

Financial Results for the Fiscal Year Ended March 31, 2024

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the fiscal year ended March 31, 2024.

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Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2024

Financial Summary for the Fiscal Year Ended March 31, 2024

1. Business Highlights

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

(i) Policies in Force

	As of March 31, 2023				As of March 31, 2024			
	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	3,159	99.8	221,734	99.1	3,130	99.1	216,885	97.8
Individual annuities	562	96.3	21,722	95.7	539	95.9	20,698	95.3
Subtotal	3,722	99.3	243,456	98.8	3,669	98.6	237,583	97.6
Group insurance	—	—	172,790	99.6	—	—	173,972	100.7
Group annuities	—	—	23,048	100.7	—	—	23,306	101.1

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, 2023	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	323	94.1	13,899	86.9	11,023	90.4	2,875	75.7
Individual annuities	6	87.5	198	88.6	206	88.8	(8)	—
Subtotal	330	93.9	14,097	86.9	11,230	90.3	2,867	75.6
Group insurance	—	—	116	73.5	116	73.5	—	—
Group annuities	—	—	164	1,659.4	164	1,659.4	—	—

Year ended March 31, 2024	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	340	105.1	11,502	82.8	10,701	97.1	800	27.8
Individual annuities	5	85.8	164	83.3	172	83.6	(7)	—
Subtotal	346	104.7	11,666	82.8	10,874	96.8	792	27.7
Group insurance	—	—	821	704.6	821	704.6	—	—
Group annuities	—	—	0	0.1	0	0.1	—	—

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, 2023		Year ended March 31, 2024	
		Changes (% YoY)		Changes (% YoY)
Amount of surrender and lapse (100 millions of yen)	11,064	98.3	11,552	104.4
Surrender and lapse ratio (%)	4.49	(0.06)	4.75	0.26

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, 2023		As of March 31, 2024	
		Changes (%, Pre-FYE)		Changes (%, Pre-FYE)
Individual insurance	2,629	99.7	2,609	99.2
Individual annuities	1,066	97.5	1,038	97.4
Total	3,695	99.0	3,648	98.7
Medical coverage and living benefits	1,164	100.9	1,167	100.2

(ii) New Policies

(100 millions of yen, %)

	Year ended March 31, 2023		Year ended March 31, 2024	
		Changes (%, YoY)		Changes (%, YoY)
Individual insurance	136	105.7	136	100.3
Individual annuities	5	87.9	4	83.4
Total	141	104.9	141	99.6
Medical coverage and living benefits	70	99.9	65	94.0

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, 2023		Year ended March 31, 2024	
		Changes (%, YoY)		Changes (%, YoY)
Premium and other income	5,260	108.1	4,914	93.4
Investment income	2,346	120.8	2,731	116.4
Claims and other payments	5,047	121.3	4,658	92.3
Investment expenses	910	210.2	867	95.2
Ordinary profits	325	83.9	493	151.8

(4) Statements of Surplus

(100 millions of yen, %)

	Year ended March 31, 2023		Year ended March 31, 2024	
		Changes (%, YoY)		Changes (%, YoY)
Unappropriated surplus	543	95.2	635	116.9
Reserve for dividends to policyholders	280	91.1	371	132.6
Net surplus	25	99.7	26	101.0
Unappropriated surplus carried forward	237	100.0	237	100.0

Note: Unappropriated surplus for the years ended March 31, 2023 and 2024 included reversal of voluntary surplus reserve of ¥1 million and ¥1 million, respectively.

(5) Total Assets

(100 millions of yen, %)

	As of March 31, 2023		As of March 31, 2024	
		Changes (%, Pre-FYE)		Changes (%, Pre-FYE)
Total assets	72,262	97.8	76,418	105.8

2. Investment Results of General Account Assets

(1) Asset Composition

(Millions of yen, %)

	As of March 31, 2023		As of March 31, 2024	
	Amount	% of total	Amount	% of total
Cash, deposits, and call loans	525,043	7.4 %	435,624	5.8 %
Monetary claims bought	—	—	—	—
Money held in trust	25,897	0.4	23,502	0.3
Securities	5,692,461	80.1	6,219,323	82.8
Domestic bonds	3,003,156	42.3	2,933,981	39.1
Domestic stocks	808,831	11.4	997,497	13.3
Foreign securities	1,705,027	24.0	2,070,200	27.6
Foreign bonds	1,194,387	16.8	1,445,869	19.3
Foreign stocks and other securities	510,639	7.2	624,331	8.3
Other securities	175,445	2.5	217,644	2.9
Loans	524,193	7.4	499,793	6.7
Policy loans	47,088	0.7	45,991	0.6
Ordinary loans	477,104	6.7	453,802	6.0
Real estate	242,980	3.4	251,508	3.3
Deferred tax assets	13,829	0.2	—	—
Others	83,918	1.2	81,036	1.1
Allowance for possible loan losses	(826)	(0.0)	(703)	(0.0)
Total	7,107,497	100.0	7,510,086	100.0
Foreign currency denominated assets	1,802,337	25.4	2,065,852	27.5

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, 2023	Year ended March 31, 2024
Cash, deposits, and call loans	322,583	(89,419)
Monetary claims bought	(80)	—
Money held in trust	(172)	(2,395)
Securities	(481,068)	526,862
Domestic bonds	118,675	(69,175)
Domestic stocks	39,877	188,665
Foreign securities	(630,924)	365,173
Foreign bonds	(629,047)	251,481
Foreign stocks and other securities	(1,876)	113,691
Other securities	(8,697)	42,198
Loans	(29,112)	(24,399)
Policy loans	(1,541)	(1,097)
Ordinary loans	(27,571)	(23,301)
Real estate	1,815	8,528
Deferred tax assets	13,829	(13,829)
Others	1,193	(2,882)
Allowance for possible loan losses	1,689	123
Total	(169,323)	402,588
Foreign currency denominated assets	(826,729)	263,514

(3) Investment Income

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Interest, dividends and other income	164,768	172,157
Interest on deposits	3	3
Interest and dividends on securities	136,893	143,193
Interest on loans	8,237	8,896
Income from real estate for rent	19,292	19,833
Other interest and dividends	343	229
Gains on money held in trust, net	—	1,185
Gains on trading securities, net	348	803
Gains on sales of securities	54,756	66,405
Gains on sales of domestic bonds	7,576	4,527
Gains on sales of domestic stocks	16,946	46,314
Gains on sales of foreign securities	30,203	15,564
Other gains on sales of securities	29	—
Gains on redemption of securities, net	11,702	2,508
Foreign exchange gains, net	—	2,525
Reversal of allowance for possible loan losses	624	117
Other investment income	322	321
Total	232,523	246,024

(4) Investment Expenses

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Interest expenses	4,469	4,245
Losses on money held in trust, net	161	—
Losses on sales of securities	46,169	56,613
Losses on sales of domestic bonds	10,732	30,091
Losses on sales of domestic stocks	339	803
Losses on sales of foreign securities	34,777	25,719
Other losses on sales of securities	319	—
Losses on valuation of securities	3,608	1,089
Losses on valuation of domestic bonds	593	262
Losses on valuation of domestic stocks	610	513
Losses on valuation of foreign securities	2,403	312
Losses on redemption of securities, net	185	137
Losses on derivative instruments, net	11,221	7,349
Foreign exchange losses, net	8,231	—
Depreciation of real estate for rent and other assets	4,850	5,163
Other investment expenses	12,185	12,117
Total	91,083	86,716

(5) Net Investment Income

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Net investment income	141,439	159,308

(6) Other Information on Investments

(i) Investment Yield by Asset Categories

(%)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash, deposits, and call loans	0.00	0.00
Monetary claims bought	(4.02)	—
Money held in trust	(0.62)	5.22
Securities	2.46	2.83
Domestic bonds	1.43	0.74
Domestic stocks	8.48	15.70
Foreign securities	2.71	3.14
Foreign bonds	1.48	1.66
Foreign stocks and other securities	7.21	7.45
Loans	1.52	1.47
Ordinary loans	1.31	1.26
Real estate	2.53	2.79
Total	2.11	2.37
Overseas investments	2.51	3.26

