209,125	36,193
Foreign bonds	1,557,529	1,661,043	103,513	111,905	8,391	1,713,754	1,782,639	68,884	102,110	33,225
Foreign stocks and other securities	340,813	407,518	66,704	67,537	833	395,972	500,019	104,047	107,015	2,968
Other securities	109,921	141,249	31,327	32,089	761	130,053	159,700	29,647	30,417	770
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,093,163	5,949,055	855,891	882,909	27,017	5,386,079	6,135,887	749,807	820,544	70,736
Domestic bonds	2,717,647	3,000,714	283,066	293,236	10,170	2,776,421	2,971,460	195,038	225,768	30,730
Domestic stocks	347,152	717,432	370,279	377,140	6,860	347,574	699,525	351,951	354,992	3,041
Foreign securities	1,918,441	2,089,659	171,218	180,443	9,225	2,132,029	2,305,200	173,170	209,364	36,193
Foreign bonds	1,577,627	1,682,141	104,513	112,905	8,391	1,736,056	1,805,180	69,123	102,349	33,225
Foreign stocks and other securities	340,813	407,518	66,704	67,537	833	395,972	500,019	104,047	107,015	2,968
Other securities	109,921	141,249	31,327	32,089	761	130,053	159,700	29,647	30,417	770
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Notes: 1. The table above includes assets which are considered appropriate to deem as securities under the Financial Instruments and Exchange Law.

2. The securities and investment partnerships without fair value are not included in the table above.

- Book value of securities and investment partnerships without fair value are as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	34,607	37,973
Domestic stocks	6,224	6,198
Foreign stocks	—	—
Others	28,382	31,774
Total	99,394	102,760

Note: In this table, domestic and overseas investment partnerships are included in “Others” within “Available-for-sale securities.” However, unrealized gains on available-for-sale securities corresponding to these holdings by domestic and overseas investment partnerships (¥1,362 million as of March 31, 2021 and ¥3,606 million as of March 31, 2022) are included in their balance sheet carrying amounts.

## (v) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2021					As of March 31, 2022				
	Carrying value on the balance sheet	Fair value	Gains/Losses			Carrying value on the balance sheet	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Money held in trust	25,277	25,277	—	—	—	26,070	26,070	—	—	—

## • Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statements of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statements of operations
Money held in trust for trading purpose	24,277	0	25,070	0

## • Money held in trust classified as held-to-maturity, policy-reserve-matching and available-for-sale

(Millions of yen)

	As of March 31, 2021					As of March 31, 2022				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Money held in trust for held-to-maturity	—	—	—	—	—	—	—	—	—	—
Money held in trust for policy-reserve-matching	—	—	—	—	—	—	—	—	—	—
Money held in trust for available-for-sale	—	—	—	—	—	—	—	—	—	—



## Reference: Fair Value Information on Derivative Instruments (General Account)

### (i) Gains and Losses on Derivatives

(Millions of yen)

As of March 31, 2021	Interest-related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	(37,644)	—	—	—	(37,644)
Hedge accounting not applied	(280)	(2,956)	(157)	—	—	(3,394)
Total	(280)	(40,600)	(157)	—	—	(41,039)
As of March 31, 2022	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	(63,528)	—	—	—	(63,528)
Hedge accounting not applied	20	(4,632)	(202)	—	—	(4,814)
Total	20	(68,160)	(202)	—	—	(68,342)

Note: Gains and losses from applying fair value hedge accounting (currency-related losses of ¥37,644 million as of March 31, 2021, and currency-related losses of ¥63,528 million as of March 31, 2022) included in gains and losses with hedge accounting applied, and gains and losses with hedge accounting not applied are reported in the statements of operations.

### (ii) Interest-related Transactions

(Millions of yen)

(Millions of yen)								
	As of March 31, 2021				As of March 31, 2022			
	Notional amount/ contract value		Fair value	Gains (Losses)	Notional amount/ contract value		Fair value	Gains (Losses)
		Over 1 year				Over 1 year		
Over-the-counter transactions								
Yen interest rate swaption contracts								
Sold								
Receipt fixed, payment floating	—	—			—	—		
	[ — ]		—	—	[ — ]		—	—
Payment fixed, receipt floating	—	—			—	—		
	[ — ]		—	—	[ — ]		—	—
Bought								
Receipt fixed, payment floating	—	—			—	—		
	[ — ]		—	—	[ — ]		—	—
Payment fixed, receipt floating	460,000	120,000			150,000	30,000		
	[ 292 ]		12	(280)	[ 133 ]		154	20
Total				(280)				20

Note: Figures in [ ] are option premiums which are included in the balance sheet.

## (iii) Currency-related Transactions

(Millions of yen)

	As of March 31, 2021				As of March 31, 2022			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)
Over-the-counter transactions								
Currency forward contracts								
Sold	1,001,027	—	1,041,246	(40,219)	1,005,205	—	1,072,835	(67,629)
U.S. dollar	621,623	—	652,501	(30,878)	630,531	—	668,660	(38,129)
Australian dollar	155,825	—	159,088	(3,262)	151,512	—	167,031	(15,518)
Euro	106,584	—	108,704	(2,120)	110,689	—	116,852	(6,163)
Canadian dollar	64,900	—	68,428	(3,527)	76,539	—	82,160	(5,621)
Swedish krona	34,379	—	34,262	117	33,588	—	35,719	(2,130)
British pound	17,713	—	18,261	(548)	2,343	—	2,410	(66)
Bought	—	—	—	—	—	—	—	—
Currency options								
Sold								
Call	136,012	—			24,257	—		
[ 88 ]			303	(215)	[ 17 ]		356	(339)
U.S. dollar	136,012	—			24,257	—		
[ 88 ]			303	(215)	[ 17 ]		356	(339)
Put	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Bought								
Call	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Put	203,072	—			138,259	—		
[ 172 ]			6	(165)	[ 198 ]		6	(191)
U.S. dollar	199,347	—			138,259	—		
[ 168 ]			6	(162)	[ 198 ]		6	(191)
Canadian dollar	3,725	—			—	—		
[ 3 ]			0	(3)	[ — ]		—	—
Total				(40,600)				(68,160)

Notes: 1. Forward exchange rates are used for exchange rates as of March 31, 2022.

2. Figures in [ ] are option premiums which are included in the balance sheet.

3. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheet, those currency forward contracts are excluded from the table above.

## (iv) Stock-related Transactions

(Millions of yen)

	As of March 31, 2021				As of March 31, 2022			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)
Exchange-traded transactions								
Stock index option								
Sold								
Call	10,400	—			—	—		
[ 24 ]			17	7	[ — ]		—	—
Put	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Bought								
Call	—	—			—	—		
[ — ]			—	—	[ — ]		—	—
Put	45,000	—			35,100	—		
[ 180 ]			15	(164)	[ 210 ]		9	(202)
Total				(157)				(202)

Note: Figures in [ ] are option premiums which are included in the balance sheet.

## (v) Bond-related Transactions

No ending balance as of March 31, 2021 and March 31, 2022.

**Reference: Fair Value of Real Estate (Land and Leaseholds)**

(Millions of yen)

As of March 31, 2021			As of March 31, 2022		
Carrying value on the balance sheet	Fair value	Gains (Losses)	Carrying value on the balance sheet	Fair value	Gains (Losses)
146,819	294,946	148,127	150,197	297,512	147,314

Note: Fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax and the road rate.

### 3. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022		As of March 31, 2021	As of March 31, 2022
<b>Assets:</b>			<b>Liabilities:</b>		
Cash and deposits:	159,431	160,149	Policy reserves:	5,812,295	5,886,412
Cash	155	166	Reserve for outstanding claims	19,551	22,985
Bank deposits	159,276	159,983	Policy reserve	5,729,511	5,800,015
Call loans	136,000	48,000	Reserve for dividends to policyholders	63,232	63,411
Monetary claims bought	239	80	Reinsurance payables	87	87
Money held in trust	25,277	26,070	Subordinated bonds	241,935	241,935
Securities:	5,954,789	6,277,599	Other liabilities:	149,141	276,328
Government bonds	2,005,536	2,102,521	Cash received as collateral under securities lending transactions	61,819	160,928
Local government bonds	99,212	102,771	Corporate income tax payable	2,764	2,767
Corporate bonds	699,187	704,056	Accounts payable	7,272	7,282
Stocks	813,227	795,801	Accrued expenses	10,280	11,438
Foreign securities	2,175,012	2,388,284	Unearned income	367	419
Other securities	162,612	184,163	Deposits received	6,303	6,523
Loans:	568,091	553,305	Guarantee deposits received	13,887	13,970
Policy loans	50,797	48,629	Derivatives	41,391	68,377
Ordinary loans	517,293	504,675	Cash collateral received for financial instruments	10	—
Tangible fixed assets:	244,487	245,405	Lease obligations	761	553
Land	146,816	150,195	Asset retirement obligations	2,603	2,355
Buildings	92,635	89,202	Suspense receipts	1,679	1,711
Lease assets	578	265	Reserve for claims and other payments	—	3,400
Construction in progress	93	1,767	Reserve for employees' retirement benefits	23,735	24,850
Other tangible fixed assets	4,362	3,974	Reserve for price fluctuation	172,797	176,670
Intangible fixed assets:	24,256	27,821	Deferred tax liabilities	26,430	25,061
Software	19,181	19,914	Deferred tax liabilities for land revaluation	14,184	14,183
Lease assets	686	498	<b>Total liabilities</b>	<b>6,440,606</b>	<b>6,648,929</b>
Other intangible fixed assets	4,388	7,407	<b>Net assets:</b>		
Agency receivables	10	15	Foundation funds	12,000	12,000
Reinsurance receivables	124	135	Accumulated foundation funds redeemed	116,000	116,000
Other assets:	49,072	52,328	Reserve for revaluation	112	112
Accounts receivable	6,974	5,392	Surplus:	126,748	127,222
Prepaid expenses	3,339	3,202	Legal reserve for future losses	3,271	3,370
Accrued income	28,168	31,840	Other surplus:	123,477	123,852
Deposits	2,250	1,834	Reserve for redemption of foundation funds	2,400	4,800
Derivatives	352	35	Reserve for dividend allowances	20,000	20,000
Cash collateral paid for financial instruments	1,747	4,499	Accumulated fund for price fluctuation	41,000	41,000
Suspense payments	3,005	1,871	Reserve for advanced depreciation of real estate for tax purpose	207	206
Rest of the other asset	3,234	3,653	Other reserves	767	767
Prepaid pension cost	547	912	Unappropriated surplus	59,102	57,078
Allowance for possible loan losses	(4,386)	(2,515)	Total foundation funds, surplus and others	254,860	255,334
			Net unrealized gains (losses) on available-for-sale securities, net of tax	458,287	480,860
			Revaluation reserve for land, net of tax	4,185	4,184
			Total valuation and translation adjustments	462,473	485,044
			<b>Total net assets</b>	<b>717,333</b>	<b>740,379</b>
<b>Total assets</b>	<b>7,157,940</b>	<b>7,389,308</b>	<b>Total liabilities and net assets</b>	<b>7,157,940</b>	<b>7,389,308</b>

## 4. Non-consolidated Statements of Operations

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Ordinary revenues:</b>		
Premium and other income:	485,011	486,461
Premium income	484,868	486,302
Reinsurance income	143	158
Investment income:	206,657	194,336
Interest, dividends and other income:	155,559	167,609
Interest on deposits	5	2
Interest and dividends on securities	131,735	140,247
Interest on loans	8,137	8,048
Income from real estate for rent	15,534	19,074
Other interest and dividends	146	237
Gains on money held in trust, net	1,127	817
Gains on trading securities, net	6,523	1,664
Gains on sales of securities	23,959	13,920
Gains on redemption of securities, net	—	65
Foreign exchange gains, net	—	1,617
Reversal of allowance for possible loan losses	—	1,867
Other investment income	170	381
Gains on separate accounts, net	19,315	6,391
Other ordinary revenues:	9,529	8,922
Fund receipt from annuity rider	2,205	2,704
Proceeds from deferred insurance	3,618	2,938
Reversal of reserve for outstanding claims	262	—
Reversal of reserve for employees' retirement benefits	246	—
Others	3,196	3,279
<b>Total ordinary revenues</b>	<b>701,198</b>	<b>689,719</b>
<b>Ordinary expenses:</b>		
Claims and other payments:	415,436	416,061
Claims	77,539	81,426
Annuities	151,810	152,290
Benefits	106,884	109,711
Surrenders	52,888	48,261
Other payments	26,083	24,152
Reinsurance premiums	231	218
Provision of policy reserve and others:	34,545	73,952
Provision of reserve for outstanding claims	—	3,434
Provision of policy reserves	34,532	70,504
Provision of interest portion of reserve for dividends to policyholders	13	13
Investment expenses:	49,443	43,328
Interest expenses	4,093	4,402
Losses on sales of securities	11,809	15,060
Losses on valuation of securities	404	344
Losses on derivative instruments, net	12,967	7,746
Foreign exchange losses, net	4,602	—
Provision of allowance for possible loan losses	2,369	—
Depreciation of real estate for rent and other assets	4,427	4,788
Other investment expenses	8,767	10,985
Operating expenses	91,599	90,779
Other ordinary expenses:	22,057	26,845
Deferred annuity payments	3,944	3,353
Taxes	7,304	7,472
Depreciation	9,739	10,657
Provision of reserve for claims and other payments	—	3,400
Provision of reserve for employees' retirement benefits	—	750
Others	1,069	1,212
<b>Total ordinary expenses</b>	<b>613,083</b>	<b>650,967</b>
<b>Ordinary profits</b>	<b>88,115</b>	<b>38,752</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	133	10
<b>Total extraordinary gains</b>	<b>133</b>	<b>10</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	801	430
Impairment losses	198	46
Provision of reserve for price fluctuation	50,051	3,873
Others	1,059	—
<b>Total extraordinary losses</b>	<b>52,110</b>	<b>4,349</b>
<b>Surplus before income taxes</b>	<b>36,137</b>	<b>34,412</b>
<b>Income taxes:</b>		
Current	11,227	11,069
Deferred	(10,516)	(9,975)
<b>Total income taxes</b>	<b>710</b>	<b>1,093</b>
<b>Net surplus for the year</b>	<b>35,427</b>	<b>33,319</b>

# Notes to the Non-consolidated Financial Statements

## I. Presentation of the Non-consolidated Financial Statements

### 1. Basis of presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the “Company”) in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan. In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been rounded down. As a result, the totals do not add up.