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, 2023	Year ended March 31, 2024
Cash, deposits, and call loans	236,914	410,132
Monetary claims bought	34	—
Money held in trust	26,069	22,701
Securities	5,394,128	5,253,911
Domestic bonds	2,964,735	3,034,447
Domestic stocks	413,423	420,330
Foreign securities	1,860,692	1,637,604
Foreign bonds	1,461,370	1,217,899
Foreign stocks and other securities	399,321	419,704
Loans	545,127	518,302
Ordinary loans	497,217	471,732
Real estate	242,567	247,301
Total	6,708,497	6,715,749
Overseas investments	2,141,945	1,798,907

(iii) Net Valuation Gains/Losses on Trading Securities

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	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	35,130	(653)	22,502	1,135

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, 2023					As of March 31, 2024				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	738,300	808,660	70,360	70,424	64	708,320	759,424	51,104	51,104	—
Domestic bonds	738,300	808,660	70,360	70,424	64	708,320	759,424	51,104	51,104	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	—	—	—	—	—	290,573	283,026	(7,546)	331	7,877
Domestic bonds	—	—	—	—	—	290,573	283,026	(7,546)	331	7,877
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	4,307,988	4,839,472	531,484	676,027	144,543	4,195,706	5,103,160	907,454	1,055,739	148,285
Domestic bonds	2,246,987	2,264,856	17,868	99,271	81,402	1,987,603	1,935,087	(52,516)	82,679	135,195
Domestic stocks	352,575	739,891	387,316	389,227	1,911	346,904	928,443	581,539	582,045	506
Foreign securities	1,574,356	1,675,753	101,396	160,374	58,977	1,717,017	2,045,310	328,292	339,444	11,152
Foreign bonds	1,169,512	1,184,154	14,642	68,369	53,727	1,292,421	1,445,869	153,447	161,326	7,879
Foreign stocks and other securities	404,844	491,598	86,754	92,004	5,250	424,596	599,440	174,844	178,117	3,273
Other securities	134,069	158,971	24,902	27,153	2,251	144,179	194,318	50,138	51,570	1,431
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,046,289	5,648,133	601,844	746,451	144,607	5,194,599	6,145,611	951,012	1,107,175	156,163
Domestic bonds	2,985,287	3,073,516	88,228	169,695	81,466	2,986,497	2,977,539	(8,957)	134,115	143,073
Domestic stocks	352,575	739,891	387,316	389,227	1,911	346,904	928,443	581,539	582,045	506
Foreign securities	1,574,356	1,675,753	101,396	160,374	58,977	1,717,017	2,045,310	328,292	339,444	11,152
Foreign bonds	1,169,512	1,184,154	14,642	68,369	53,727	1,292,421	1,445,869	153,447	161,326	7,879
Foreign stocks and other securities	404,844	491,598	86,754	92,004	5,250	424,596	599,440	174,844	178,117	3,273
Other securities	134,069	158,971	24,902	27,153	2,251	144,179	194,318	50,138	51,570	1,431
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, 2023	As of March 31, 2024
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	36,051	45,922
Domestic stocks	5,709	5,824
Foreign stocks	—	—
Others	30,341	40,097
Total	100,838	110,709

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 (¥3,616 million as of March 31, 2023 and ¥6,560 million as of March 31, 2024) are included in their balance sheet carrying amounts.

(v) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2023					As of March 31, 2024				
	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	25,897	25,897	—	—	—	23,502	23,502	—	—	—

• Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	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	24,897	(0)	22,502	0

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

(Millions of yen)

	As of March 31, 2023					As of March 31, 2024				
	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, 2023	Interest-related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	(840)	—	—	—	(840)
Hedge accounting not applied	47	(561)	(31)	(137)	—	(683)
Total	47	(1,402)	(31)	(137)	—	(1,524)
As of March 31, 2024	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	—	—	—	—	—
Hedge accounting not applied	—	(940)	(89)	—	—	(1,029)
Total	—	(940)	(89)	—	—	(1,029)

Note: Gains and losses from applying fair value hedge accounting (currency-related losses of ¥840 million as of March 31, 2023) 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)

	As of March 31, 2023				As of March 31, 2024			
	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	30,000	—	110	47	—	—	—	—
[63]								
Total				47				—

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

(iii) Currency-related Transactions

(Millions of yen)

	As of March 31, 2023				As of March 31, 2024				
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
Over-the-counter transactions									
Currency forward contracts									
Sold	237,141	—	238,186	(1,044)	24,618	—	25,049	(431)	
U.S. dollar	140,574	—	141,687	(1,112)	15,513	—	15,788	(274)	
Australian dollar	64,856	—	63,991	865	9,104	—	9,261	(156)	
Euro	14,743	—	15,102	(359)	—	—	—	—	
Swedish krona	8,758	—	9,020	(262)	—	—	—	—	
Canadian dollar	5,829	—	5,906	(77)	—	—	—	—	
British pound	2,379	—	2,477	(98)	—	—	—	—	
Bought	—	—	—	—	—	—	—	—	—
Currency options									
Sold									
Call	—	—	—	—	—	—	—	—	—
Put	[—]	—	—	—	[—]	—	—	—	—
Bought									
Call	—	—	—	—	—	—	—	—	—
Put	[30,650]	—	—	—	[36,960]	—	—	—	—
U.S. dollar	[475]	—	118	(357)	[536]	—	26	(509)	
Australian dollar	[30,650]	—	118	(357)	[515]	—	25	(490)	
Total	[—]	—	—	—	[20]	—	1	(18)	
Total				(1,402)					(940)

Notes: 1. Forward exchange rates are used for exchange rates as of March 31, 2024.

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, 2023				As of March 31, 2024				
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
Exchange-traded transactions									
Stock index option									
Sold									
Call	—	—	—	—	—	—	—	—	—
Put	[—]	—	—	—	[—]	—	—	—	—
Bought									
Call	—	—	—	—	—	—	—	—	—
Put	[8,800]	—	8	(31)	[6,150]	—	0	(89)	
Total	[39]	—	8	(31)	[90]	—	0	(89)	
Total				(31)					(89)

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

(v) Bond-related Transactions

(Millions of yen)

	As of March 31, 2023				As of March 31, 2024				
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)
Exchange-traded transactions									
Yen-denominated bond futures									
Sold	7,268	—	7,406	(137)	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—	—
Foreign currency-denominated bond futures									
Sold	—	—	—	—	—	—	—	—	—
Bought	—	—	—	—	—	—	—	—	—
Total				(137)					—

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

(Millions of yen)

As of March 31, 2023			As of March 31, 2024		
Carrying value on the balance sheet	Fair value	Gains (Losses)	Carrying value on the balance sheet	Fair value	Gains (Losses)
149,749	314,057	164,307	149,485	325,747	176,261

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, 2023	As of March 31, 2024		As of March 31, 2023	As of March 31, 2024
Assets:			Liabilities:		
Cash and deposits:	402,472	307,632	Policy reserves:	5,916,509	5,971,022
Cash	156	138	Reserve for outstanding claims	21,523	23,334
Bank deposits	402,315	307,494	Policy reserve	5,830,565	5,885,784
Call loans	130,000	128,000	Reserve for dividends to policyholders	64,420	61,903
Money held in trust	25,897	23,502	Reinsurance payables	46	41
Securities:	5,799,182	6,349,312	Subordinated bonds	241,935	267,260
Government bonds	2,395,965	2,333,062	Other liabilities:	204,041	171,364
Local government bonds	92,958	97,504	Cash received as collateral under securities lending transactions	155,483	121,299
Corporate bonds	542,134	533,321	Corporate income tax payable	101	7,429
Stocks	836,501	1,033,612	Accounts payable	6,324	4,413
Foreign securities	1,756,176	2,134,166	Accrued expenses	10,580	12,123
Other securities	175,445	217,644	Unearned income	437	420
Loans:	524,193	499,793	Deposits received	6,592	6,611
Policy loans	47,088	45,991	Guarantee deposits received	13,700	14,276
Ordinary loans	477,104	453,802	Derivatives	3,005	1,030
Tangible fixed assets:	247,321	255,788	Cash collateral received for financial instruments	3,822	22
Land	149,747	149,483	Lease obligations	345	138
Buildings	89,583	101,324	Asset retirement obligations	2,328	2,355
Lease assets	928	908	Suspense receipts	1,319	1,244
Construction in progress	3,649	700	Reserve for employees' retirement benefits	25,951	26,701
Other tangible fixed assets	3,412	3,371	Reserve for price fluctuation	177,188	180,566
Intangible fixed assets:	26,917	24,879	Deferred tax liabilities	—	79,748
Software	24,148	20,962	Deferred tax liabilities for land revaluation	14,164	14,132
Lease assets	311	124	Total liabilities	6,579,836	6,710,837
Other intangible fixed assets	2,456	3,792	Net assets:		
Agency receivables	100	94	Foundation funds	12,000	12,000
Reinsurance receivables	62	85	Accumulated foundation funds redeemed	116,000	116,000
Other assets:	55,516	51,188	Reserve for revaluation	112	112
Accounts receivable	13,940	5,838	Surplus:	126,981	138,628
Prepaid expenses	4,281	3,935	Legal reserve for future losses	3,463	3,548
Accrued income	29,089	32,167	Other surplus:	123,518	135,080
Deposits	1,801	1,838	Reserve for redemption of foundation funds	7,200	9,600
Differential account for futures trading	147	—	Reserve for dividend allowances	20,000	20,000
Derivatives	1,481	0	Accumulated fund for price fluctuation	41,000	41,000
Suspense payments	1,621	3,639	Reserve for advanced depreciation of real estate for tax purpose	205	204
Rest of the other asset	3,153	3,768	Other reserves	767	767
Prepaid pension cost	1,614	2,313	Unappropriated surplus	54,346	63,509
Deferred tax assets	13,829	—	Total foundation funds, surplus and others	255,093	266,740
Allowance for possible loan losses	(826)	(703)	Net unrealized gains (losses) on available-for-sale securities, net of tax	386,882	659,808
			Revaluation reserve for land, net of tax	4,468	4,500
			Total valuation and translation adjustments	391,350	664,308
			Total net assets	646,444	931,049
Total assets	7,226,280	7,641,887	Total liabilities and net assets	7,226,280	7,641,887

4. Non-consolidated Statements of Operations

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary revenues:		
Premium and other income:	526,037	491,480
Premium income	525,871	491,362
Reinsurance income	166	118
Investment income:	234,698	273,141
Interest, dividends and other income:	164,768	172,157
Interest on deposits	3	3
Interest and dividends on securities	136,893	143,193
Interest on loans	8,237	8,896
Income from real estate for rent	19,292	19,833
Other interest and dividends	343	229
Gains on money held in trust, net	—	1,185
Gains on trading securities, net	348	803
Gains on sales of securities	54,756	66,405
Gains on redemption of securities, net	11,702	2,508
Foreign exchange gains, net	—	2,525
Reversal of allowance for possible loan losses	624	117
Other investment income	322	321
Gains on separate accounts, net	2,174	27,117
Other ordinary revenues:	13,072	10,393
Fund receipt from annuity rider	1,270	2,372
Proceeds from deferred insurance	3,122	3,743
Reversal of reserve for outstanding claims	1,461	—
Reversal of reserve for claims and other payments	3,400	—
Others	3,817	4,277
Total ordinary revenues	773,808	775,016
Ordinary expenses:		
Claims and other payments:	504,790	465,840
Claims	131,371	105,387
Annuities	153,869	151,933
Benefits	144,757	123,479
Surrenders	49,579	59,480
Other payments	25,008	25,366
Reinsurance premiums	204	191
Provision of policy reserve and others:	30,563	57,043
Provision of reserve for outstanding claims	—	1,811
Provision of policy reserves	30,549	55,218
Provision of interest portion of reserve for dividends to policyholders	13	13
Investment expenses:	91,083	86,716
Interest expenses	4,469	4,245
Losses on money held in trust, net	161	—
Losses on sales of securities	46,169	56,613
Losses on valuation of securities	3,608	1,089
Losses on redemption of securities, net	185	137
Losses on derivative instruments, net	11,221	7,349
Foreign exchange losses, net	8,231	—
Depreciation of real estate for rent and other assets	4,850	5,163
Other investment expenses	12,185	12,117
Operating expenses	90,478	92,264
Other ordinary expenses:	24,380	23,794
Deferred annuity payments	3,618	3,876
Taxes	7,546	7,966
Depreciation	11,388	10,174
Provision of reserve for employees' retirement benefits	399	53
Others	1,426	1,722
Total ordinary expenses	741,296	725,658
Ordinary profits	32,512	49,357
Extraordinary gains:		
Gains on disposal of fixed assets	393	33
Total extraordinary gains	393	33
Extraordinary losses:		
Losses on disposal of fixed assets	178	201
Impairment losses	32	657
Provision of reserve for price fluctuation	518	3,378
100th anniversary bonuses and other losses	—	4,471
Total extraordinary losses	730	8,708
Surplus before income taxes	32,175	40,682
Income taxes:		
Current	3,096	13,340
Deferred	(1,793)	(12,441)
Total income taxes	1,303	898
Net surplus for the year	30,872	39,783

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 (JICPA) 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:

- 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, 2024 was ¥0 million.

(7) 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 |

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

(9) 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.

(10) Accounting of unrecognized actuarial differences and unrecognized prior service cost related to employees' retirement benefits is different to the methods used for these items in the consolidated financial statements.

(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.

Regarding claims for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred ("IBNR reserves"), the special treatment providing payment of hospitalization benefits with respect to those diagnosed with COVID-19 and were under the care of a doctor or the like at an lodging facility or at home ("deemed hospitalization") was discontinued on May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Notification of the Minister of Finance No.234, 1998 ("IBNR Notification"). The Company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notification (the "Proviso").

(Overview of the calculation method)

The Company first deducts an amount pertaining to deemed hospitalization of policy holders from a required amount of IBNR reserves and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notification, and then calculates in the same manner as in the main rules in Article 1, Paragraph 1 of IBNR Notification.

Furthermore, at the end of the previous fiscal year, instead of the amount related to the deemed hospitalization, the amount related to the deemed hospitalization other than those with a high risk of severity was deducted, but due to the termination of treatment of hospitalization benefits for deemed hospitalizations during the fiscal year, we have revised the calculation method to deduct the amount related to such deemed hospitalizations.

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 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, 2024, the balance of these policy reserves was ¥69,848 million.
- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2024, 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. As of March 31, 2024, the balance of these policy reserves was ¥105,883 million.
- 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 transplant medical riders. As of March 31, 2024, the balance of these policy reserves was ¥84 million.

Appointed actuary, 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 corresponding to the sub-groups of individual insurance, individual annuities, and group 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 JICPA on November 16, 2000).

2. 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, 2024 were as follows:

	(Millions of yen)		
	Carrying amount	Fair value	Difference
Money held in trust:			
Trading securities.....	¥22,502	¥22,502	¥—
Total money held in trust.....	22,502	22,502	—
Securities:			
Held-to-maturity debt securities.....	708,320	759,424	51,104
Policy-reserve-matching bonds.....	290,573	283,026	(7,546)
Available-for-sale securities.....	5,103,160	5,103,160	—
Total securities.....	6,102,053	6,145,611	43,558
Loans:			
Policy loans.....	45,991	45,991	(0)
Ordinary loans.....	453,802	458,559	4,756
Total loans.....	499,793	504,550	4,756
Assets total.....	6,624,349	6,672,664	48,314
Subordinated bonds*1.....	267,260	263,910	(3,349)
Liabilities total.....	267,260	263,910	(3,349)
Derivative instruments*2:			
Hedge accounting not applied.....	(1,029)	(1,029)	—
Total derivative instruments.....	¥(1,029)	¥(1,029)	¥—

*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, 2024 was ¥73,611 million.

2. In accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021. Hereinafter called “Implementation Guidance on Accounting Standard for Fair Value Measurement”), investments in partnerships are not included in Securities of the above table. As of March 31, 2024, the amount of investments in partnerships included on the balance sheet was ¥43,658 million.

3. Investment trusts with real estate as investment trust properties which have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are included in Securities.