## II. Notes to the Non-consolidated Balance Sheets

1. (1) The valuation of securities, including cash and deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:

- i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.
- ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
- iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (Industry Audit Committee Report No.21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).
- iv) Investments in subsidiaries and affiliates are stated at cost, cost being determined by the moving average method.
- v) Available-for-sale securities are stated at fair market value based on the market prices at the end of the fiscal year. Costs of their sales are determined by the moving average method. Public and corporate bonds (including foreign bonds) with differences between their acquisition costs and fair values that are considered as adjustments of interest are stated at amortized cost (straight-line method) determined by the moving average method. However, stocks and other securities without quoted market prices are stated at cost, as determined using the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of taxes, are recorded as a separate component of net assets.

(2) Derivative instruments are stated at fair market value.

(3) The Company revalued the land used in the operations based on the Act for Revaluation of Land (Act No.34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as revaluation reserve for land as a separate component of net assets and the related tax is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2002
- Method of revaluation as prescribed for in Article 3 Paragraph 3 of the said Act:

Calculation is based on the appraisal value for property tax set forth in Article 2 item 3 of the Enforcement Ordinance of the Act for Revaluation of Land (Government Ordinance No.119 promulgated on March 31, 1998) and the road rate set forth in Article 2 item 4 of the said Ordinance with certain reasonable adjustments.

(4) Depreciation of tangible fixed assets is calculated by the following methods.

- Tangible fixed assets (excluding lease assets): Declining-balance method

However, buildings (excluding building attachments and structures acquired on or before March 31, 2016) acquired on or after April 1, 1998 are depreciated using Straight-line method.

- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

Other tangible fixed assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.

- (5) Assets and liabilities denominated in foreign currencies, except for investments in subsidiaries and affiliates, are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. Investments in subsidiaries and affiliates are translated into Japanese yen at the exchange rate on the date of acquisition.
- (6) Allowance for possible loan losses is provided in accordance with the Company's standards of self-assessment and write-offs and reserves on credit quality:
- For the credits of borrowers who are legally bankrupt such as being in the proceedings of bankruptcy or civil rehabilitation (hereinafter called "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter called "substantially bankrupt borrowers"), the Company provides the remaining amounts of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
  - For the credits of borrowers who are not currently bankrupt but have a high possibility of bankruptcy (hereinafter called "not currently bankrupt borrowers"), the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amounts expected to be collected through the disposal of collateral or the execution of guarantees.
  - For the credits of borrowers other than the above, the Company provides the amounts calculated by multiplying the borrowers' balance by the actual ratio of bad debt losses on defaults during a certain past period.

All credits are assessed by the relevant departments in accordance with the Company's standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, the allowance for possible loan losses is provided based on the results of these assessments.

For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees are written-off directly from the borrowers' balances as the estimated uncollectible amounts. The amount written-off as of March 31, 2022 was ¥0 million.

- (7) To ensure that benefits associated with COVID-19 infections contracted during the fiscal year ended March 31, 2022 can be paid during the fiscal year ending March 31, 2023, the Company sets aside as a reserve for claims and other payments that exceeds the reserve for outstanding claims included under the Company's estimated payments for the latter fiscal year (calculated based on previous payment amounts).

- (8) Reserve for employees' retirement benefits and prepaid pension cost are presented based on projected benefit obligations and pension plan assets at the balance sheet date.

The Company uses the following methods for amortizing retirement benefit obligations and retirement benefit expenses:

- |  |                       |
|--|-----------------------|
| • Method for allocation of projected retirement benefits ..... | Benefit formula basis |
| • Amortization period of actuarial gains and losses.....       | 10 years              |
| • Amortization period of prior service cost.....               | 10 years              |

- (9) Reserve for price fluctuation is calculated in accordance with Article 115 of the Insurance Business Act.

- (10) Hedge accounting is based on "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The Company applies a fair value hedge accounting as a hedge against the risk of foreign exchange fluctuation in relation to bonds and others denominated in foreign currencies, and a designated hedge accounting ("Furiate shori") for foreign

currency swaps as a hedge against the risk of foreign exchange fluctuation in relation to bonds denominated in foreign currencies issued by the Company.

For assessing the effectiveness of hedge used, ratio analysis of comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments is mainly applied.

- (11) Accounting of unrecognized actuarial differences and unrecognized prior service costs related to employees' retirement benefits is different to the methods used for these items in the consolidated financial statements.
- (12) The Company accounts for consumption taxes by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Tax Act, are deferred as prepaid expenses and amortized equally over five years. Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.
- (13) Initial premium incomes are recorded by the relevant amounts received when the premium incomes have been received and the responsibilities on the insurance contract have been commenced, in principal.  
Subsequent premium incomes are also recorded as the amount of payments that have been received.  
Of premium incomes that have been received, the portion corresponding to the period that has yet to pass as of the end of the fiscal year is accumulated as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 2 of the Enforcement Regulation of the Insurance Business Act.  
Premium incomes associated with the acceptance of group annuities are recorded as amounts equivalent to the policy reserve received when accepting the transfers of these group annuities.
- (14) Claims and other payments (excluding reinsurance premiums) are recorded by the relevant amounts paid when the cause for payment under the policy conditions is occurred and the calculated amounts are paid based on the policy conditions.  
In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims are accumulated as for claims for which the Company has a payment due but has not paid, or for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred as of the end of the fiscal year.  
Claims and other payments associated with the outgoing transfer of group annuities are recorded as amounts equivalent to the policy reserve transferred when recognizing the transfers of these group annuities.
- (15) Policy reserve of the Company is accumulated 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 to prepare for the future performance of obligations under the insurance contracts for which the insurer's responsibilities have started as of the end of the fiscal year.  
Premium reserves, one of the components of policy reserve, are calculated by the following method.
- i) In regard to the policies subject to the standard policy reserve, the method as prescribed by the Commissioner of Financial Services Agency (Ministry of Finance Ordinance No.48, 1996) is applied.
  - ii) In regard to the policies not subject to the standard policy reserve, the net level premium method is applied.
- In regard to the policy reserve accumulated pursuant to Article 69 Paragraphs 1,2, and 4 of the Enforcement Regulation of the Insurance Business Act, when the actual assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) deviate from those assumptions set in the "statement of calculation procedures for Insurance Premiums and Policy Reserves" and policy reserve is considered to be possibly insufficient to cover the future performance of obligations, additional policy reserve is required to accumulate in accordance with Article 69 Paragraph 5 of the Enforcement Regulation of the Insurance Business Act. The following reserves have been established in compliance with this regulation.
- Among individual annuity insurance policies with an assumed interest rate of 5.00% or higher, for policies that have begun paying annuities (excluding wife's annuity insurance additional rider), the Company has reduced the assumed interest rate to 1.00% and funded additional policy reserves. As of March 31, 2022, the balance of these policy reserves



was ¥72,419 million.

- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2022, the Company has reduced assumed interest rates for policies with premiums that have been paid in full (excluding policies that have been converted into paid-up or extended policies, single premium policies, and policies for which premiums have been waived) to 1.00% and funded additional policy reserves of ¥107,284. The establishment of these reserves rendered ¥1,589 million of additional policy reserves set aside at the conclusion of the fiscal year ended March 31, 2021 unnecessary. Accordingly, the Company reversed this amount and transferred ¥105,695 million (a higher amount) from contingency reserves to additional policy reserves. Consequently, the establishment of these policy reserves has had no impact on provision of policy reserves, ordinary profits, and surplus before income taxes.
- The Company has also funded additional policy reserves for certain whole life insurance policies that include distribution of surplus every five years, new cancer riders, highly advanced medical riders and advanced medical riders. As of March 31, 2022, the balance of these policy reserves was ¥77 million.

Appointed actuaries, for each fiscal year, verify whether policy reserves have been reasonably accumulated in accordance with Article 121 Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves, one of the components of policy reserve, are accumulated pursuant to Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure performing future obligations under the insurance contracts.

(16) Depreciation of intangible fixed assets is calculated by the following methods.

- Software: Straight-line method over the estimated useful lives.
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

(17) Of the bonds corresponding to the sub-groups of individual insurance and annuities which are set by insurance types and investment policies, the bonds that are held to match the duration of liabilities are classified as policy-reserve-matching bonds in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry” (Industry Audit Committee Report No. 21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

At the end of the fiscal year ended March 31, 2022, the Company eliminated all sub-groups, and policy-reserve-matching bonds categorized for holding purposes were reclassified as available-for-sale securities. The Company made this change following a review of its interest-rate risk management (conducted through strategic asset and liability matching) that was conducted due to the Company's realization that under the prevailing environment of low interest rates in Japan, continuing to hold bonds for the purpose of matching the duration of liabilities while securing investment income commensurate with assumed interest rates would be prohibitively difficult.

Due to this change, government bonds increased by ¥69,841 million, while local government bonds rose by ¥5,994 million, corporate bonds by ¥6,132 million, deferred tax liabilities by ¥22,951 million, and net unrealized gains (losses) on available-for-sale securities, net of tax by ¥59,016 million. These changes had no impact in terms of profit and loss.

2. The Company began applying the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter called “Accounting Standard for Fair Value Measurement”) from the beginning of the fiscal year. In accordance with the transitional treatments prescribed 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, July 4, 2019), new accounting policies set forth by the Accounting Standard for Fair Value Measurement will be applied prospectively. The Company has observed no material impact from this application of the Accounting Standard for Fair Value Measurement.

In addition, the Company has decided to provide notes regarding matters such as the breakdown of financial instruments by fair

value level in the financial instruments sections of notes to the non-consolidated balance sheets.

3. Asset management of the general accounts other than the separate accounts stipulated in Article 118 Paragraph 1 of the Insurance Business Act is conducted on the principle of prudent and profitable investments, considering public and social responsibilities of the insurance business. Based on this policy, the Company allocates the fund, securing its liquidity, from the medium-to-long term viewpoints. The Company is diversifying investments in assets such as foreign securities, stocks and real estates within the acceptable range of risks in order to enhance the profitability, although yen-denominated interest bearing assets including debt securities such as Japanese government bonds and loans are the cores of the portfolios under the asset liability management. Derivatives are mainly used to hedge the market risk regarding spot-priced assets and liabilities. Major financial instruments including securities, loans and derivatives are exposed to market risk and credit risk. The Company manages its asset management risk by establishing internal control systems including various rules pursuant to the “Three Basic Rules related to Enterprise Risk Management” established by the Board of Directors. Specifically, the Company eliminates excessive risk deviating from the basic principle and secures the safety of the assets by utilizing control functions of the Financial and Investment Risk Management Department towards the asset management sections, monitoring the status of market risk and credit risk periodically on a daily or monthly basis. In addition, the Company quantifies the market risk and credit risk using value-at-risk (VaR) method in order to control the possible maximum losses which may arise from the holding assets within a certain range of risk buffers.

The carrying amounts, fair values and their related differences of major financial assets and liabilities in the general account as of March 31, 2022 were as follows:

	(Millions of yen)		
	Carrying amount	Fair value	Difference
Monetary claims bought:			
Claims treated as loans.....	¥80	¥81	¥0
Total monetary claims bought.....	80	81	0
Money held in trust:			
Trading securities.....	25,070	25,070	—
Total money held in trust.....	25,070	25,070	—
Securities:			
Trading securities.....	18,493	18,493	—
Held-to-maturity debt securities.....	760,097	847,316	87,218
Available-for-sale securities.....	5,288,571	5,288,571	—
Total securities.....	6,067,162	6,154,381	87,218
Loans:			
Policy loans.....	48,629	48,629	(0)
Ordinary loans.....	504,675	521,484	16,809
Total loans.....	553,305	570,114	16,809
Assets total.....	6,645,619	6,749,647	104,028
Subordinated bonds*1.....	241,935	245,074	3,139
Liabilities total.....	241,935	245,074	3,139
Derivative instruments*2:			
Hedge accounting not applied.....	(4,814)	(4,814)	—
Hedge accounting applied.....	(63,528)	(63,528)	—
Total derivative instruments.....	¥(68,342)	¥(68,342)	¥—

\*1 The fair value of derivative instruments that are currency swaps under designated hedge accounting is included in the fair value of subordinated bonds because it is accounted for as an integral part of the subordinated bonds that are the hedge items.

\*2 Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Notes: 1. Stocks without market prices, such as unlisted stocks, are not included in Securities of the above table. The amount of these stocks on the balance sheet as of March 31, 2022 was ¥73,986 million.

2. In accordance with the transitional treatments prescribed in Paragraph 27 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019), investments in partnerships have not been included in Securities of the above table. As of March 31, 2022, the amount of investments in partnerships included on the balance sheet was ¥32,380 million.

4. Matters concerning the breakdown of financial instruments by fair value level are as follows.

The fair values of financial instruments are classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Fair Value Level 1: Fair values measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Fair Value Level 2: Fair values measured using directly or indirectly observable inputs other than Level 1 inputs

Fair Value Level 3: Fair values measured using material unobservable inputs

When multiple inputs with material impact are used to measure fair value, the resulting fair value is classified into the lowest fair value level into which any of these inputs can be categorized.

(1) Financial assets and liabilities with fair values recorded on the balance sheet as of March 31, 2022

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Money held in trust:				
Trading securities.....	¥—	¥25,070	¥—	¥25,070
Total money held in trust.....	—	25,070	—	25,070
Securities:				
Trading securities:				
Foreign securities.....	7,859	10,634	—	18,493
Total trading securities.....	7,859	10,634	—	18,493
Available-for-sale securities:				
Government bonds.....	1,374,059	—	—	1,374,059
Local government bonds.....	—	96,671	—	96,671
Corporate bonds.....	—	675,954	—	675,954
Stocks.....	699,525	—	—	699,525
Foreign securities.....	744,812	1,129,151	28,139	1,902,104
Other securities.....	3,372	—	—	3,372
Total available-for-sale securities.....	2,821,770	1,901,778	28,139	4,751,688
Total securities.....	2,829,629	1,912,412	28,139	4,770,181
Assets total.....	2,829,629	1,937,482	28,139	4,795,251
Derivative instruments*:				
Currency-related.....	—	(68,160)	—	(68,160)
Interest-related.....	—	20	—	20
Stock-related.....	(202)	—	—	(202)
Total derivative instruments.....	¥(202)	¥(68,140)	¥—	¥(68,342)

\* Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Note: In accordance with the transitional treatments prescribed in Paragraph 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019), investment trusts have not been included in the figures above.