3. 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, 2024

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
(Millions of yen)				
Money held in trust:				
Trading securities.....	¥—	¥22,502	¥—	¥22,502
Total money held in trust.....	—	22,502	—	22,502
Securities:				
Available-for-sale securities:				
Government bonds.....	1,343,935	—	—	1,343,935
Local government bonds.....	—	89,684	—	89,684
Corporate bonds.....	—	501,467	—	501,467
Stocks.....	928,443	—	—	928,443
Foreign securities.....	905,046	1,113,911	26,352	2,045,310
Other securities.....	50,829	133,544	—	184,373
Total available-for-sale securities.....	3,228,254	1,838,607	26,352	5,093,214
Total securities.....	3,228,254	1,838,607	26,352	5,093,214
Assets total.....	3,228,254	1,861,109	26,352	5,115,716
Derivative instruments*:				
Currency-related.....	—	(940)	—	(940)
Stock-related.....	(89)	—	—	(89)
Total derivative instruments.....	¥(89)	¥(940)	¥—	¥(1,029)

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

Note: Investment trusts with real estate as investment trust properties that have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the figures above. The amount of the investment trusts on the balance sheet as of March 31, 2024 was ¥9,945 million. Reconciliation of balances from the beginning of the current fiscal year to balances as of March 31, 2024 for the investment trusts were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥5,596
Changes in net unrealized gains or losses.....	203
Purchase, sales, and redemption.....	4,146
Purchase.....	4,146
Balance at the end of the fiscal year.....	¥9,945

(2) Financial assets and liabilities with fair values not recorded on the balance sheet as of March 31, 2024

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
(Millions of yen)				
Securities:				
Held-to-maturity debt securities:				
Government bonds.....	744,790	—	—	744,790
Local government bonds.....	—	7,058	—	7,058
Corporate bonds.....	—	7,576	—	7,576
Total held-to-maturity debt securities...	744,790	14,634	—	759,424
Policy-reserve-matching bonds:				
Government bonds.....	269,948	—	—	269,948
Local government bonds.....	—	1,837	—	1,837
Corporate bonds.....	—	11,241	—	11,241
Total policy-reserve-matching bonds...	269,948	13,078	—	283,026
Total securities.....	1,014,738	27,713	—	1,042,451
Loans:				
Policy loans.....	—	—	45,991	45,991
Ordinary loans.....	—	—	458,559	458,559
Total loans.....	—	—	504,550	504,550
Assets total.....	1,014,738	27,713	504,550	1,547,002
Subordinated bonds	—	263,910	—	263,910
Liabilities total.....	¥—	¥263,910	¥—	¥263,910

(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

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 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 are used as their book values. The fair values of fixed interest rate loans are primarily calculated 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 are computed by deducting the amount of the allowance for possible loan losses from the book values before direct write-offs.

Because significant unobservable inputs used to measure the fair values of loans, the resulting fair values are classified as Fair Value Level 3.

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, 2024 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, 2024, and valuation gains or losses recognized in the statements of operations for the fiscal year ended March 31, 2024.

	(Millions of yen)	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the current fiscal year.....	¥26,490	¥26,490
Gains or losses during the fiscal year.....	(10)	(10)
Values recognized as gains or losses*.....	(10)	(10)
Changes in net unrealized gains or losses.....	(127)	(127)
Balance at the end of the current fiscal year.....	¥26,352	¥26,352

* These amounts are included in investment income and investment expenses in the non-consolidated statements of operations for the fiscal year ended March 31, 2024.

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.

4. 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 ¥208,136 million and ¥372,027million as of March 31, 2024, 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 ¥281 million as of March 31, 2024.

5. The amount of securities lent under lending agreements was ¥518,568 million as of March 31, 2024.

6. 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 ¥1,137 million as March 31, 2024. The details are as follows.

i) The balance of claims against bankrupt and quasi-bankrupt obligors was ¥110 million as of March 31, 2024. Of which, the estimated uncollectible amount written-off was ¥0 million as of March 31, 2024.

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 ¥508 million as of March 31, 2024.

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, 2024.

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 ¥518 million as of March 31, 2024.

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.

7. Accumulated depreciation of tangible fixed assets were ¥182,699 million as of March 31, 2024.

8. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥141,452 million as of March 31, 2024. The amounts of separate account liabilities were the same as separate account assets.

9. The total amounts of receivables from/payables to subsidiaries were ¥3,098 million and ¥2,348 million as of March 31, 2024, respectively.

10. The total amount of monetary obligations owed to directors was ¥3 million as of March 31, 2024.

11. Deferred tax assets and deferred tax liabilities as of March 31, 2024 were ¥185,225 million and ¥260,074 million, respectively. Valuation allowance for deferred tax assets was ¥4,899 million.

Major components of deferred tax assets were ¥113,745 million of policy reserves, ¥50,558 million of reserve for price fluctuation and ¥13,149 million of reserve for employees' retirement benefits as of March 31, 2024.

Major component of deferred tax liabilities was ¥254,206 million of net unrealized gains on available-for-sale securities as of March 31, 2024.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2024 were 28.0% and 2.2%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to 25.6% of reserve for dividends to policyholders.

12. Changes in reserve for dividends to policyholders for the year ended March 31, 2024 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥64,420
Transfer from surplus in the previous fiscal year.....	28,002
Dividend payments to policyholders during the fiscal year.....	(30,532)
Increase in interest.....	13
Balance at the end of the fiscal year.....	<u>¥61,903</u>

13. The amount of stocks of subsidiaries was ¥64,787 million as of March 31, 2024.

14. Assets pledged as collateral as of March 31, 2024 were ¥138,648 million of securities.

Secured debts as of March 31, 2024, were ¥127,337 million.

These amounts include ¥114,460 million of investments in securities deposited and ¥121,299 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2024.

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, 2024.

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 ¥18 million as of March 31, 2024.

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 ¥664,421 million as of March 31, 2024.

17. There were unused commitment line agreements under which the Company is the lender of ¥4,344 million as of March 31, 2024.

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

19. Matters Related to Employees' Retirement Benefits as of March 31, 2024

(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.

Furthermore, the retirement benefit plan for internal service employees was revised at the end of September 2023 due to factors including the raising of the retirement age to 65, resulting in a prior service cost of -6,929 million yen.

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.....	¥90,426
Service cost.....	3,573
Interest cost.....	520
Actuarial differences occurred during the fiscal year.....	(9,156)
Retirement benefit payments.....	(3,715)
Prior service cost.....	(6,929)
Retirement benefit obligation at the end of the fiscal year.....	<u>¥74,720</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.....	¥66,470
Expected return on pension plan assets.....	1,229
Actuarial differences occurred during the fiscal year.....	12,579
Contributions by the employer.....	918
Retirement benefit payments.....	(1,577)
Pension plan assets at the end of the fiscal year.....	<u>¥79,620</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.....	¥65,969
b. Pension plan assets.....	(79,620)
c. (a + b).....	(13,650)
d. Unfunded plan retirement benefit obligation.....	8,750
e. Unrecognized actuarial differences.....	22,740
f. Unrecognized prior service cost.....	6,547
g. Net amount of liabilities and assets presented on the non-consolidated balance sheet.....	<u>24,387</u>
h. Reserve for employees' retirement benefits.....	26,701
i. Prepaid pension cost.....	(2,313)
j. Net amount of liabilities and assets presented on the non-consolidated balance sheet.....	<u>¥24,387</u>

iv) Breakdown of retirement benefit gains and losses

	(Millions of yen)
Service cost.....	¥3,573
Interest cost.....	520
Expected return on pension plan assets.....	(1,229)
Amortization of actuarial differences.....	582
Amortization of prior service cost.....	<u>(341)</u>
Retirement benefit expenses related to defined benefit plan.....	<u>¥3,106</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.....	49.7%
Life insurance general account.....	26.1%
Domestic bonds.....	9.1%
Foreign stocks.....	8.9%
Assets under joint management.....	3.1%
Foreign bonds.....	<u>3.0%</u>
Total.....	<u>100.0%</u>

Within the total of pension assets, 42.3% 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, 2024, were as follows:

Discount rate.....	1.6%
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 ¥235 million as of March 31, 2024.

III. Notes to the Non-consolidated Statements of Operations

1. The total amounts of revenues and expenses in connection with subsidiaries were ¥2,096 million and ¥10,727 million for the year ended March 31, 2024.