As of March 31, 2022, the amount of investment trusts included on the balance sheet was ¥536,883 million.

## (2) Financial assets and liabilities with fair values not recorded on the balance sheet as of March 31, 2022

(Millions of yen)				
Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought:				
Claims treated as loans.....	¥—	¥—	¥81	¥81
Total monetary claims bought.....	—	—	81	81
Securities:				
Held-to-maturity debt securities:				
Government bonds.....	796,339	—	—	796,339
Local government bonds.....	—	7,824	—	7,824
Corporate bonds.....	—	20,610	—	20,610
Foreign securities.....	20,878	1,663	—	22,541
Total held-to-maturity debt securities...	817,218	30,098	—	847,316
Total securities.....	817,218	30,098	—	847,316
Loans:				
Policy loans.....	—	—	48,629	48,629
Ordinary loans.....	—	—	521,484	521,484
Total loans.....	—	—	570,114	570,114
Assets total.....	817,218	30,098	570,196	1,417,512
Subordinated bonds	—	245,074	—	245,074
Liabilities total.....	¥—	¥245,074	¥—	¥245,074

## (3) Explanation of valuation techniques and inputs used to measure fair value

- i) Securities (including deposits and monetary claims bought which are treated as securities based on “Accounting Standards for Financial Instruments” [ASBJ Statement No.10, July 4, 2019])

The fair values of securities for which unadjusted quoted market prices in active markets are available (primarily listed stocks and government bonds [including some foreign securities]) are classified as Fair Value Level 1.

Meanwhile, the fair values of securities for which quoted market prices are available, but are not available in active markets, are classified as Fair Value Level 2 (This category primarily includes local government bonds and corporate bonds [including some foreign securities]). When quoted market prices are not available for securities, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these securities. If the inputs used to measure the fair value of a given security are material but unobservable, the resulting fair value is classified as Fair Value Level 3.

- ii) Money held in trust

In principle, the fair values of securities managed as trust assets and classified as money held in trust are measured using the Company's prescribed method for determining the value of securities. These fair values are categorized as Fair Value Level 2.

- iii) Loans and monetary claims bought treated as loans

The fair values of policy loans are deemed to approximate book values, considering estimated repayment period and interest rate conditions since their repayment deadlines have not been set up due to the characteristics that the loans are limited to the amount of cash surrender values. Therefore, the book values are used as the fair values of policy loans.

The fair values of floating interest rate loans among the ordinary loans and monetary claims bought treated as loans approximate the book values because the market interest rates are reflected in future cash flows in a short period.

Therefore, the fair values of floating interest rate loans and monetary claims bought treated as loans are based on their

book values. The fair values of fixed interest rate loans are primarily measured by discounting the future cash flows to the present values.

The fair values of loans from legally bankrupt borrowers, substantially bankrupt borrowers and not currently bankrupt borrowers and monetary claims bought treated as loans are computed by deducting the amount of the allowance for possible loan losses from the book values before direct write-offs.

If the impact of unobservable inputs used to measure the fair values of loans and monetary claims bought treated as loans is determined to be material, the resulting fair values are classified as Fair Value Level 3. Otherwise, they are categorized as Fair Value Level 2.

iv) Subordinated bonds

The fair values of corporate bonds issued by the Company are classified as Fair Value Level 2 and are measured using the same method applied to securities.

v) Derivative instruments

The fair values of derivative instruments for which unadjusted quoted market prices in active markets are available (primarily exchange-traded futures and options) are classified as Fair Value Level 1. However, most derivative instruments are traded over the counter and have no quoted market prices. Accordingly, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these derivative instruments. Fair values of derivative instruments that were measured using only observable inputs or with unobservable inputs considered to be immaterial are classified as Fair Value Level 2. Meanwhile, fair values of derivative instruments that have been measured using material unobservable inputs are categorized as Fair Value Level 3.

(4) Information concerning fair values of financial assets and liabilities that have been recorded on the balance sheet as of March 31, 2022 and classified as Fair Value Level 3

i) Quantitative information regarding material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, quantitative information regarding material unobservable inputs have been omitted.

ii) Reconciliation of balances at the beginning of the current fiscal year and balances as of March 31, 2022, and valuation gains or losses recognized in the statements of operations for the fiscal year ended March 31, 2022.

	(Millions of yen)	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the current fiscal year.....	¥29,312	¥29,312
Gains or losses during the fiscal year.....	(10)	(10)
Values recognized as gains or losses*.....	(10)	(10)
Changes in net unrealized gains or losses.....	(1,162)	(1,162)
Balance at the end of the current fiscal year.....	¥28,139	¥28,139

\* These amounts are included in investment income and investment expenses in the non-consolidated statements of operations for the fiscal year ended March 31, 2022.

iii) Explanation of the valuation process for fair value

The Company's asset management division is responsible for the formulation of policies and procedures related to the measurement of fair value and the actual measurement of fair value. These fair values are subsequently checked by the risk management department to ensure their appropriateness and compliance with relevant policies and procedures.

The Company verifies the appropriateness of the fair values it measures using a variety of suitable methods, which include comparing quoted market prices obtained from different third parties; confirming techniques and inputs

utilized for calculation; and further comparing measured fair values with the fair values of similar financial instruments.

iv) Explanation of the impact on fair value in case of change in material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, it has omitted information concerning impact on fair value stemming from changes in material unobservable inputs.

5. The Company holds investment and rental properties such as office buildings in Tokyo and other areas. The carrying amounts and the fair values of investment and rental properties were ¥196,610 million and ¥328,744 million as of March 31, 2022, respectively. The fair value is mainly based on the value calculated by the Company in accordance with real estate appraisal standards which includes some adjustments using the reference prices.

The amount corresponding to asset retirement obligations included in the carrying amount of investment and rental properties was ¥372 million as of March 31, 2022.

6. The amount of securities lent under lending agreements was ¥621,280 million as of March 31, 2022.

7. The total amount of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans past three months or more, and restructured loans was ¥3,759 million as March 31, 2022. The details are as follows.

i) The balance of claims against bankrupt and quasi-bankrupt obligors was ¥143 million as of March 31, 2022.

Of which, the estimated uncollectible amount written-off was ¥0 million as of March 31, 2022.

Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

ii) The balance of claims with collection risk was ¥1,999 million as of March 31, 2022.

Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

iii) There was no balance of delinquent loans past three months or more as of March 31, 2022.

Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.

iv) The balance of restructured loans was ¥1,616 million as of March 31, 2022.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.

8. Accumulated depreciation of tangible fixed assets were ¥178,381 million as of March 31, 2022.

9. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥112,487 million as of March 31, 2022. The amounts of separate account liabilities were the same as separate account assets.

10. The total amounts of receivables from/payables to subsidiaries were ¥2,334 million and ¥2,714 million as of March 31, 2022, respectively.

11. Deferred tax assets and deferred tax liabilities as of March 31, 2022 were ¥170,333 million and ¥190,417 million, respectively. Valuation allowance for deferred tax assets was ¥4,976 million.

Major components of deferred tax assets were ¥98,854 million of policy reserves, ¥49,467 million of reserve for price fluctuation and ¥12,184 million of reserve for employees' retirement benefits as of March 31, 2022.

Major component of deferred tax liabilities was ¥185,335 million of net unrealized gains on available-for-sale securities as of March 31, 2022.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2022 were 28.0% and 3.2%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to -25.0% of reserve for dividends to policyholders.

12. Changes in reserve for dividends to policyholders for the year ended March 31, 2022 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥ 63,232
Transfer from surplus in the previous fiscal year.....	32,744
Dividend payments to policyholders during the fiscal year.....	(32,580)
Increase in interest.....	13
Balance at the end of the fiscal year.....	<u>¥ 63,411</u>

13. The amount of stocks of subsidiaries was ¥64,787 million as of March 31, 2022.

14. Assets pledged as collateral as of March 31, 2022 were ¥225,740 million of securities.

Secured debts as of March 31, 2022, were ¥166,881 million.

These amounts include ¥150,826 million of investments in securities deposited and ¥160,928 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2022.

15. Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “reserve for outstanding claims for ceded reinsurance”) was ¥0 million as of March 31, 2022.

Policy reserve for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “policy reserve for ceded reinsurance”) was ¥23 million as of March 31, 2022.

16. The total amounts of adjustment items for redemption of foundation funds and appropriation of net surplus defined in Article 30 Paragraph 2 of the Enforcement Regulation of the Insurance Business Act was ¥485,157 million as of March 31, 2022.

17. There were unused commitment line agreements under which the Company is the lender of ¥11,492 million as of March 31, 2022.

18. Repayments of subordinated bonds are subordinated to other obligations.

19. The future contribution to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act was estimated at ¥8,181 million as of March 31, 2022.

The contribution is recognized as operating expenses when contributed.

## 20. Matters Related to Employees' Retirement Benefits as of March 31, 2022

### (1) Overview of Employees' Retirement Benefit Plan

As for a defined benefit plan for office-based employees, the Company has a defined benefit corporate pension plan and retirement lump-sum payments. As for a defined contribution plan for these employees, the Company also has a defined contribution pension plan.

As for a defined benefit plan for sales employees, the Company has retirement lump-sum payments.

The Company places a retirement benefit trust in relation to the retirement lump-sum grant plan for sales employees.

The simplified method for calculating retirement benefit obligation is applied to a portion of the Company's retirement lump-sum grant plans.

### (2) Defined Benefit Plan

#### i) Reconciliation of beginning and end of balance of retirement benefit obligation

	(Millions of yen)
Retirement benefit obligation at the beginning of the fiscal year.....	¥ 90,576
Service cost.....	3,657
Interest cost.....	541
Actuarial differences occurred during the fiscal year.....	47
Retirement benefit payments.....	(4,178)
Retirement benefit obligation at the end of the fiscal year.....	<u>¥ 90,644</u>

#### ii) Reconciliation of beginning and end of balance of pension plan assets

	(Millions of yen)
Pension plan assets at the beginning of the fiscal year.....	¥ 62,244
Expected return on pension plan assets.....	1,202
Actuarial differences occurred during the fiscal year.....	956
Contributions by the employer.....	1,088
Retirement benefit payments.....	(1,605)
Pension plan assets at the end of the fiscal year.....	<u>¥ 63,886</u>

#### iii) Reconciliation of retirement benefit obligation and pension plan assets with reserve for employees' retirement benefits and prepaid pension cost presented on the non-consolidated balance sheet

	(Millions of yen)
a. Funded plan retirement benefit obligation.....	¥ 78,793
b. Pension plan assets.....	(63,886)
c. (a + b).....	14,906
d. Unfunded plan retirement benefit obligation.....	11,850
e. Unrecognized actuarial differences.....	(2,774)
f. Unrecognized prior service cost.....	(45)
g. Net amount of liabilities and assets presented on the non-consolidated balance sheet.....	<u>23,937</u>
h. Reserve for employees' retirement benefits.....	24,850
i. Prepaid pension cost.....	(912)
j. Net amount of liabilities and assets presented on the non-consolidated balance sheet.....	<u>¥ 23,937</u>

#### iv) Breakdown of retirement benefit gains and losses

	(Millions of yen)
Service cost.....	¥ 3,657
Interest cost.....	541
Expected return on pension plan assets.....	(1,202)
Amortization of actuarial differences.....	1,428
Amortization of prior service costs.....	(13)
Retirement benefit expenses related to defined benefit plan.....	<u>¥ 4,410</u>



v) Breakdown of pension plan assets

The breakdown of asset categories as a percentage of total pension plan assets were as follows:

Domestic stocks.....	42.2%
Life insurance general account.....	31.1%
Foreign stocks.....	10.3%
Domestic bonds.....	9.6%
Assets under joint management.....	3.7%
Foreign bonds.....	3.1%
Total.....	100.0%

Within the total of pension assets, 35.7% of this amount is accounted for by the retirement benefit trust established in relation to the retirement lump-sum payments plan for sales employees.

vi) Method for setting the expected long-term rate of return

To set the expected long-term rate of return on pension plan assets, the Company takes into account the present and future allocation of pension plan assets, and the present and expected future long-term rate of return on a variety of assets that makes up the pension assets.

vii) Underlying actuarial assumptions

Main underlying actuarial assumptions as of March 31, 2022, were as follows:

Discount rate.....	0.6%
Expected long-term rate of return on pension plan assets	
Defined Benefit Plan.....	3.0%
Retirement benefit trust.....	0.0%

(3) Defined Contribution Plan

The required contribution amount by the Company to the defined contribution plan was ¥222 million as of March 31, 2022.

### III. Notes to the Non-consolidated Statements of Operations

1. The total amounts of revenues and expenses in connection with subsidiaries were ¥1,326 million and ¥8,687 million for the year ended March 31, 2022.

2. The details of gains on sales of securities for the year ended March 31, 2022 were as follows:

	(Millions of yen)
Domestic bonds.....	¥ 6,543
Domestic stocks and others.....	3,932
Foreign securities.....	3,444

3. The details of losses on sales of securities for the year ended March 31, 2022 were as follows:

	(Millions of yen)
Domestic bonds.....	¥ 5,343
Domestic stocks and others.....	7,414
Foreign securities.....	2,302

4. The details of losses on valuation of securities for the year ended March 31, 2022 were as follows:

	(Millions of yen)
Domestic stocks and others.....	¥ 302
Foreign securities.....	42

5. For the year ended March 31, 2022, in calculating the provision of reserve for outstanding claims, a reversal of reserves for outstanding claims reinsured of ¥3 million was added. In calculating the provision of policy reserves, a reversal of reserves for policy reserves reinsured of ¥7 million was added.