2. The details of gains on sales of securities for the year ended March 31, 2024 were as follows:

	(Millions of yen)
Domestic bonds.....	¥4,527
Domestic stocks and others.....	46,314
Foreign securities.....	¥15,564

3. The details of losses on sales of securities for the year ended March 31, 2024 were as follows:

	(Millions of yen)
Domestic bonds.....	¥30,091
Domestic stocks and others.....	803
Foreign securities.....	¥25,719

4. The details of losses on valuation of securities for the year ended March 31, 2024 were as follows:

	(Millions of yen)
Domestic bonds.....	¥262
Domestic stocks and others.....	513
Foreign securities.....	¥312

5. For the year ended March 31, 2024, in calculating the provision of reserve for outstanding claims, a provision of reserve for outstanding claims for ceded reinsurance of ¥0 million was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥2 million was added.

6. The details of gains on trading securities for the year ended March 31, 2024 were as follows:

	(Millions of yen)
Interest, dividends and other income.....	¥152
Gains on sales of trading securities.....	1,025
Losses on redemption of trading securities.....	1,510
Gains on valuation of trading securities.....	¥1,135

7. Gains on money held in trust for the year ended March 31, 2024 included valuation gains of ¥0 million.

8. Losses on derivative instruments for the year ended March 31, 2024 included valuation losses of ¥346 million.

9. Items related to impairment losses for the year ended March 31, 2024 were as follows:

(1) Asset grouping method

Real estate and similar used for the insurance business is treated as one asset group for the insurance business as a whole.

For other assets such as real estate for rent and idle real estate, each property is treated as one asset group.

(2) Process leading to recognition of impairment losses

For certain assets such as real estate for rent, and idle real estate whose profitability declined significantly due to a decrease in rental income and a fall in land prices, the book value was reduced to the recoverable amount, and the reduced amount was recorded as an impairment losses in extraordinary losses.

(3) Asset groups for which impairment losses were recognized and breakdown of impairment losses by fixed asset type.

(i) Real estate for rent and similar assets

	(Millions of yen)
Land.....	¥56
Buildings.....	<u>8</u>
Total.....	<u>¥64</u>

(ii) Idle real estate and similar assets

	(Millions of yen)
Land.....	¥107
Buildings.....	<u>485</u>
Total.....	<u>¥593</u>

(iii) Total (i + ii)

	(Millions of yen)
Land.....	¥163
Buildings.....	<u>494</u>
Total.....	<u>¥657</u>

(4) Calculation method for recoverable amounts

Net selling prices are used to represent recoverable amounts. Appraisal value, or assessed value based on the published price or roadside land price is used to represent net selling prices.

5. Breakdown of Ordinary Profits (Fundamental Profit)

(Millions of yen)

		Year ended March 31, 2023	Year ended March 31, 2024
Fundamental profit	A	47,297	93,019
Capital gains		76,986	73,087
Gains on money held in trust, net		—	1,087
Gains on trading securities, net		—	650
Gains on sales of securities		54,756	66,405
Gains on derivative instruments, net		—	—
Foreign exchange gains, net		—	2,525
Other capital gains		22,230	2,418
Capital losses		70,157	64,053
Losses on money held in trust, net		299	—
Losses on trading securities, net		106	—
Losses on sales of securities		46,169	56,613
Losses on valuation of securities		3,608	1,089
Losses on derivative instruments, net		11,221	7,349
Foreign exchange losses, net		8,231	—
Other capital losses		521	(999)
Net capital gains (losses)	B	6,829	9,034
Fundamental profit plus net capital gains (losses)	A+B	54,126	102,053
Non-recurring gains		3,608	42
Reinsurance income		—	—
Reversal of contingency reserve		—	—
Reversal of specific allowance for possible loan losses		208	42
Others		3,400	—
Non-recurring losses		25,223	52,738
Reinsurance premiums		—	—
Provision for contingency reserve		12,430	41,011
Provision of specific allowance for possible loan losses		—	—
Provision of allowance for specified overseas loans		—	—
Write-off of loans		—	—
Others		12,792	11,727
Non-recurring gains (losses)	C	(21,614)	(52,696)
Ordinary profits	A+B+C	32,512	49,357

Note: Other items break down as follows.

(Millions of yen)

		Year ended March 31, 2023	Year ended March 31, 2024
Fundamental profit		(21,116)	(3,167)
Interest, dividends, and other income from gains/losses on money held in trust		137	97
Interest, dividends, and other income from gains/losses on trading securities		455	152
Foreign exchange-related hedging costs categorized under foreign exchange gains/losses		(10,712)	(999)
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts		521	(47)
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations		(11,517)	(2,371)
Other capital gains		22,230	2,418
Foreign exchange-related hedging costs categorized under foreign exchange losses		10,712	—
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts		—	47
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations		11,517	2,371
Other capital losses		521	(999)
Foreign exchange-related hedging costs categorized under foreign exchange gains		—	(999)
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts		521	—
Other non-recurring gains		3,400	—
Reversal of reserve for claims and other payments		3,400	—
Other non-recurring losses		12,792	11,727
Provision of policy reserves in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act		12,792	11,727

6. Non-consolidated Statements of Changes in Net Assets

[For the year ended March 31, 2023]

(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	3,370	4,800	20,000	41,000	206	767	57,078	127,222	255,334
Changes in the fiscal year												
Additions to reserve for dividends to policyholders										(30,726)	(30,726)	(30,726)
Additions to legal reserve for future losses				93						(93)	—	—
Payment of interest on foundation funds										(102)	(102)	(102)
Net surplus for the fiscal year										30,872	30,872	30,872
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										(284)	(284)	(284)
Net changes, excluding foundation funds, surplus and others												
Total changes in the fiscal year	—	—	—	93	2,400	—	—	(1)	—	(2,732)	(240)	(240)
Balance at the end of the fiscal year	12,000	116,000	112	3,463	7,200	20,000	41,000	205	767	54,346	126,981	255,093

	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	480,860	4,184	485,044	740,379
Changes in the fiscal year				
Additions to reserve for dividends to policyholders				(30,726)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(102)
Net surplus for the fiscal year				30,872
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				(284)
Net changes, excluding foundation funds, surplus and others	(93,978)	284	(93,694)	(93,694)
Total changes in the fiscal year	(93,978)	284	(93,694)	(93,935)
Balance at the end of the fiscal year	386,882	4,468	391,350	646,444

[For the year ended March 31, 2024]

(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	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	Total surplus	
Balance at the beginning of the fiscal year	12,000	116,000	112	3,463	7,200	20,000	41,000	205	767	54,346	126,981	255,093
Changes in the fiscal year												
Additions to reserve for dividends to policyholders										(28,002)	(28,002)	(28,002)
Additions to legal reserve for future losses				85						(85)	—	—
Payment of interest on foundation funds										(102)	(102)	(102)
Net surplus for the fiscal year										39,783	39,783	39,783
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										(32)	(32)	(32)
Net changes, excluding foundation funds, surplus and others												
Total changes in the fiscal year	—	—	—	85	2,400	—	—	(1)	—	9,163	11,647	11,647
Balance at the end of the fiscal year	12,000	116,000	112	3,548	9,600	20,000	41,000	204	767	63,509	138,628	266,740

	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	386,882	4,468	391,350	646,444
Changes in the fiscal year				
Additions to reserve for dividends to policyholders				(28,002)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(102)
Net surplus for the fiscal year				39,783
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				(32)
Net changes, excluding foundation funds, surplus and others	272,926	32	272,958	272,958
Total changes in the fiscal year	272,926	32	272,958	284,605
Balance at the end of the fiscal year	659,808	4,500	664,308	931,049

7. Non-consolidated Statements of Surplus

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Unappropriated surplus	54,346	63,509
Reversal of voluntary surplus reserve	1	1
Reversal of reserve for advanced depreciation of real estate for tax purpose	1	1
Total	54,347	63,510
Appropriation of surplus	30,589	39,752
Reserve for dividends to policyholders	28,002	37,138
Net surplus	2,587	2,614
Legal reserve for future losses	85	112
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, 2023	As of March 31, 2024
Claims against bankrupt and quasi-bankrupt obligors	130	110
Claims with collection risk	544	508
Delinquent loans past three months or more	—	—
Restructured loans	561	518
Subtotal [Percentage of total]	1,236 [0.12%]	1,137 [0.11%]
Claims against normal obligors	1,032,163	1,021,712
Total	1,033,399	1,022,850

- 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, 2023	As of March 31, 2024
Total solvency margin (A)	1,836,582	2,265,213
Foundation funds and surplus	224,172	226,042
Reserve for price fluctuation	177,188	180,566
Contingency reserve	167,888	208,899
General allowance for possible loan losses	404	330
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	481,590	822,613
Net unrealized gains on real estate × 85%	155,499	165,661
Excess amount of policy reserve based on full-time Zillmer method	393,521	396,562
Qualifying subordinated debt	241,935	267,260
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	41,164	44,061
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	323,968	394,956
Insurance risk R_1	21,405	21,022
3rd sector insurance risk R_8	10,092	10,116
Assumed investment yield risk R_2	21,074	20,037
Minimum guarantee risk R_7	—	—
Investment risk R_3	294,386	365,332
Business risk R_4	6,939	8,330
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,133.8%	1,147.0%

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.