6. The details of gains on trading securities for the year ended March 31, 2022 were as follows:

	(Millions of yen)
Interest, dividends and other income.....	¥ 753
Gains on sales of trading securities.....	0
Losses on redemption of trading securities.....	(1,671)
Gains on valuation of trading securities.....	2,581

7. Gains on money held in trust for the year ended March 31, 2022 included valuation gains of ¥0 million.

8. Losses on derivative instruments for the year ended March 31, 2022 included valuation losses of ¥1,419 million.

## 5. Breakdown of Ordinary Profits (Fundamental Profit)

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Fundamental profit</b> <b>A</b>	<b>84,351</b>	<b>85,817</b>
Capital gains	29,844	17,113
Gains on money held in trust, net	1,049	664
Gains on trading securities, net	4,836	910
Gains on sales of securities	23,959	13,920
Gains on derivative instruments, net	—	—
Foreign exchange gains, net	—	1,617
Other capital gains	—	—
Capital losses	29,784	23,151
Losses on money held in trust, net	—	—
Losses on trading securities, net	—	—
Losses on sales of securities	11,809	15,060
Losses on valuation of securities	404	344
Losses on derivative instruments, net	12,967	7,746
Foreign exchange losses, net	4,602	—
Other capital losses	—	—
Net capital gains (losses) <b>B</b>	<b>60</b>	<b>(6,038)</b>
Fundamental profit plus net capital gains (losses) <b>A+B</b>	<b>84,411</b>	<b>79,778</b>
Non-recurring gains	27,887	76,780
Reinsurance income	—	—
Reversal of contingency reserve	—	74,413
Reversal of specific allowance for possible loan losses	—	777
Others	27,887	1,589
Non-recurring losses	24,183	117,807
Reinsurance premiums	—	—
Provision for contingency reserve	14,857	—
Provision of specific allowance for possible loan losses	1,997	—
Provision of allowance for specified overseas loans	—	—
Write-off of loans	—	—
Others	7,328	117,807
Non-recurring gains (losses) <b>C</b>	<b>3,703</b>	<b>(41,026)</b>
Ordinary profits <b>A+B+C</b>	<b>88,115</b>	<b>38,752</b>

Notes: 1. The following amounts in respect of gains on money held in trust have been excluded from capital gains / losses and included in fundamental profit due to their income nature (being interest and dividend income): ¥78 million in respect of the year ended March 31, 2021 and ¥153 million in respect of the year ended March 31, 2022.

2. The following amounts in respect of gains on trading securities have been excluded from capital gains / losses and included in fundamental profit due to their income nature (being interest and dividend income): ¥1,687 million in respect of the year ended March 31, 2021 and ¥753 million in respect of the year ended March 31, 2022.

3. Other non-recurring gains for the fiscal year ended March 31, 2021 include the following:

- ¥27,887 million in reversals of additional policy reserves established in connection with individual insurance during the fiscal year ended March 31, 2020 or earlier in response to reviews conducted by valuation actuaries

4. Other non-recurring gains for the fiscal year ended March 31, 2022 include the following:

- ¥1,589 million in reversals of additional policy reserves established in connection with individual insurance during the fiscal year ended March 31, 2020 or earlier in response to reviews conducted by valuation actuaries

5. Other non-recurring losses for the fiscal year ended March 31, 2021 include the following:

- ¥7,304 million in additional policy reserves established in connection with individual insurance policies for which annuity payments had begun
- ¥24 million in additional policy reserves established in connection with third sector insurance following reviews conducted by valuation actuaries

6. Other non-recurring losses for the fiscal year ended March 31, 2022 include the following:

- ¥7,081 million in additional policy reserves established in connection with individual insurance policies for which annuity payments had begun
- ¥107,284 million in additional policy reserves established in connection with individual whole life insurance policies for which premiums had been fully paid
- ¥41 million in additional policy reserves established in connection with third sector insurance following reviews conducted by valuation actuaries
- ¥3,400 million provision of reserve for claims and other payments

## 6. Non-consolidated Statements of Changes in Net Assets

[For the year ended March 31, 2021]

(Millions of yen)

	(millions of yen)											
	Foundation funds, surplus and others											
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Surplus								Total foundation funds, surplus and others
				Legal reserve for future losses	Other surplus						Total surplus	
Reserve for redemption of foundation funds	Reserve for dividend allowances	Accumulated fund for price fluctuation	Reserve for advanced depreciation of real estate for tax purpose		Other reserves	Unappropriated surplus						
Balance at the beginning of the fiscal year	12,000	116,000	112	3,176	—	20,000	41,000	209	767	57,901	123,054	251,166
Changes in the fiscal year												
Additions to reserve for dividends to policyholders										(31,547)	(31,547)	(31,547)
Additions to legal reserve for future losses				95						(95)	—	—
Payment of interest on foundation funds										(102)	(102)	(102)
Net surplus for the fiscal year										35,427	35,427	35,427
Additions to reserve for redemption of foundation funds					2,400					(2,400)	—	—
Reversal of reserve for advanced depreciation of real estate for tax purpose								(1)		1	—	—
Reversal of revaluation reserve for land, net of tax										(83)	(83)	(83)
Net changes, excluding foundation funds, surplus and others												
Total changes in the fiscal year	—	—	—	95	2,400	—	—	(1)	—	1,200	3,694	3,694
Balance at the end of the fiscal year	12,000	116,000	112	3,271	2,400	20,000	41,000	207	767	59,102	126,748	254,860

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	284,752	4,102	288,855	540,021
Changes in the fiscal year				
Additions to reserve for dividends to policyholders				(31,547)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(102)
Net surplus for the fiscal year				35,427
Additions to reserve for redemption of foundation funds				—
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Reversal of revaluation reserve for land, net of tax				(83)
Net changes, excluding foundation funds, surplus and others	173,534	83	173,617	173,617
Total changes in the fiscal year	173,534	83	173,617	177,312
Balance at the end of the fiscal year	458,287	4,185	462,473	717,333

[For the year ended March 31, 2022]

(Millions of yen)

(millions of yen)

	Foundation funds, surplus and others											
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Surplus								Total foundation funds, surplus and others
				Legal reserve for future losses	Other surplus						Total surplus	
					Reserve for redemption of foundation funds	Reserve for dividend allowances	Accumulated fund for price fluctuation	Reserve for advanced depreciation of real estate for tax purpose	Other reserves	Unappropriated surplus		
Balance at the beginning of the fiscal year	12,000	116,000	112	3,271	2,400	20,000	41,000	207	767	59,102	126,748	254,860
Changes in the fiscal year												
Additions to reserve for dividends to policyholders										(32,744)	(32,744)	(32,744)
Additions to legal reserve for future losses				99						(99)	—	—
Payment of interest on foundation funds										(102)	(102)	(102)
Net surplus for the fiscal year										33,319	33,319	33,319
Additions to reserve for redemption of foundation funds					2,400					(2,400)	—	—
Reversal of reserve for advanced depreciation of real estate for tax purpose								(1)		1	—	—
Reversal of revaluation reserve for land, net of tax										1	1	1
Net changes, excluding foundation funds, surplus and others												
Total changes in the fiscal year	—	—	—	99	2,400	—	—	(1)	—	(2,024)	473	473
Balance at the end of the fiscal year	12,000	116,000	112	3,370	4,800	20,000	41,000	206	767	57,078	127,222	255,334

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	458,287	4,185	462,473	717,333
Changes in the fiscal year				
Additions to reserve for dividends to policyholders				(32,744)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(102)
Net surplus for the fiscal year				33,319
Additions to reserve for redemption of foundation funds				—
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Reversal of revaluation reserve for land, net of tax				1
Net changes, excluding foundation funds, surplus and others	22,572	(1)	22,571	22,571
Total changes in the fiscal year	22,572	(1)	22,571	23,045
Balance at the end of the fiscal year	480,860	4,184	485,044	740,379

## 7. Non-consolidated Statements of Surplus

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Unappropriated surplus	59,102	57,078
Reversal of voluntary surplus reserve	1	1
Reversal of reserve for advanced depreciation of real estate for tax purpose	1	1
Total	59,103	57,079
Appropriation of surplus	35,345	33,321
Reserve for dividends to policyholders	32,744	30,726
Net surplus	2,601	2,595
Legal reserve for future losses	99	93
Interest payment for foundation funds	102	102
Voluntary surplus reserve	2,400	2,400
Reserve for redemption of foundation funds	2,400	2,400
Unappropriated surplus carried forward	23,758	23,758

Note: Net surplus is calculated by deducting reserve for dividends to policyholders from the sum of unappropriated surplus and reversal of voluntary surplus reserve.

## 8. Disclosed Claims Based on Insurance Business Act

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Claims against bankrupt and quasi-bankrupt obligors	159	143
Claims with collection risk	2,515	1,999
Delinquent loans past three months or more	—	—
Restructured loans	529	1,616
Subtotal [Percentage of total]	3,204 [0.31%]	3,759 [0.32%]
Claims against normal obligors	1,034,137	1,175,569
Total	1,037,341	1,179,328

- Notes: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than claims against bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.
4. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.
5. Claims against normal obligors are all other loans.

## 9. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	1,847,290	1,917,896
Foundation funds and surplus	219,495	221,320
Reserve for price fluctuation	172,797	176,670
Contingency reserve	229,872	155,458
General allowance for possible loan losses	1,911	820
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	571,515	599,576
Net unrealized gains on real estate × 85%	141,522	140,830
Excess amount of policy reserve based on full-time Zillmer method	274,189	386,741
Qualifying subordinated debt	241,935	241,935
The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin	—	—
Deductible items	(46,783)	(46,783)
Others	40,836	41,327
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	292,826	310,783
Insurance risk $R_1$	22,339	21,810
3rd sector insurance risk $R_8$	9,892	9,963
Assumed investment yield risk $R_2$	29,804	22,182
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	254,865	280,252
Business risk $R_4$	6,338	6,684
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,261.6%	1,234.2%

Notes: 1. Above figures are calculated based on the provisions of Articles 86 and 87 of the Enforcement Regulation of the Insurance Business Act and Ministry of Finance Notification No. 50, 1996.

2. "Deductible items" represent the capital increase to the subsidiary, Fukokushinrai Life Insurance Co., Ltd.

3. "Minimum guarantee risk" is calculated by standard method.



## 10. Status of Separate Account

### (1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	27	25
Group annuities	104,952	112,462
Total	104,979	112,487

### (2) Individual Variable Insurance (Separate Account)

The Company has not sold the individual variable insurance.

### (3) Individual Variable Annuities (Separate Account)

#### (i) Policies in Force

(Millions of yen except number of policies)

	As of March 31, 2021		As of March 31, 2022	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	8	20	7	18
Total	8	20	7	18

#### (ii) Breakdown of Separate Account Assets for Individual Variable Annuities

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	4	16.3%	4	18.3%
Securities	22	83.7	20	81.7
Domestic bonds	—	—	—	—
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	22	83.7	20	81.7
Loans	—	—	—	—
Others	—	—	—	—
Allowance for possible loan losses	—	—	—	—
Total	27	100.0	25	100.0

## (iii) Investment Income and Expenses of Separate Account for Individual Variable Annuities

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
	Amount	Amount
Interest, dividends and other income	0	0
Gains on sales of securities	—	—
Gains on redemption of securities	—	—
Gains on valuation of securities	9	8
Foreign exchange gains, net	—	—
Gains on derivative instruments	—	—
Other investment income	—	—
Losses on sales of securities	—	—
Losses on redemption of securities	—	—
Losses on valuation of securities	5	9
Foreign exchange losses, net	—	—
Losses on derivative instruments	—	—
Other investment expenses	—	—
Net investment income	4	0

## (iv) Fair Value Information on Securities in Separate Account for Individual Variable Annuities

## • Net Valuation Gains/Losses on Trading Securities

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statements of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statements of operations
Trading securities	22	4	20	(0)

Note: The Company had no balances of money held in trust and derivative instruments.

**Reference: Fair Value Information on Securities (Total of General Account and Separate Account)**
**Net Valuation Gains/Losses on Trading Securities**

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations
Trading securities	151,491	23,542	147,633	4,388

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

**Fair Value Information on Securities (other than trading securities)**

(Millions of yen)

	As of March 31, 2021					As of March 31, 2022				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	757,339	863,820	106,481	106,481	—	760,097	847,316	87,218	87,218	—
Domestic bonds	737,240	842,721	105,480	105,480	—	737,795	824,774	86,979	86,979	—
Foreign bonds	20,098	21,098	1,000	1,000	—	22,302	22,541	238	238	—
Policy-reserve-matching bonds	873,677	989,433	115,755	120,379	4,623	—	—	—	—	—
Domestic bonds	873,677	989,433	115,755	120,379	4,623	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	3,462,146	4,095,801	633,654	656,049	22,394	4,625,982	5,288,571	662,589	733,325	70,736
Domestic bonds	1,106,729	1,168,558	61,829	67,376	5,547	2,038,626	2,146,685	108,059	138,789	30,730
Domestic stocks	347,152	717,432	370,279	377,140	6,860	347,574	699,525	351,951	354,992	3,041
Foreign securities	1,898,343	2,068,561	170,217	179,442	9,225	2,109,727	2,282,658	172,931	209,125	36,193
Foreign bonds	1,557,529	1,661,043	103,513	111,905	8,391	1,713,754	1,782,639	68,884	102,110	33,225
Foreign stocks and other securities	340,813	407,518	66,704	67,537	833	395,972	500,019	104,047	107,015	2,968
Other securities	109,921	141,249	31,327	32,089	761	130,053	159,700	29,647	30,417	770
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,093,163	5,949,055	855,891	882,909	27,017	5,386,079	6,135,887	749,807	820,544	70,736
Domestic bonds	2,717,647	3,000,714	283,066	293,236	10,170	2,776,421	2,971,460	195,038	225,768	30,730
Domestic stocks	347,152	717,432	370,279	377,140	6,860	347,574	699,525	351,951	354,992	3,041
Foreign securities	1,918,441	2,089,659	171,218	180,443	9,225	2,132,029	2,305,200	173,170	209,364	36,193
Foreign bonds	1,577,627	1,682,141	104,513	112,905	8,391	1,736,056	1,805,180	69,123	102,349	33,225
Foreign stocks and other securities	340,813	407,518	66,704	67,537	833	395,972	500,019	104,047	107,015	2,968
Other securities	109,921	141,249	31,327	32,089	761	130,053	159,700	29,647	30,417	770
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Notes: 1. The table above includes assets which are considered appropriate to deem as securities under the Financial Instruments and Exchange Law.