Reference: Economic Solvency Ratio

	As of March 31, 2023	As of March 31, 2024
Economic Solvency Ratio	233.8%	248.9%

Note: Economic solvency ratio (ESR) is an indicator of an insurance company's soundness and indicates whether or not a company has sufficient capital to cover its risks based on market-value assessment of its assets and liabilities. The Company calculates its ESR according to European methodology.

10. Status of Separate Account

(1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	Amount		Amount	
Individual variable insurance	—		—	
Individual variable annuities	—		—	
Group annuities	118,783		141,452	
Total	118,783		141,452	

(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, 2023		As of March 31, 2024	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	—	—	—	—
Total	—	—	—	—

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

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	—	—	—	—
Securities	—	—	—	—
Domestic bonds	—	—	—	—
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	—	—	—	—
Others	—	—	—	—
Allowance for possible loan losses	—	—	—	—
Total	—	—	—	—

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

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
	Amount	Amount
Interest, dividends and other income	8	—
Gains on sales of securities	—	—
Gains on redemption of securities	—	—
Gains on valuation of securities	—	—
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	8	—
Foreign exchange losses, net	—	—
Losses on derivative instruments	—	—
Other investment expenses	—	—
Net investment income	(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, 2023		As of March 31, 2024	
	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	—	(8)	—	—

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, 2023		As of March 31, 2024	
	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	141,851	(3,015)	152,490	19,935

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, 2023					As of March 31, 2024				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	738,300	808,660	70,360	70,424	64	708,320	759,424	51,104	51,104	—
Domestic bonds	738,300	808,660	70,360	70,424	64	708,320	759,424	51,104	51,104	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	—	—	—	—	—	290,573	283,026	(7,546)	331	7,877
Domestic bonds	—	—	—	—	—	290,573	283,026	(7,546)	331	7,877
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	4,307,988	4,839,472	531,484	676,027	144,543	4,195,706	5,103,160	907,454	1,055,739	148,285
Domestic bonds	2,246,987	2,264,856	17,868	99,271	81,402	1,987,603	1,935,087	(52,516)	82,679	135,195
Domestic stocks	352,575	739,891	387,316	389,227	1,911	346,904	928,443	581,539	582,045	506
Foreign securities	1,574,356	1,675,753	101,396	160,374	58,977	1,717,017	2,045,310	328,292	339,444	11,152
Foreign bonds	1,169,512	1,184,154	14,642	68,369	53,727	1,292,421	1,445,869	153,447	161,326	7,879
Foreign stocks and other securities	404,844	491,598	86,754	92,004	5,250	424,596	599,440	174,844	178,117	3,273
Other securities	134,069	158,971	24,902	27,153	2,251	144,179	194,318	50,138	51,570	1,431
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,046,289	5,648,133	601,844	746,451	144,607	5,194,599	6,145,611	951,012	1,107,175	156,163
Domestic bonds	2,985,287	3,073,516	88,228	169,695	81,466	2,986,497	2,977,539	(8,957)	134,115	143,073
Domestic stocks	352,575	739,891	387,316	389,227	1,911	346,904	928,443	581,539	582,045	506
Foreign securities	1,574,356	1,675,753	101,396	160,374	58,977	1,717,017	2,045,310	328,292	339,444	11,152
Foreign bonds	1,169,512	1,184,154	14,642	68,369	53,727	1,292,421	1,445,869	153,447	161,326	7,879
Foreign stocks and other securities	404,844	491,598	86,754	92,004	5,250	424,596	599,440	174,844	178,117	3,273
Other securities	134,069	158,971	24,902	27,153	2,251	144,179	194,318	50,138	51,570	1,431
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, 2023			As of March 31, 2024		
	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	724,956	795,381	70,424	708,320	759,424	51,104
Domestic bonds	724,956	795,381	70,424	708,320	759,424	51,104
Foreign bonds	—	—	—	—	—	—
Securities whose fair value does not exceed the carrying value on the balance sheet	13,343	13,279	(64)	—	—	—
Domestic bonds	13,343	13,279	(64)	—	—	—
Foreign bonds	—	—	—	—	—	—

[Policy-reserve-matching bonds]

(Millions of yen)

	As of March 31, 2023			As of March 31, 2024		
	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	—	—	—	71,118	71,449	331
Domestic bonds	—	—	—	71,118	71,449	331
Foreign bonds	—	—	—	—	—	—
Bonds whose fair value does not exceed the carrying value on the balance sheet	—	—	—	219,454	211,577	(7,877)
Domestic bonds	—	—	—	219,454	211,577	(7,877)
Foreign bonds	—	—	—	—	—	—

[Available-for-sale Securities]

(Millions of yen)

	As of March 31, 2023			As of March 31, 2024		
	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	2,457,857	3,133,885	676,027	2,931,246	3,986,986	1,055,739
Domestic bonds	1,062,280	1,161,552	99,271	971,195	1,053,875	82,679
Domestic stocks	334,225	723,453	389,227	340,155	922,201	582,045
Foreign securities	962,168	1,122,543	160,374	1,504,184	1,843,628	339,444
Foreign bonds	635,502	703,872	68,369	1,112,825	1,274,151	161,326
Foreign stocks	326,665	418,670	92,004	391,359	569,476	178,117
Other securities	99,183	126,337	27,153	115,711	167,281	51,570
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	1,850,130	1,705,587	(144,543)	1,264,459	1,116,173	(148,285)
Domestic bonds	1,184,706	1,103,304	(81,402)	1,016,408	881,212	(135,195)
Domestic stocks	18,349	16,438	(1,911)	6,748	6,242	(506)
Foreign securities	612,188	553,210	(58,977)	212,833	201,681	(11,152)
Foreign bonds	534,009	480,282	(53,727)	179,596	171,717	(7,879)
Foreign stocks	78,178	72,928	(5,250)	33,237	29,964	(3,273)
Other securities	34,885	32,634	(2,251)	28,468	27,037	(1,431)
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, 2023	As of March 31, 2024
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	36,051	45,922
Domestic stocks	5,709	5,824
Foreign stocks	—	—
Others	30,341	40,097
Total	100,838	110,709

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 (¥3,616 million as of March 31, 2023 and ¥6,560 million as of March 31, 2024) 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, 2023	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	(840)	—	—	—	(840)
Hedge accounting not applied	47	(561)	(31)	(137)	—	(683)
Total	47	(1,402)	(31)	(137)	—	(1,524)
As of March 31, 2024	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	—	—	—	—	—
Hedge accounting not applied	—	(940)	(89)	—	—	(1,029)
Total	—	(940)	(89)	—	—	(1,029)

Note: Gains and losses from applying fair value hedge accounting (currency-related losses of ¥840 million as of March 31, 2023) 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, 2023				As of March 31, 2024			
	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	30,000	—			—	—		
[63]			110	47	[—]		—	—
Total				47				—

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

[Currency-related Transactions]

(Millions of yen)

	As of March 31, 2023				As of March 31, 2024			
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)		
								Over 1 year
Over-the-counter transactions								
Currency forward contracts								
Sold	46,036	—	46,240	(204)	25,337	—	25,768	(430)
U.S. dollar	29,035	—	29,202	(166)	15,972	—	16,247	(274)
Australian dollar	11,171	—	11,131	40	9,104	—	9,261	(156)
Euro	—	—	—	—	94	—	94	0
British pound	—	—	—	—	89	—	89	(0)
Canadian dollar	5,829	—	5,906	(77)	—	—	—	—
Others	—	—	—	—	76	—	76	0
Bought	—	—	—	—	722	—	721	(0)
U.S. dollar	—	—	—	—	461	—	461	(0)
Euro	—	—	—	—	96	—	96	(0)
British pound	—	—	—	—	87	—	87	0
Others	—	—	—	—	77	—	77	(0)
Currency options								
Sold								
Call	—	—	—	—	—	—	—	—
	[—]	—	—	—	[—]	—	—	—
Put	—	—	—	—	—	—	—	—
	[—]	—	—	—	[—]	—	—	—
Bought								
Call	—	—	—	—	—	—	—	—
	[—]	—	—	—	[—]	—	—	—
Put	30,650	—	—	—	36,960	—	—	—
U.S. dollar	[475]	—	118	(357)	[536]	—	26	(509)
Australian dollar	[475]	—	118	(357)	[515]	—	25	(490)
	[—]	—	—	—	[1,860]	—	—	—
	[—]	—	—	—	[20]	—	1	(18)
Total				(561)				(940)

Notes: 1. Forward exchange rates are used for exchange rates as of March 31, 2024.

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

[Stock-related Transactions]

(Millions of yen)

	As of March 31, 2023				As of March 31, 2024			
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)		
								Over 1 year
Exchange-traded transactions								
Stock index options								
Sold								
Call	—	—	—	—	—	—	—	
	[—]	—	—	—	[—]	—	—	
Put	—	—	—	—	—	—	—	
	[—]	—	—	—	[—]	—	—	
Bought								
Call	—	—	—	—	—	—	—	
	[—]	—	—	—	[—]	—	—	
Put	8,800	—	8	(31)	6,150	—	0	(89)
	[39]	—	8	(31)	[90]	—	0	(89)
Total				(31)				(89)

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

[Bond-related Transactions]

(Millions of yen)

	As of March 31, 2023				As of March 31, 2024			
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)		
								Over 1 year
Exchange-traded transactions								
Yen-denominated bond futures								
Sold	7,268	—	7,406	(137)	—	—	—	
Bought	—	—	—	—	—	—	—	
Foreign currency-denominated bond futures								
Sold	—	—	—	—	—	—	—	
Bought	—	—	—	—	—	—	—	
Total				(137)				—

(iii) Hedge Accounting Applied

[Interest-related Transactions]

No ending balance as of March 31, 2023 and March 31, 2024.

[Currency-related Transactions]

(Millions of yen)

Method of hedge accounting	Hedging instruments	As of March 31, 2023			As of March 31, 2024				
		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 currency- denominated bonds				—			
	Sold		191,105	—	191,946	—	—	—	
	U.S. dollar		111,539	—	112,485	—	—	—	
	Australian dollar		53,684	—	52,860	—	—	—	
	Euro		14,743	—	15,102	—	—	—	
	Swedish krona		8,758	—	9,020	—	—	—	
	British pound		2,379	—	2,477	—	—	—	
Bought	—	—	—	—	—	—			
Total									

Notes:1. Forward exchange rates are used for exchange rates as of March 31, 2024.

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, 2023 and March 31, 2024.

[Bond-related Transactions]

No ending balance as of March 31, 2023 and March 31, 2024.

11. Status of the Company, Subsidiaries and Affiliates

(1) Selected Financial Data

(100 million of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary revenues	10,286	10,637
Ordinary profits	344	533
Net surplus attributable to the parent company	316	381
Comprehensive income	(624)	3,325

	As of March 31, 2023	As of March 31, 2024
Total assets	88,837	94,265
Solvency margin ratio	1,171.9%	1,189.7%

(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, 2023	As of March 31, 2024		As of March 31, 2023	As of March 31, 2024
Assets:			Liabilities:		
Cash and deposits	524,841	396,782	Policy reserves:	7,540,406	7,704,135
Call loans	130,000	128,000	Reserve for outstanding claims	26,326	28,805
Money held in trust	25,897	23,502	Policy reserve	7,449,355	7,613,135
Securities	7,321,344	8,015,906	Reserve for dividends to policyholders	64,420	61,903
Loans	527,561	503,151	Reserve for dividends to policyholders (subsidiary)	304	290
Tangible fixed assets:	247,723	256,185	Agency payables	461	449
Land	149,747	149,483	Reinsurance payables	60	53
Buildings	89,751	101,477	Subordinated bonds	241,935	267,260
Lease assets	991	985	Other liabilities	208,704	175,739
Construction in progress	3,649	700	Net defined benefit liabilities	25,220	10,914
Other tangible fixed assets	3,583	3,538	Reserve for price fluctuation	188,538	193,279
Intangible fixed assets:	28,690	26,339	Deferred tax liabilities	0	91,924
Software	23,558	20,421	Deferred tax liabilities for land revaluation	14,164	14,132
Lease assets	2,635	2,065	Total liabilities	8,219,491	8,457,889
Other intangible fixed assets	2,497	3,852	Net assets:		
Agency receivables	0	0	Foundation funds	12,000	12,000
Reinsurance receivables	83	121	Accumulated foundation funds redeemed	116,000	116,000
Other assets	61,085	57,951	Reserve for revaluation	112	112
Net defined benefit assets	1,184	15,696	Consolidated surplus	133,303	143,344
Deferred tax assets	16,131	3,634	Total foundation funds, surplus and others	261,415	271,456
Allowance for possible loan losses	(826)	(703)	Net unrealized gains (losses) on available-for-sale securities, net of tax	390,148	663,271
			Revaluation reserve for land, net of tax	4,468	4,500
			Foreign currency translation adjustment	(58)	257
			Accumulated remeasurements of defined benefit plans	274	21,087
			Total accumulated other comprehensive income	394,833	689,116
			Non-controlling interests	7,977	8,104
			Total net assets	664,226	968,677
Total assets	8,883,718	9,426,567	Total liabilities and net assets	8,883,718	9,426,567

(4) Consolidated Statements of Operations and Comprehensive Income

[Consolidated Statements of Operations]

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary revenues:		
Premium and other income	760,603	758,323
Investment income	253,691	294,016
Interest, dividends and other income	182,754	193,012
Gains on money held in trust, net	—	1,185
Gains on trading securities, net	348	803
Gains on sales of securities	55,764	66,425
Gains on redemption of securities, net	11,702	2,508
Foreign exchange gains, net	—	2,525
Reversal of allowance for possible loan losses	624	117
Other investment income	322	321
Gains on separate accounts, net	2,174	27,117
Other ordinary revenues	14,327	11,408
Total ordinary revenues	1,028,622	1,063,748
Ordinary expenses:		
Claims and other payments	679,967	623,582
Claims	144,133	118,266
Annuities	288,512	263,969
Benefits	150,002	127,650
Surrenders	71,845	87,879
Other payments	25,473	25,817
Provision of policy reserve and others:	92,970	166,272
Provision of reserve for outstanding claims	—	2,478
Provision of policy reserves	92,956	163,780
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	90,607	88,009
Interest expenses	4,479	4,262
Losses on money held in trust, net	161	—
Losses on sales of securities	46,995	59,348
Losses on valuation of securities	3,608	1,089
Losses on redemption of securities, net	185	137
Losses on derivative instruments, net	11,221	7,349
Foreign exchange losses, net	8,235	—
Depreciation of real estate for rent and other assets	4,850	5,163
Other investment expenses	10,868	10,659
Operating expenses	101,175	104,824
Other ordinary expenses	29,486	27,673
Total ordinary expenses	994,207	1,010,362
Ordinary profits	34,415	53,385
Extraordinary gains:		
Gains on disposal of fixed assets	393	33
Total extraordinary gains	393	33
Extraordinary losses:		
Losses on disposal of fixed assets	182	202
Impairment losses	32	657
Provision of reserve for price fluctuation	845	4,741
100th anniversary bonuses and other losses	—	4,467
Total extraordinary losses	1,060	10,069
Provision of reserve for dividends to policyholders (subsidiary)	173	153
Surplus before income taxes	33,574	43,197
Income taxes:		
Current	4,008	14,678
Deferred	(2,191)	(9,778)
Total income taxes	1,816	4,899
Net surplus	31,757	38,297
Net surplus (loss) attributable to non-controlling interests	106	119
Net surplus attributable to the parent company	31,650	38,177