2. The securities and investment partnerships without fair value are not included in the table above.

**[Held-to-maturity Debt Securities]**

(Millions of yen)

	As of March 31, 2021			As of March 31, 2022		
	Carrying value on the balance sheet	Fair value	Differences	Carrying value on the balance sheet	Fair value	Differences
Securities whose fair value exceeds the carrying value on the balance sheet	757,339	863,820	106,481	760,097	847,316	87,218
Domestic bonds	737,240	842,721	105,480	737,795	824,774	86,979
Foreign bonds	20,098	21,098	1,000	22,302	22,541	238
Securities whose fair value does not exceed the carrying value on the balance sheet	—	—	—	—	—	—
Domestic bonds	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—

[Policy-reserve-matching Bonds]

(Millions of yen)

	As of March 31, 2021			As of March 31, 2022		
	Carrying value on the balance sheet	Fair value	Differences	Carrying value on the balance sheet	Fair value	Differences
Bonds whose fair value exceeds the carrying value on the balance sheet	768,085	888,464	120,379	—	—	—
Domestic bonds	768,085	888,464	120,379	—	—	—
Foreign bonds	—	—	—	—	—	—
Bonds whose fair value does not exceed the carrying value on the balance sheet	105,591	100,968	(4,623)	—	—	—
Domestic bonds	105,591	100,968	(4,623)	—	—	—
Foreign bonds	—	—	—	—	—	—

[Available-for-sale Securities]

(Millions of yen)

	As of March 31, 2021			As of March 31, 2022		
	Book value	Carrying value on the balance sheet	Differences	Book value	Carrying value on the balance sheet	Differences
Securities whose carrying value on the balance sheet exceeds the book value	2,940,450	3,596,499	656,049	3,271,278	4,004,603	733,325
Domestic bonds	886,068	953,445	67,376	1,411,343	1,550,132	138,789
Domestic stocks	306,727	683,867	377,140	310,630	665,623	354,992
Foreign securities	1,662,254	1,841,697	179,442	1,443,319	1,652,444	209,125
Foreign bonds	1,334,993	1,446,899	111,905	1,091,898	1,194,009	102,110
Foreign stocks	327,260	394,798	67,537	351,420	458,435	107,015
Other securities	85,399	117,488	32,089	105,985	136,402	30,417
Money held in trust	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—
Others	—	—	—	—	—	—
Securities whose carrying value on the balance sheet does not exceed the book value	521,696	499,301	(22,394)	1,354,704	1,283,967	(70,736)
Domestic bonds	220,660	215,113	(5,547)	627,283	596,553	(30,730)
Domestic stocks	40,424	33,564	(6,860)	36,943	33,902	(3,041)
Foreign securities	236,088	226,863	(9,225)	666,408	630,214	(36,193)
Foreign bonds	222,535	214,143	(8,391)	621,855	588,629	(33,225)
Foreign stocks	13,553	12,719	(833)	44,552	41,584	(2,968)
Other securities	24,522	23,760	(761)	24,068	23,297	(770)
Money held in trust	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—
Others	—	—	—	—	—	—

- Book value of securities and investment partnerships without fair value are as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	34,607	37,973
Domestic stocks	6,224	6,198
Foreign stocks	—	—
Others	28,382	31,774
Total	99,394	102,760

Note: In this table, domestic and overseas investment partnerships are included in “Others” within “Available-for-sale securities.” However, unrealized gains on available-for-sale securities corresponding to these holdings by domestic and overseas investment partnerships (¥1,362 million as of March 31, 2021 and ¥3,606 million as of March 31, 2022) are included in their balance sheet carrying amounts.

**Reference: Fair Value Information on Derivative Instruments (Total of General Account and Separate Account)**

## (i) Gains and Losses on Derivatives

(Millions of yen)

As of March 31, 2021	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	(37,644)	—	—	—	(37,644)
Hedge accounting not applied	(280)	(2,956)	(157)	—	—	(3,394)
Total	(280)	(40,600)	(157)	—	—	(41,039)
As of March 31, 2022	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	(63,528)	—	—	—	(63,528)
Hedge accounting not applied	20	(4,632)	(202)	—	—	(4,814)
Total	20	(68,160)	(202)	—	—	(68,342)

Note: Gains and losses from applying fair value hedge accounting (currency-related losses of ¥37,644 million as of March 31, 2021, and currency-related losses of ¥63,528 million as of March 31, 2022) included in gains and losses with hedge accounting applied, and gains and losses with hedge accounting not applied are reported in the statements of operations.

## (ii) Hedge Accounting not Applied

## [Interest-related Transactions]

(Millions of yen)

	As of March 31, 2021				As of March 31, 2022			
	Notional amount/ contract value		Fair value	Gains (Losses)	Notional amount/ contract value		Fair value	Gains (Losses)
		Over 1 year				Over 1 year		
Over-the-counter transactions								
Yen interest rate swaption contracts								
Sold								
Receipt fixed, payment floating	—	—			—	—		
[      ]	[      ]		—	—	[      ]		—	—
Payment fixed, receipt floating	—	—			—	—		
[      ]	[      ]		—	—	[      ]		—	—
Bought								
Receipt fixed, payment floating	—	—			—	—		
[      ]	[      ]		—	—	[      ]		—	—
Payment fixed, receipt floating	460,000	120,000			150,000	30,000		
[      ]	[      ]		12	(280)	[      ]		154	20
Total				(280)				20

Note: Figures in [      ] are option premiums which are included in the balance sheet.

[Currency-related Transactions]

(Millions of yen)

	As of March 31, 2021				As of March 31, 2022			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)
Over-the-counter transactions								
Currency forward contracts								
Sold	68,787	—	71,362	(2,575)	60,739	—	64,841	(4,101)
U.S. dollar	38,778	—	40,228	(1,450)	40,866	—	43,505	(2,639)
Canadian dollar	13,975	—	14,913	(938)	12,759	—	13,700	(941)
Australian dollar	5,440	—	5,530	(90)	5,530	—	5,993	(463)
Euro	1,477	—	1,558	(81)	1,583	—	1,642	(58)
British pound	9,115	—	9,130	(15)	—	—	—	—
Bought	—	—	—	—	—	—	—	—
Currency options								
Sold								
Call	136,012	—	—	—	24,257	—	—	—
[ 88 ]			303	(215)	[ 17 ]		356	(339)
U.S. dollar	136,012	—	—	—	24,257	—	—	—
[ 88 ]			303	(215)	[ 17 ]		356	(339)
Put	—	—	—	—	—	—	—	—
[ — ]			—	—	[ — ]		—	—
Bought								
Call	—	—	—	—	—	—	—	—
[ — ]			—	—	[ — ]		—	—
Put	203,072	—	—	—	138,259	—	—	—
[ 172 ]			6	(165)	[ 198 ]		6	(191)
U.S. dollar	199,347	—	—	—	138,259	—	—	—
[ 168 ]			6	(162)	[ 198 ]		6	(191)
Canadian dollar	3,725	—	—	—	—	—	—	—
[ 3 ]			0	(3)	[ — ]		—	—
Total				(2,956)				(4,632)

Notes: 1. Forward exchange rates are used for exchange rates as of March 31, 2022.

2. Figures in [ ] are option premiums which are included in the balance sheet.

[Stock-related Transactions]

(Millions of yen)

	As of March 31, 2021				As of March 31, 2022			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (Losses)
Exchange-traded transactions								
Stock index options								
Sold								
Call	10,400	—	—	—	—	—	—	—
[ 24 ]			17	7	[ — ]		—	—
Put	—	—	—	—	—	—	—	—
[ — ]			—	—	[ — ]		—	—
Bought								
Call	—	—	—	—	—	—	—	—
[ — ]			—	—	[ — ]		—	—
Put	45,000	—	—	—	35,100	—	—	—
[ 180 ]			15	(164)	[ 210 ]		9	(202)
Total				(157)				(202)

Note: Figures in [ ] are option premiums which are included in the balance sheet.

[Bond-related Transactions]

No ending balance as of March 31, 2021 and March 31, 2022.

(iii) Hedge Accounting Applied

[Interest-related Transactions]

No ending balance as of March 31, 2021 and March 31, 2022.

[Currency-related Transactions]

(Millions of yen)

Method of hedge accounting	Hedging instruments	As of March 31, 2021				As of March 31, 2022			
		Hedged items	Notional amount/ contract value		Fair value	Hedged items	Notional amount/ contract value		Fair value
				Over 1 year				Over 1 year	
Fair value hedge method	Currency forward contracts	Foreign				Foreign			
	Sold	currency-	932,239	—	969,884	currency-	944,465	—	1,007,994
	U.S. dollar	denominated	582,845	—	612,273	denominated	589,665	—	625,155
	Australian dollar	bonds	150,384	—	153,557	bonds	145,982	—	161,038
	Euro		105,106	—	107,145		109,105	—	115,210
	Canadian dollar		50,925	—	53,514		63,779	—	68,460
	Swedish krona		34,379	—	34,262		33,588	—	35,719
	British pound		8,598	—	9,131		2,343	—	2,410
	Bought		—	—	—		—	—	—
Total									

Notes: 1. Forward exchange rates are used for exchange rates as of March 31, 2022.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheet, those currency forward contracts are excluded from the table above.

[Stock-related Transactions]

No ending balance as of March 31, 2021 and March 31, 2022.

[Bond-related Transactions]

No ending balance as of March 31, 2021 and March 31, 2022.

## 11. Status of the Company, Subsidiaries and Affiliates

### (1) Selected Financial Data

(100 million of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Ordinary revenues	9,241	8,578
Ordinary profits	900	405
Net surplus attributable to the parent company	361	339
Comprehensive income	2,129	565

	As of March 31, 2021	As of March 31, 2022
Total assets	88,034	89,869
Solvency margin ratio	1,303.9%	1,274.3%

### (2) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries: 6

Number of unconsolidated subsidiaries accounted for under the equity method: 0

Number of affiliates accounted for under the equity method: 0



## (3) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022		As of March 31, 2021	As of March 31, 2022
<b>Assets:</b>			<b>Liabilities:</b>		
Cash and deposits	325,854	323,128	Policy reserves:	7,418,526	7,447,853
Call loans	136,000	48,000	Reserve for outstanding claims	23,713	27,719
Monetary claims bought	239	80	Policy reserve	7,331,271	7,356,399
Money held in trust	25,277	26,070	Reserve for dividends to policyholders	63,232	63,411
Securities	7,417,165	7,697,988	Reserve for dividends to policyholders (subsidiary)	308	322
Loans	571,420	556,577	Agency payables	112	165
Tangible fixed assets:	244,823	245,765	Reinsurance payables	103	104
Land	146,816	150,195	Subordinated bonds	241,935	241,935
Buildings	92,773	89,379	Other liabilities	156,292	281,058
Lease assets	618	298	Reserve for claims and other payments	—	3,432
Construction in progress	93	1,767	Net defined benefit liabilities	28,762	27,677
Other tangible fixed assets	4,521	4,125	Reserve for price fluctuation	183,520	187,692
Intangible fixed assets:	30,355	30,609	Deferred tax liabilities	25,857	25,188
Software	19,877	19,657	Deferred tax liabilities for land revaluation	14,184	14,183
Lease assets	6,015	3,486	<b>Total liabilities</b>	<b>8,069,294</b>	<b>8,229,290</b>
Other intangible fixed assets	4,462	7,466	<b>Net assets:</b>		
Agency receivables	0	0	Foundation funds	12,000	12,000
Reinsurance receivables	170	175	Accumulated foundation funds redeemed	116,000	116,000
Other assets	55,447	58,397	Reserve for revaluation	112	112
Net defined benefit assets	339	822	Consolidated surplus	131,699	132,765
Deferred tax assets	732	1,831	Total foundation funds, surplus and others	259,811	260,877
Allowance for possible loan losses	(4,386)	(2,516)	Net unrealized gains (losses) on available-for-sale securities, net of tax	465,855	486,644
			Revaluation reserve for land, net of tax	4,185	4,184
			Foreign currency translation adjustment	(571)	(312)
			Accumulated remeasurements of defined benefit plans	(3,703)	(2,030)
			Total accumulated other comprehensive income	465,765	488,486
			Non-controlling interests	8,568	8,276
			<b>Total net assets</b>	<b>734,145</b>	<b>757,640</b>
<b>Total assets</b>	<b>8,803,440</b>	<b>8,986,931</b>	<b>Total liabilities and net assets</b>	<b>8,803,440</b>	<b>8,986,931</b>

(4) Consolidated Statements of Operations and Comprehensive Income

[Consolidated Statements of Operations]

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Ordinary revenues:</b>		
Premium and other income	584,794	632,055
Investment income	229,442	215,080
Interest, dividends and other income	175,540	185,514
Gains on money held in trust, net	1,127	817
Gains on trading securities, net	6,523	1,664
Gains on sales of securities	26,764	16,760
Gains on redemption of securities, net	—	65
Foreign exchange gains, net	—	1,616
Reversal of allowance for possible loan losses	—	1,867
Other investment income	170	381
Gains on separate accounts, net	19,315	6,391
Other ordinary revenues	109,905	10,762
<b>Total ordinary revenues</b>	<b>924,142</b>	<b>857,898</b>
<b>Ordinary expenses:</b>		
Claims and other payments	657,932	613,582
Claims	85,657	91,523
Annuities	352,581	309,762
Benefits	116,736	116,426
Surrenders	76,283	71,221
Other payments	26,673	24,648
Provision of policy reserve and others:	106	29,147
Provision of reserve for outstanding claims	92	4,006
Provision of policy reserves	—	25,127
Provision of interest portion of reserve for dividends to policyholders	13	13
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Investment expenses	48,142	41,910
Interest expenses	4,113	4,417
Losses on sales of securities	11,809	15,060
Losses on valuation of securities	404	344
Losses on derivative instruments, net	12,967	7,746
Foreign exchange losses, net	4,604	—
Provision of allowance for possible loan losses	2,369	—
Depreciation of real estate for rent and other assets	4,427	4,788
Other investment expenses	7,444	9,553
Operating expenses	99,997	99,607
Other ordinary expenses	27,923	33,132
<b>Total ordinary expenses</b>	<b>834,101</b>	<b>817,379</b>
<b>Ordinary profits</b>	<b>90,040</b>	<b>40,519</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	133	11
<b>Total extraordinary gains</b>	<b>133</b>	<b>11</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	801	431
Impairment losses	198	46
Provision of reserve for price fluctuation	50,357	4,171
Others	1,059	—
<b>Total extraordinary losses</b>	<b>52,417</b>	<b>4,650</b>
<b>Provision of reserve for dividends to policyholders (subsidiary)</b>	<b>168</b>	<b>195</b>
<b>Surplus before income taxes</b>	<b>37,588</b>	<b>35,685</b>
<b>Income taxes:</b>		
Current	11,950	11,945
Deferred	(10,603)	(10,247)
<b>Total income taxes</b>	<b>1,346</b>	<b>1,698</b>
<b>Net surplus</b>	<b>36,241</b>	<b>33,986</b>
<b>Net surplus (loss) attributable to non-controlling interests</b>	<b>125</b>	<b>74</b>
<b>Net surplus attributable to the parent company</b>	<b>36,116</b>	<b>33,911</b>

## (4) Consolidated Statements of Operations and Comprehensive Income (Continued)

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net surplus	36,241	33,986
Other comprehensive income:	176,717	22,514
Net unrealized gains (losses) on available-for-sale securities, net of tax	172,797	20,581
Foreign currency translation adjustments	(91)	259
Remeasurements of defined benefit plan, net of tax	4,011	1,673
Comprehensive income:	212,959	56,500
Comprehensive income attributable to the parent company	212,910	56,633
Comprehensive income attributable to non-controlling interests	48	(132)

## (5) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Cash flows from operating activities:</b>		
Surplus before income taxes	37,588	35,685
Depreciation of real estate for rent and other assets	4,427	4,788
Depreciation	13,542	14,529
Impairment losses	198	46
Increase (decrease) in reserve for outstanding claims	92	4,006
Increase (decrease) in policy reserve	(98,999)	25,127
Provision of interest portion of reserve for dividends to policyholders	13	13
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Provision of reserve for dividends to policyholders (subsidiary)	168	195
Increase (decrease) in allowance for possible loan losses	2,362	(1,870)
Increase (decrease) in reserve for claims and other payments	—	3,432
Increase (decrease) in net defined benefit liabilities	(365)	755
Increase (decrease) in reserve for price fluctuation	50,357	4,171
Interest, dividends and other income	(175,540)	(185,514)
Losses (gains) on securities, net	(28,549)	(2,548)
Interest expenses	4,113	4,417
Foreign exchange losses (gains), net	4,604	(1,616)
Losses (gains) on tangible fixed assets, net	590	386
Decrease (increase) in agency receivable	(0)	0
Decrease (increase) in reinsurance receivable	(45)	(5)
Decrease (increase) in other assets except from investing and financing activities	(540)	2,589
Increase (decrease) in agency payable	(2)	53
Increase (decrease) in reinsurance payable	0	0
Increase (decrease) in other liabilities except from investing and financing activities	82	2,185
Others	17,629	17,933
Subtotal	(168,270)	(71,236)
Interest, dividends and other income received	178,058	182,614
Interest expenses paid	(3,933)	(4,388)
Dividends to policyholders paid	(29,252)	(32,580)
Dividends to policyholders paid (subsidiary)	(188)	(181)
Corporate income tax (paid) refunded	(14,932)	(11,931)
Net cash provided by (used in) operating activities [a]	(38,518)	62,296
<b>Cash flows from investing activities:</b>		
Net decrease (increase) in deposits	(4,753)	2,003
Proceeds from sales and redemption of monetary claims bought	29	158
Increase in money held in trust	(1,500)	(2,310)
Decrease in money held in trust	1,500	2,310
Payments for purchase of securities	(839,487)	(768,599)
Proceeds from sales and redemption of securities	742,811	618,119
Payments for additions to loans	(96,899)	(78,096)
Proceeds from collections of loans	87,839	86,729
Proceeds from and payments for settlements of derivatives, net	(31,354)	(76,466)
Increase (decrease) in cash received as collateral under securities lending transactions	(6,047)	99,108
Others	(7,463)	(8,672)
Subtotal [b]	(155,325)	(125,716)
[a + b]	(193,844)	(63,420)
Payments for purchase of tangible fixed assets	(33,165)	(9,512)
Proceeds from sales of tangible fixed assets	387	109
Payments for purchase of intangible fixed assets	(8,218)	(11,808)
Net cash provided by (used in) investing activities	(196,321)	(146,928)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of subordinated bonds	50,000	—
Payment of interest on foundation funds	(102)	(102)
Dividends paid to non-controlling interests	(3)	(159)
Payments for lease obligations	(3,533)	(3,710)
Net cash provided by (used in) financing activities	46,361	(3,972)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(205)</b>	<b>(219)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(188,684)</b>	<b>(88,823)</b>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	<b>644,507</b>	<b>455,823</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>455,823</b>	<b>366,999</b>

## (6) Consolidated Statements of Changes in Net Assets

[For the year ended March 31, 2021]

(Millions of yen)

	Foundation funds, surplus and others				
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Consolidated surplus	Total foundation funds, surplus and others
Balance at the beginning of the fiscal year	12,000	116,000	112	127,315	255,427
Changes in the fiscal year					
Additions to reserve for dividends to policyholders				(31,547)	(31,547)
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the fiscal year				36,116	36,116
Reversal of revaluation reserve for land, net of tax				(83)	(83)
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	—	—	—	4,383	4,383
Balance at the end of the fiscal year	12,000	116,000	112	131,699	259,811

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available- for-sale securities, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	292,980	4,102	(480)	(7,714)	288,888	8,523	552,839
Changes in the fiscal year							
Additions to reserve for dividends to policyholders							(31,547)
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the fiscal year							36,116
Reversal of revaluation reserve for land, net of tax							(83)
Net changes, excluding foundation funds, surplus and others	172,874	83	(91)	4,011	176,877	45	176,923
Total changes in the fiscal year	172,874	83	(91)	4,011	176,877	45	181,306
Balance at the end of the fiscal year	465,855	4,185	(571)	(3,703)	465,765	8,568	734,145

[For the year ended March 31, 2022]

(Millions of yen)

	Foundation funds, surplus and others				
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Consolidated surplus	Total foundation funds, surplus and others
Balance at the beginning of the fiscal year	12,000	116,000	112	131,699	259,811
Changes in the fiscal year					
Additions to reserve for dividends to policyholders				(32,744)	(32,744)
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the fiscal year				33,911	33,911
Reversal of revaluation reserve for land, net of tax				1	1
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	—	—	—	1,066	1,066
Balance at the end of the fiscal year	12,000	116,000	112	132,765	260,877

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available- for-sale securities, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	465,855	4,185	(571)	(3,703)	465,765	8,568	734,145
Changes in the fiscal year							
Additions to reserve for dividends to policyholders							(32,744)
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the fiscal year							33,911
Reversal of revaluation reserve for land, net of tax							1
Net changes, excluding foundation funds, surplus and others	20,789	(1)	259	1,673	22,720	(292)	22,428
Total changes in the fiscal year	20,789	(1)	259	1,673	22,720	(292)	23,494
Balance at the end of the fiscal year	486,644	4,184	(312)	(2,030)	488,486	8,276	757,640

# Notes to the Consolidated Financial Statements

## I. Presentation of the Consolidated Financial Statements

### 1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the “Company”) and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than 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 of less than one million yen have been rounded down. As a result, the totals do not add up.

### 2. Principles of Consolidation

#### (1) Scope of Consolidation

Consolidated subsidiaries as of March 31, 2022 are listed below:

Fukoku Capital Management, Inc.

Fukokushinrai Life Insurance Co., Ltd.

Fukoku Information Systems Co., Ltd.

Fukoku Life International (U.K.) Ltd.

Fukoku Life International (America) Inc.

Fukoku Life Investments Singapore Pte. Ltd.

Major unconsolidated subsidiary is Fukoku Business Service Company Limited.

Four subsidiaries are excluded from the scope of consolidation, as each one of them is small in its total assets, amount of sales, net surplus for the period and surplus and are sufficiently insignificant to reasonable judgement on their impact on the financial position and results of operation of the Company's group.

#### (2) Application of Equity Method

Unconsolidated subsidiaries (such as Fukoku Business Service Company Limited, etc.) are insignificant in their impact on net surplus attributable to the parent company and consolidated surplus, and also immaterial as a whole, therefore, application of equity method is not applied.

There are no affiliates for the year ended March 31, 2022.

#### (3) Fiscal Year of Consolidated Subsidiaries

Among the subsidiaries to be consolidated, fiscal year-end of overseas subsidiaries are December 31. For the preparation of consolidated financial statements, financial statements as of that date are used and concerning any important transaction taking place in between December 31 and the consolidated closing date, necessary adjustments for consolidation are made.

## II. Notes to the Consolidated Balance Sheets

1. (1) The valuation of securities, including cash and deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:
  - i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.
  - ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
  - iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (Industry Audit Committee Report No.21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).
  - iv) Investments in unconsolidated subsidiaries and affiliates which are not accounted for under the equity method are stated at cost, cost being determined by the moving average method.
  - v) Available-for-sale securities are stated at fair market value based on the market prices at the end of the fiscal year. Costs of their sales are determined by the moving average method. Public and corporate bonds (including foreign bonds) with differences between their acquisition costs and fair values that are considered as adjustments of interest are stated at amortized cost (straight-line method) determined by the moving average method. However, stocks and other securities without quoted market prices are stated at cost, as determined using the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of taxes, are recorded as a separate component of net assets.
- (2) Derivative instruments are stated at fair market value.
- (3) The Company revalued the land used in the operations based on the Act for Revaluation of Land (Act No.34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as revaluation reserve for land as a separate component of net assets and the related tax is recorded as deferred tax liabilities for land revaluation.
  - Date of revaluation: March 31, 2002
  - Method of revaluation as prescribed for in Article 3 Paragraph 3 of the said Act:  
Calculation is based on the appraisal value for property tax set forth in Article 2 item 3 of the Enforcement Ordinance of the Act for Revaluation of Land (Government Ordinance No.119 promulgated on March 31, 1998) and the road rate set forth in Article 2 item 4 of the said Ordinance with certain reasonable adjustments.
- (4) Depreciation of the Company’s tangible fixed assets is calculated by the following methods.
  - Tangible fixed assets (excluding lease assets): Declining-balance method  
However, buildings (excluding building attachments and structures acquired on or before March 31, 2016) acquired on or after April 1, 1998 are depreciated using Straight-line method.
  - Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.Other tangible fixed assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.
- (5) Assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rate on the date of acquisition.



(6) Allowance for possible loan losses for the Company is provided in accordance with the standards of self-assessment and write-offs and reserves on credit quality:

- i) For the credits of borrowers who are legally bankrupt such as being in the proceedings of bankruptcy or civil rehabilitation (hereinafter called “legally bankrupt borrowers”) and who are substantially bankrupt (hereinafter called “substantially bankrupt borrowers”), the Company provides the remaining amounts of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
- ii) For the credits of borrowers who are not currently bankrupt but have a high possibility of bankruptcy (hereinafter called “not currently bankrupt borrowers”), the Company provides the amounts deemed as necessary considering the borrowers’ ability to pay, within the amounts after deductions of the amounts expected to be collected through the disposal of collateral or the execution of guarantees.
- iii) For the credits of borrowers other than the above, the Company provides the amounts calculated by multiplying the borrowers’ balance by the actual ratio of bad debt losses on defaults during a certain past period.

All credits are assessed by the relevant departments in accordance with the Company’s standards of self- assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, the allowance for possible loan losses is provided based on the results of these assessments.

For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees are written-off directly from the borrowers’ balances as the estimated uncollectible amounts. The amount written-off as of March 31, 2022 was ¥0 million.

(7) To ensure that benefits associated with COVID-19 infections contracted during the fiscal year ended March 31, 2022 can be paid during the fiscal year ending March 31, 2023, the Company sets aside as a reserve for claims and other payments that exceeds the reserve for outstanding claims included under the Company's estimated payments for the latter fiscal year (calculated based on previous payment amounts).

(8) Net defined benefit liabilities and assets, which are provided for employees’ retirement benefits, are calculated by deducting the amount of pension assets from the amount of retirement benefit obligations incurred as of the balance sheet date based on the projected retirement benefits as of the current fiscal year end.

The Company uses the following methods of accounting in relation to retirement benefits:

- |  |                       |
|--|-----------------------|
| • Method for allocation of projected retirement benefits ..... | Benefit formula basis |
| • Amortization period of actuarial gains and losses.....       | 10 years              |
| • Amortization period of prior service cost.....               | 10 years              |

(9) Reserve for price fluctuation is calculated in accordance with Article 115 of the Insurance Business Act.

(10) Hedge accounting is based on "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

The Company applies a fair value hedge accounting as a hedge against the risk of foreign exchange fluctuation in relation to bonds and others denominated in foreign currencies, and a designated hedge accounting (“Furiate shori”) for foreign currency swaps as a hedge against the risk of foreign exchange fluctuation in relation to bonds denominated in foreign currencies issued by the Company.

For assessing the effectiveness of hedge used, ratio analysis of comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments is mainly applied.

- (11) The Company accounts for consumption taxes by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Tax Act, are deferred as prepaid expenses and amortized equally over five years. Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.
- (12) Initial premium incomes are recorded by the relevant amounts received when the premium incomes have been received and the responsibilities on the insurance contract have been commenced, in principal.  
Subsequent premium incomes are also recorded as the amount of payments that have been received.  
Of premium incomes that have been received, the portion corresponding to the period that has yet to pass as of the end of the fiscal year is accumulated as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 2 of the Enforcement Regulation of the Insurance Business Act.  
Premium incomes associated with the acceptance of group annuities are recorded as amounts equivalent to the policy reserve received when accepting the transfers of these group annuities.
- (13) Claims and other payments (excluding reinsurance premiums) are recorded by the relevant amounts paid when the cause for payment under the policy conditions is occurred and the calculated amounts are paid based on the policy conditions.  
In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims are accumulated as for claims for which the Company has a payment due but has not paid, or for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred as of the end of the fiscal year.  
Claims and other payments associated with the outgoing transfer of group annuities are recorded as amounts equivalent to the policy reserve transferred when recognizing the transfers of these group annuities.
- (14) Policy reserve of the Company is accumulated 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 to prepare for the future performance of obligations under the insurance contracts for which the insurer's responsibilities have started as of the end of the consolidated fiscal year.  
Premium reserves, one of the components of policy reserve, are calculated by the following method.
- i) In regard to the policies subject to the standard policy reserve, the method as prescribed by the Commissioner of Financial Services Agency (Ministry of Finance Ordinance No.48, 1996) is applied.
  - ii) In regard to the policies not subject to the standard policy reserve, the net level premium method is applied.
- In regard to the policy reserve accumulated pursuant to Article 69 Paragraphs 1,2, and 4 of the Enforcement Regulation of the Insurance Business Act, when the actual assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) deviate from those assumptions set in the "statement of calculation procedures for Insurance Premiums and Policy Reserves" and policy reserve is considered to be possibly insufficient to cover the future performance of obligations, additional policy reserve is required to accumulate in accordance with Article 69 Paragraph 5 of the Enforcement Regulation of the Insurance Business Act. The following reserves have been established in compliance with this regulation.
- Among individual annuity insurance policies with an assumed interest rate of 5.00% or higher, for policies that have begun paying annuities (excluding wife's annuity insurance additional rider), the Company has reduced the assumed interest rate to 1.00% and funded additional policy reserves. As of March 31, 2022, the balance of these policy reserves was ¥72,419 million.
  - Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2022, the Company has reduced assumed interest rates for policies with premiums that have been paid in full (excluding policies that have been converted into paid-up or extended policies, single premium policies, and

policies for which premiums have been waived) to 1.00% and funded additional policy reserves of ¥107,284. The establishment of these reserves rendered ¥1,589 million of additional policy reserves set aside at the conclusion of the fiscal year ended March 31, 2021 unnecessary. Accordingly, the Company reversed this amount and transferred ¥105,695 million (a higher amount) from contingency reserves to additional policy reserves. Consequently, the establishment of these policy reserves has had no impact on provision of policy reserves, ordinary profits, and surplus before income taxes.

- The Company has also funded additional policy reserves for certain whole life insurance policies that include distribution of surplus every five years, new cancer riders, highly advanced medical riders and advanced medical riders. As of March 31, 2022, the balance of these policy reserves was ¥77 million.

Appointed actuaries, for each fiscal year, verify whether policy reserves have been reasonably accumulated in accordance with Article 121 Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves, one of the components of policy reserve, are accumulated pursuant to Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure performing future obligations under the insurance contracts.

(15) Depreciation of intangible fixed assets is calculated by the following methods.

- Software: Straight-line method over the estimated useful lives.
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

(16) Of the bonds of consolidated subsidiaries corresponding to the sub-groups of individual insurance and annuities which are set by insurance types and investment policies, the bonds that are held to match the duration of liabilities are classified as policy-reserve-matching bonds in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry” (Industry Audit Committee Report No. 21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

At the end of the consolidated fiscal year ended March 31, 2022, the Company eliminated all sub-groups, and policy-reserve-matching bonds categorized for holding purposes were reclassified as available-for-sale securities. The Company made this change following a review of its interest-rate risk management (conducted through strategic asset and liability matching) that was conducted due to the Company's realization that under the prevailing environment of low interest rates in Japan, continuing to hold bonds for the purpose of matching the duration of liabilities while securing investment income commensurate with assumed interest rates would be prohibitively difficult.

Due to this change, securities increased by ¥81,967 million, while deferred tax liabilities rose by ¥22,951 million, and net unrealized gains (losses) on available-for-sale securities, net of tax by ¥59,016 million. These changes had no impact in terms of profit and loss.

2. The Company began applying the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter called “Accounting Standard for Fair Value Measurement”) from the beginning of the fiscal year. In accordance with the transitional treatments prescribed 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, July 4, 2019), new accounting policies set forth by the Accounting Standard for Fair Value Measurement will be applied prospectively. The Company has observed no material impact from this application of the Accounting Standard for Fair Value Measurement.

In addition, the Company has decided to provide notes regarding matters such as the breakdown of financial instruments by fair value level in the financial instruments sections of notes to the consolidated balance sheets.

3. Asset management of the general accounts other than the separate accounts stipulated in Article 118 Paragraph 1 of the Insurance Business Act is conducted on the principle of prudent and profitable investments by the Company, considering public and social responsibilities of the insurance business. Based on this policy, the Company allocates the fund, securing its liquidity, from the medium-to-long term viewpoints. The Company is diversifying investments in assets such as foreign securities, stocks and real estates within the acceptable range of risk in order to enhance the profitability, although yen-denominated interest bearing assets including debt securities such as Japanese government bonds and loans are the cores of the portfolios under the asset liability management. Derivatives are mainly used to hedge the market risk regarding spot-priced assets and liabilities.

Major financial instruments including securities, loans and derivatives are exposed to market risk and credit risk.

The Company manages its asset management risk by establishing internal control systems including various rules pursuant to the “Three Basic Rules related to Enterprise Risk Management” established by the Board of Directors.

Specifically, the Company eliminates excessive risk deviating from the basic principle and secures the safety of the assets by utilizing control functions of the Financial and Investment Risk Management Department towards the asset management sections, monitoring the status of market risk and credit risk periodically on a daily or monthly basis. In addition, the Company quantifies the market risk and credit risk using value-at-risk (VaR) method in order to control the possible maximum losses which may arise from the holding assets within a certain range of risk buffers.

The carrying amounts, fair values and their related differences of major financial assets and liabilities in the general account as of March 31, 2022 were as follows:

	(Millions of yen)		
	Carrying amount	Fair value	Difference
Monetary claims bought:			
Claims treated as loans.....	¥80	¥81	¥0
Total monetary claims bought.....	80	81	0
Money held in trust:			
Trading securities.....	25,070	25,070	—
Total money held in trust.....	25,070	25,070	—
Securities:			
Trading securities.....	18,493	18,493	—
Held-to-maturity debt securities.....	1,277,683	1,434,476	156,792
Policy-reserve-matching bonds.....	704,016	734,244	30,227
Available-for-sale securities.....	5,551,740	5,551,740	—
Total securities.....	7,551,934	7,738,954	187,020
Loans:			
Policy loans.....	51,901	51,901	(0)
Ordinary loans.....	504,675	521,484	16,809
Total loans.....	556,577	573,386	16,809
Assets total.....	8,133,662	8,337,492	203,830
Subordinated bonds*1.....	241,935	245,074	3,139
Liabilities total.....	241,935	245,074	3,139
Derivative instruments*2:			
Hedge accounting not applied.....	(4,814)	(4,814)	—
Hedge accounting applied.....	(63,528)	(63,528)	—
Total derivative instruments.....	¥(68,342)	¥(68,342)	¥—

\*1 The fair value of derivative instruments that are currency swaps under designated hedge accounting is included in the fair value of subordinated bonds because it is accounted for as an integral part of the subordinated bonds that are the hedge items.

\*2 Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Notes: 1. Stocks without market prices, such as unlisted stocks, are not included in Securities of the above table. The amount of these stocks on the balance sheet as of March 31, 2022 was ¥9,603 million.

2. In accordance with the transitional treatments prescribed in Paragraph 27 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019), investments in

partnerships have not been included in Securities of the above table. As of March 31, 2022, the amount of investments in partnerships included on the balance sheet was ¥32,380 million.

#### 4. Matters concerning the breakdown of financial instruments by fair value level are as follows.

The fair values of financial instruments are classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Fair Value Level 1: Fair values measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Fair Value Level 2: Fair values measured using directly or indirectly observable inputs other than Level 1 inputs

Fair Value Level 3: Fair values measured using material unobservable inputs

When multiple inputs with material impact are used to measure fair value, the resulting fair value is classified into the lowest fair value level into which any of these inputs can be categorized.

##### (1) Financial assets and liabilities with fair values recorded on the balance sheet as of March 31, 2022

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Money held in trust:				
Trading securities.....	¥—	¥25,070	¥—	¥25,070
Total money held in trust.....	—	25,070	—	25,070
Securities:				
Trading securities:				
Foreign securities.....	7,859	10,634	—	18,493
Total trading securities.....	7,859	10,634	—	18,493
Available-for-sale securities:				
Government bonds.....	1,436,730	—	—	1,436,730
Local government bonds.....	—	156,768	—	156,768
Corporate bonds.....	—	812,361	—	812,361
Stocks.....	699,672	—	—	699,672
Foreign securities.....	744,812	1,129,151	28,139	1,902,104
Other securities.....	3,667	—	—	3,667
Total available-for-sale securities.....	2,884,883	2,098,282	28,139	5,011,305
Total securities.....	2,892,742	2,108,916	28,139	5,029,798
Assets total.....	2,892,742	2,133,986	28,139	5,054,868
Derivative instruments*:				
Currency-related.....	—	(68,160)	—	(68,160)
Interest-related.....	—	20	—	20
Stock-related.....	(202)	—	—	(202)
Total derivative instruments.....	¥(202)	¥(68,140)	¥—	¥(68,342)

\* Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Note: In accordance with the transitional treatments prescribed in Paragraph 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019), investment trusts have not been included in the figures above.

As of March 31, 2022, the amount of investment trusts included on the balance sheet was ¥540,435 million.

## (2) Financial assets and liabilities with fair values not recorded on the balance sheet as of March 31, 2022

(Millions of yen)

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
Monetary claims bought:				
Claims treated as loans.....	¥—	¥—	¥81	¥81
Total monetary claims bought.....	—	—	81	81
Securities:				
Held-to-maturity debt securities:				
Government bonds.....	1,205,133	—	—	1,205,133
Local government bonds.....	—	98,778	—	98,778
Corporate bonds.....	—	108,022	—	108,022
Foreign securities.....	20,878	1,663	—	22,541
Total held-to-maturity debt securities...	1,226,012	208,463	—	1,434,476
Policy-reserve-matching bonds:				
Government bonds.....	290,940	—	—	290,940
Local government bonds.....	—	137,159	—	137,159
Corporate bonds.....	—	306,143	—	306,143
Total policy-reserve-matching bonds...	290,940	443,303	—	734,244
Total securities.....	1,516,953	651,767	—	2,168,720
Loans:				
Policy loans.....	—	—	51,901	51,901
Ordinary loans.....	—	—	521,484	521,484
Total loans.....	—	—	573,386	573,386
Assets total.....	1,516,953	651,767	573,467	2,742,188
Subordinated bonds.....	—	245,074	—	245,074
Liabilities total.....	¥—	¥245,074	¥—	¥245,074

## (3) Explanation of valuation techniques and inputs used to measure fair value

- i) Securities (including deposits and monetary claims bought which are treated as securities based on “Accounting Standards for Financial Instruments” [ASBJ Statement No.10, July 4, 2019])

The fair values of securities for which unadjusted quoted market prices in active markets are available (primarily listed stocks and government bonds [including some foreign securities]) are classified as Fair Value Level 1. Meanwhile, the fair values of securities for which quoted market prices are available, but are not available in active markets, are classified as Fair Value Level 2 (This category primarily includes local government bonds and corporate bonds [including some foreign securities]). When quoted market prices are not available for securities, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these securities. If the inputs used to measure the fair value of a given security are material but unobservable, the resulting fair value is classified as Fair Value Level 3.

- ii) Money held in trust

In principle, the fair values of securities managed as trust assets and classified as money held in trust are measured using the Company's prescribed method for determining the value of securities. These fair values are categorized as Fair Value Level 2.

iii) Loans and monetary claims bought treated as loans

The fair values of policy loans are deemed to approximate book values, considering estimated repayment period and interest rate conditions since their repayment deadlines have not been set up due to the characteristics that the loans are limited to the amount of cash surrender values. Therefore, the book values are used as the fair values of policy loans.

The fair values of floating interest rate loans among the ordinary loans and monetary claims bought treated as loans approximate the book values because the market interest rates are reflected in future cash flows in a short period. Therefore, the fair values of floating interest rate loans and monetary claims bought treated as loans are based on their book values. The fair values of fixed interest rate loans are primarily measured by discounting the future cash flows to the present values.

The fair values of loans from legally bankrupt borrowers, substantially bankrupt borrowers and not currently bankrupt borrowers and monetary claims bought treated as loans are computed by deducting the amount of the allowance for possible loan losses from the book values before direct write-offs.

If the impact of unobservable inputs used to measure the fair values of loans and monetary claims bought treated as loans is determined to be material, the resulting fair values are classified as Fair Value Level 3. Otherwise, they are categorized as Fair Value Level 2.

iv) Subordinated bonds

The fair values of corporate bonds issued by the Company are classified as Fair Value Level 2 and are measured using the same method applied to securities.

v) Derivative instruments

The fair values of derivative instruments for which unadjusted quoted market prices in active markets are available (primarily exchange-traded futures and options) are classified as Fair Value Level 1. However, most derivative instruments are traded over the counter and have no quoted market prices. Accordingly, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these derivative instruments. Fair values of derivative instruments that were measured using only observable inputs or with unobservable inputs considered to be immaterial are classified as Fair Value Level 2. Meanwhile, fair values of derivative instruments that have been measured using material unobservable inputs are categorized as Fair Value Level 3.

(4) Information concerning fair values of financial assets and liabilities that have been recorded on the balance sheet as of March 31, 2022 and classified as Fair Value Level 3

i) Quantitative information regarding material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, quantitative information regarding material unobservable inputs have been omitted.

- ii) Reconciliation of balances at the beginning of the current fiscal year and balances as of March 31, 2022, and valuation gains or losses recognized in the statements of operations for the consolidated fiscal year ended March 31, 2022.

	(Millions of yen)	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the current fiscal year.....	¥29,312	¥29,312
Gains or losses and other comprehensive income during the fiscal year.....	(1,172)	(1,172)
Values recognized as gains or losses <sup>*1</sup> .....	(10)	(10)
Values recognized as other comprehensive income <sup>*2</sup> .....	(1,162)	(1,162)
Balance at the end of the current fiscal year.....	¥28,139	¥28,139

\*1 These amounts are included in investment income and investment expenses in the consolidated statements of operations for the fiscal year ended March 31, 2022.

\*2 These amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax under other comprehensive income in the consolidated statements of comprehensive income for the fiscal year ended March 31, 2022.

- iii) Explanation of the valuation process for fair value

The Company's asset management division is responsible for the formulation of policies and procedures related to the measurement of fair value and the actual measurement of fair value. These fair values are subsequently checked by the risk management department to ensure their appropriateness and compliance with relevant policies and procedures.

The Company verifies the appropriateness of the fair values it measures using a variety of suitable methods, which include comparing quoted market prices obtained from different third parties; confirming techniques and inputs utilized for calculation; and further comparing measured fair values with the fair values of similar financial instruments.

- iv) Explanation of the impact on fair value in case of change in material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, it has omitted information concerning impact on fair value stemming from changes in material unobservable inputs.

5. The Company holds investment and rental properties such as office buildings in Tokyo and other areas. The carrying amounts and the fair values of investment and rental properties were ¥194,813 million and ¥326,189 million as of March 31, 2022, respectively. The fair value is mainly based on the value calculated by the Company in accordance with real estate appraisal standards which includes some adjustments using the reference prices.

The amount corresponding to asset retirement obligations included in the carrying amount of investment and rental properties was ¥367 million as of March 31, 2022.

6. The amount of securities lent under lending agreements was ¥621,280 million as of March 31, 2022.

7. The total amount of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans past three months or more, and restructured loans was ¥3,776 million as March 31, 2022. The details are as follows.

- i) The balance of claims against bankrupt and quasi-bankrupt obligors was ¥160 million as of March 31, 2022.

Of which, the estimated uncollectible amount written-off was ¥0 million as of March 31, 2022.

Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.



ii) The balance of claims with collection risk was ¥1,999 million as of March 31, 2022.

Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

iii) There was no balance of delinquent loans past three months or more as of March 31, 2022.

Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.

iv) The balance of restructured loans was ¥1,616 million as of March 31, 2022.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.

8. Accumulated depreciation of tangible fixed assets were ¥179,324 million as of March 31, 2022.

9. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥112,487 million as of March 31, 2022. The amounts of separate account liabilities were the same as separate account assets.

10. The total amounts of receivables from/payables to unconsolidated subsidiaries were ¥2,245 million and ¥39 million as of March 31, 2022, respectively.

11. Deferred tax assets and deferred tax liabilities as of March 31, 2022 were ¥175,093 million and ¥193,317 million, respectively. Valuation allowance for deferred tax assets was ¥5,133 million.

Major components of deferred tax assets were ¥99,652 million of policy reserves, ¥52,554 million of reserve for price fluctuation and ¥13,115 million of net defined benefit liabilities as of March 31, 2022.

Major component of deferred tax liabilities was ¥187,990 million of net unrealized gains on available-for-sale securities as of March 31, 2022.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2022 were 28.0% and 4.8%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to -24.1% of reserve for dividends to policyholders.

12. Changes in reserve for dividends to policyholders for the year ended March 31, 2022 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥ 63,232
Transfer from surplus in the previous fiscal year.....	32,744
Dividend payments to policyholders during the fiscal year.....	(32,580)
Increase in interest.....	13
Balance at the end of the fiscal year.....	<u>¥ 63,411</u>

13. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) for the year ended March 31, 2022 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥ 308
Dividend payments to policyholders during the fiscal year.....	(181)
Increase in interest.....	0
Provision of reserve for dividends to policyholders.....	195
Balance at the end of the fiscal year.....	<u>¥ 322</u>

14. The amount of stocks of unconsolidated subsidiaries was ¥404 million as of March 31, 2022.

15. Assets pledged as collateral as of March 31, 2022 were ¥225,740 million of securities.

Secured debts as of March 31, 2022, were ¥166,881 million.

These amounts include ¥150,826 million of investments in securities deposited and ¥160,928 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2022.

16. Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “reserve for outstanding claims for ceded reinsurance”) was ¥2 million as of March 31, 2022.

Policy reserve for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “policy reserve for ceded reinsurance”) was ¥42 million as of March 31, 2022.

17. There were unused commitment line agreements under which the Company is the lender of ¥11,492 million as of March 31, 2022.

18. Repayments of subordinated bonds are subordinated to other obligations.

19. The future contribution to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act was estimated at ¥9,995 million as of March 31, 2022.

The contribution is recognized as operating expenses when contributed.

20. Matters Related to Employees’ Retirement Benefits as of March 31, 2022

(1) Overview of Employees’ Retirement Benefit Plan

As for a defined benefit plan for office-based employees, the Company and its consolidated subsidiaries have a defined benefit corporate pension plan and retirement lump-sum payments. As for a defined contribution plan for these employees, the Company also has a defined contribution pension plan.

As for a defined benefit plan for sales employees, the Company has retirement lump-sum payments.

The Company places a retirement benefit trust in relation to the retirement lump-sum grant plan for sales employees. The simplified method for calculating retirement benefit obligation is applied to a portion of the Company and some consolidated subsidiaries’ retirement lump-sum grant plans.

(2) Defined Benefit Plan

i) Reconciliation of beginning and end of balance of retirement benefit obligation

	(Millions of yen)
Retirement benefit obligation at the beginning of the fiscal year.....	¥ 91,051
Service cost.....	3,701
Interest cost.....	541
Actuarial differences occurred during the fiscal year.....	47
Retirement benefit payments.....	(4,185)
Retirement benefit obligation at the end of the fiscal year.....	<u>¥ 91,156</u>

ii) Reconciliation of beginning and end of balance of pension plan assets

	(Millions of yen)
Pension plan assets at the beginning of the fiscal year.....	¥ 62,627
Expected return on pension plan assets.....	1,202
Actuarial differences occurred during the fiscal year.....	956
Contributions by the employer.....	1,117
Retirement benefit payments.....	(1,608)
Others.....	4
Pension plan assets at the end of the fiscal year.....	<u>¥ 64,301</u>

iii) Reconciliation of retirement benefit obligation and pension plan assets with net defined benefit liabilities and assets presented on the consolidated balance sheet

	(Millions of yen)
a. Funded plan retirement benefit obligation.....	¥ 78,843
b. Pension plan assets.....	(64,301)
c. (a + b).....	<u>14,542</u>
d. Unfunded plan retirement benefit obligation.....	<u>12,312</u>
e. Net amount of liabilities and assets presented on the consolidated balance sheet.....	<u>26,855</u>
f. Net defined benefit liabilities.....	27,677
g. Net defined benefit assets.....	<u>(822)</u>
h. Net amount of liabilities and assets presented on the consolidated balance sheet.....	<u>¥ 26,855</u>

iv) Breakdown of retirement benefit gains and losses

	(Millions of yen)
Service cost.....	¥ 3,701
Interest cost.....	541
Expected return on pension plan assets.....	(1,202)
Amortization of actuarial differences.....	1,428
Amortization of prior service costs.....	(13)
Others.....	(4)
Retirement benefit expenses related to defined benefit plan.....	<u>¥ 4,450</u>

v) Remeasurements of defined benefit plan

Remeasurements of defined benefit plan (before tax effects) comprised the following:

	(Millions of yen)
Amortization of actuarial differences.....	¥ 2,337
Amortization of prior service cost.....	(13)
Total.....	<u>¥ 2,323</u>

vi) Accumulated remeasurements of defined benefit plan

Accumulated remeasurements of defined benefit plan (before tax effects) comprised the following:

	(Millions of yen)
Unrecognized actuarial differences.....	¥ (2,774)
Unrecognized prior service cost.....	(45)
Total.....	<u>¥ (2,819)</u>

vii) Breakdown of pension plan assets

The breakdown of asset categories as a percentage of total pension plan assets were as follows:

Domestic stocks.....	41.9%
Life insurance general account.....	31.6%
Foreign stocks.....	10.2%
Domestic bonds.....	9.5%
Assets under joint management.....	3.6%
Foreign bonds.....	3.1%
Total.....	<u>100.0%</u>

Within the total of pension assets, 35.5% of this amount is accounted for by the retirement benefit trust established in relation to the retirement lump-sum payments plan for sales employees.

viii) Method for setting the expected long-term rate of return

To set the expected long-term rate of return on pension plan assets, the Company takes into account the present and future allocation of pension plan assets, and the present and expected future long-term rate of return on a variety of assets that makes up the pension assets.

ix) Underlying actuarial assumptions

Main underlying actuarial assumptions as of March 31, 2022, were as follows:

Discount rate.....	0.6%
Expected long-term rate of return on pension plan assets	
Defined Benefit Plan.....	3.0%
Retirement benefit trust.....	0.0%

(3) Defined Contribution Plan

The required contribution amount by the Company and its consolidated subsidiaries to the defined contribution plan was ¥339 million as of March 31, 2022.

### III. Notes to the Consolidated Statements of Operations

1. The total amounts of revenues and expenses in connection with unconsolidated subsidiaries were ¥128 million and ¥1,197 million for the year ended March 31, 2022.
2. For the year ended March 31, 2022, in calculating the provision of reserve for outstanding claims, a reversal of reserves for outstanding claims reinsured of ¥24 million was added. In calculating the provision of policy reserves, a reversal of reserves for policy reserves reinsured of ¥6 million was added.

### IV. Notes to the Consolidated Statements of Comprehensive Income

#### 1. Other Comprehensive Income

The reclassification adjustments and tax effect amounts related to other comprehensive income for the year ended March 31, 2022 were as follows:

##### i) Net unrealized gains (losses) on available-for-sale securities, net of tax

	(Millions of yen)
Amount incurred during the fiscal year.....	¥ 27,373
Reclassification adjustments.....	1,036
Before tax adjustments.....	28,409
Tax effects.....	(7,827)
Net unrealized gains (losses) on available-for-sale securities, net of tax....	¥ 20,581

##### ii) Foreign currency translation adjustments

	(Millions of yen)
Amount incurred during the fiscal year.....	¥259
Reclassification adjustments.....	—
Before tax adjustments.....	259
Tax effects.....	—
Foreign currency translation adjustments.....	¥ 259

##### iii) Remeasurements of defined benefit plans, net of tax

	(Millions of yen)
Amount incurred during the fiscal year.....	¥ 909
Reclassification adjustments.....	1,414
Before tax adjustments.....	2,323
Tax effects.....	(650)
Remeasurements of defined benefit plans, net of tax.....	1,673
Total other comprehensive income.....	¥ 22,514

## V. Notes to the Consolidated Statements of Cash Flows

1. Cash and cash equivalents as of March 31, 2022 consist of "Cash," "Deposits in transfer account," "Current deposits," "Ordinary deposits," "Notice deposits," "Time deposits maturing within 3 months of the date of acquisition," "Foreign currency deposits maturing within three months of the date of acquisition," "Negotiable certificate of deposits maturing within three months of the date of acquisition," "Call loans" and "Monetary claims bought maturing within three months of the date of acquisition."
2. Reconciliations of cash and cash equivalents in the consolidated statements of cash flows to the consolidated balance sheet accounts as of March 31, 2022 were as follows:

	(Millions of yen)
Cash and deposits.....	¥323,128
Call loans.....	48,000
Monetary claims bought.....	80
Time deposits maturing over 3 months of the date of acquisition.....	(3,100)
Foreign currency deposits maturing over 3 months of the date of acquisition.....	(1,029)
Monetary claims bought maturing over 3 months of the date of acquisition.....	(80)
Cash and cash equivalents.....	¥ 366,999

## (7) Disclosed Claims Based on Insurance Business Act

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Claims against bankrupt and quasi-bankrupt obligors	175	160
Claims with collection risk	2,515	1,999
Delinquent loans past three months or more	—	—
Restructured loans	529	1,616
Subtotal [Percentage of total]	3,220 [0.31%]	3,776 [0.32%]
Claims against normal obligors	1,037,502	1,178,872
Total	1,040,723	1,182,649

- Notes: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than claims against bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.
4. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.
5. Claims against normal obligors are all other loans.

(8) Status of Insurance Claims Paying Ability of the Company and Insurance Subsidiaries  
(Consolidated Solvency Margin Ratio)

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	1,931,765	2,003,378
Foundation funds and surplus	233,072	235,245
Reserve for price fluctuation	183,520	187,692
Contingency reserve	232,253	157,929
Catastrophe loss reserve	—	—
General allowance for possible loan losses	1,911	820
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	581,556	607,419
Net unrealized gains on real estate × 85%	141,522	140,830
Sum of unrecognized actuarial differences and unrecognized prior service cost	(5,143)	(2,819)
Excess amount of policy reserve based on full-time Zillmer method	276,537	389,036
Qualifying subordinated debt	241,935	241,935
The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin	—	—
Deductible items	—	—
Others	44,599	45,288
Total amount of risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	296,299	314,415
Insurance risk $R_1$	22,753	22,215
General insurance risk $R_5$	—	—
Catastrophe risk $R_6$	—	—
3rd sector insurance risk $R_8$	10,030	10,108
Small amount and short-term insurance risk $R_9$	—	—
Assumed investment yield risk $R_2$	30,145	22,508
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	257,878	283,438
Business risk $R_4$	6,416	6,765
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,303.9%	1,274.3%

Notes: 1. Above figures are calculated based on the provisions of Articles 86-2 and 88 of the Enforcement Regulation of the Insurance Business Act and the Financial Services Agency Notification No. 23, 2011.

2. "Minimum guarantee risk" is calculated by standard method.



(9) Status of Insurance Claims Paying Ability of Insurance Subsidiaries  
(Solvency Margin Ratio)

[Fukokushinrai Life Insurance Company]

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	101,033	99,581
Foundation funds and surplus	70,652	71,158
Reserve for price fluctuation	10,723	11,022
Contingency reserve	2,380	2,471
General allowance for possible loan losses	0	0
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	11,165	8,672
Net unrealized gains on real estate × 85%	—	—
Excess amount of policy reserve based on full-time Zillmer method	2,347	2,295
Qualifying subordinated debt	—	—
The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin	—	—
Deductible items	—	—
Others	3,763	3,960
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2 + R_4}$ (B)	18,623	17,828
Insurance risk $R_1$	419	410
3rd sector insurance risk $R_8$	137	144
Assumed investment yield risk $R_2$	341	326
Minimum guarantee risk $R_7$	—	—
Investment risk $R_3$	17,898	17,132
Business risk $R_4$	375	360
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,084.9%	1,117.1%

Note: Above figures are calculated based on the provisions of Articles 86 and 87 of the Enforcement Regulation of the Insurance Business Act and Ministry of Finance Notification No.50, 1996.