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

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Net surplus	31,757	38,297
Other comprehensive income:	(94,229)	294,273
Net unrealized gains (losses) on available-for-sale securities, net of tax	(96,789)	273,145
Foreign currency translation adjustments	254	315
Remeasurements of defined benefit plan, net of tax	2,305	20,812
Comprehensive income:	(62,472)	332,570
Comprehensive income attributable to the parent company	(62,286)	332,428
Comprehensive income attributable to non-controlling interests	(186)	142

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities:		
Surplus before income taxes	33,574	43,197
Depreciation of real estate for rent and other assets	4,850	5,163
Depreciation	13,720	11,034
Impairment losses	32	657
Increase (decrease) in reserve for outstanding claims	(1,392)	2,478
Increase (decrease) in policy reserve	92,956	163,780
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)	173	153
Increase (decrease) in allowance for possible loan losses	(1,689)	(123)
Increase (decrease) in reserve for claims and other payments	(3,432)	—
Increase (decrease) in net defined benefit liabilities	382	88
Increase (decrease) in reserve for price fluctuation	845	4,741
Interest, dividends and other income	(182,754)	(193,012)
Losses (gains) on securities, net	(7,817)	(30,114)
Interest expenses	4,479	4,262
Foreign exchange losses (gains), net	8,235	(2,525)
Losses (gains) on tangible fixed assets, net	(218)	120
Decrease (increase) in agency receivable	(0)	(0)
Decrease (increase) in reinsurance receivable	92	(37)
Decrease (increase) in other assets except from investing and financing activities	(5,974)	(4,016)
Increase (decrease) in agency payable	295	(11)
Increase (decrease) in reinsurance payable	(43)	(6)
Increase (decrease) in other liabilities except from investing and financing activities	(1,548)	1,961
Others	20,590	22,179
Subtotal	(24,627)	29,983
Interest, dividends and other income received	185,806	188,008
Interest expenses paid	(4,450)	(3,590)
Dividends to policyholders paid	(29,731)	(30,532)
Dividends to policyholders paid (subsidiary)	(192)	(167)
Corporate income tax (paid) refunded	(6,640)	(1,628)
Net cash provided by (used in) operating activities [a]	120,164	182,072
Cash flows from investing activities:		
Net decrease (increase) in deposits	(9,767)	(4,594)
Proceeds from sales and redemption of monetary claims bought	77	—
Increase in money held in trust	—	(2,700)
Decrease in money held in trust	—	6,273
Payments for purchase of securities	(983,240)	(1,355,140)
Proceeds from sales and redemption of securities	1,307,916	1,078,987
Payments for additions to loans	(75,769)	(66,140)
Proceeds from collections of loans	96,953	83,638
Proceeds from and payments for settlements of derivatives, net	(146,423)	(14,624)
Increase (decrease) in cash received as collateral under securities lending transactions	(5,445)	(34,183)
Others	(9,853)	(7,887)
Subtotal [b]	174,447	(316,371)
[a + b]	294,611	(134,298)
Payments for purchase of tangible fixed assets	(8,976)	(16,085)
Proceeds from sales of tangible fixed assets	1,036	95
Payments for purchase of intangible fixed assets	(8,863)	(7,346)
Net cash provided by (used in) investing activities	157,643	(339,707)
Cash flows from financing activities:		
Proceeds from issuance of subordinated bonds	—	74,260
Redemption of subordinated bonds	—	(49,870)
Payment of interest on foundation funds	(102)	(102)
Dividends paid to non-controlling interests	(112)	(15)
Payments for lease obligations	(2,467)	(1,184)
Net cash provided by (used in) financing activities	(2,681)	23,089
Effect of exchange rate changes on cash and cash equivalents	(1,226)	(212)
Net increase (decrease) in cash and cash equivalents	273,899	(134,757)
Cash and cash equivalents at the beginning of the fiscal year	366,999	640,899
Cash and cash equivalents at the end of the fiscal year	640,899	506,141

(6) Consolidated Statements of Changes in Net Assets

[For the year ended March 31, 2023]

(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	132,765	260,877
Changes in the fiscal year					
Additions to reserve for dividends to policyholders				(30,726)	(30,726)
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the fiscal year				31,650	31,650
Reversal of revaluation reserve for land, net of tax				(284)	(284)
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	—	—	—	537	537
Balance at the end of the fiscal year	12,000	116,000	112	133,303	261,415

	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	486,644	4,184	(312)	(2,030)	488,486	8,276	757,640
Changes in the fiscal year							
Additions to reserve for dividends to policyholders							(30,726)
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the fiscal year							31,650
Reversal of revaluation reserve for land, net of tax							(284)
Net changes, excluding foundation funds, surplus and others	(96,496)	284	254	2,305	(93,652)	(298)	(93,951)
Total changes in the fiscal year	(96,496)	284	254	2,305	(93,652)	(298)	(93,413)
Balance at the end of the fiscal year	390,148	4,468	(58)	274	394,833	7,977	664,226

[For the year ended March 31, 2024]

(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	133,303	261,415
Changes in the fiscal year					
Additions to reserve for dividends to policyholders				(28,002)	(28,002)
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the fiscal year				38,177	38,177
Reversal of revaluation reserve for land, net of tax				(32)	(32)
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	—	—	—	10,041	10,041
Balance at the end of the fiscal year	12,000	116,000	112	143,344	271,456

	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	390,148	4,468	(58)	274	394,833	7,977	664,226
Changes in the fiscal year							
Additions to reserve for dividends to policyholders							(28,002)
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the fiscal year							38,177
Reversal of revaluation reserve for land, net of tax							(32)
Net changes, excluding foundation funds, surplus and others	273,122	32	315	20,812	294,282	127	294,409
Total changes in the fiscal year	273,122	32	315	20,812	294,282	127	304,450
Balance at the end of the fiscal year	663,271	4,500	257	21,087	689,116	8,104	968,677

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, 2024 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, 2024.

(3) Fiscal Year of Consolidated Subsidiaries

Among the subsidiaries to be consolidated, fiscal year-end of overseas subsidiaries is 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, 2024 was ¥0 million.

(7) 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

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

(9) 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.

(10) 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.

(11) 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.

(12) 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.

Regarding claims for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred (“IBNR reserves”), the special treatment providing payment of hospitalization benefits with respect to those diagnosed with COVID-19 and were under the care of a doctor or the like at an lodging facility or at home (“deemed hospitalization”) was discontinued on May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Notification of the Minister of Finance No.234, 1998 (“IBNR Notification”). The Company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notification (the “Proviso”).

(Overview of the calculation method)

The Company first deducts an amount pertaining to deemed hospitalization of policy holders from a required amount of IBNR reserves and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notification, and then calculates in the same manner as in the main rules in Article 1, Paragraph 1 of IBNR Notification.

Furthermore, at the end of the previous fiscal year, instead of the amount related to the deemed hospitalization, the amount related to the deemed hospitalization other than those with a high risk of severity was deducted, but due to the termination of treatment of hospitalization benefits for deemed hospitalizations during the fiscal year, we have revised the calculation method to deduct the amount related to such deemed hospitalizations.

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.

(13) 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, 2024, the balance of these policy reserves was ¥69,848 million.
- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2024, 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. As of March 31, 2024, the balance of these policy reserves was ¥105,883 million.
- 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 transplant medical riders. As of March 31, 2024, the balance of these policy reserves was ¥84 million.

Appointed actuary, 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.

(14) 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.

(15) Of the bonds corresponding to the sub-groups of individual insurance, individual annuities, and group 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 JICPA on November 16, 2000).

2. 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, 2024 were as follows:

	Carrying amount	Fair value	(Millions of yen) Difference
Money held in trust:			
Trading securities.....	¥22,502	¥22,502	¥—
Total money held in trust.....	22,502	22,502	—
Securities:			
Held-to-maturity debt securities.....	1,214,754	1,289,968	75,213
Policy-reserve-matching bonds.....	1,265,018	1,233,702	(31,316)
Available-for-sale securities.....	5,353,256	5,353,256	—
Total securities.....	7,833,029	7,876,927	43,897
Loans:			
Policy loans.....	49,348	49,348	(0)
Ordinary loans.....	453,802	458,559	4,756
Total loans.....	503,151	507,908	4,756
Assets total.....	8,358,683	8,407,337	48,654
Subordinated bonds*1.....	267,260	263,910	(3,349)
Liabilities total.....	267,260	263,910	(3,349)
Derivative instruments*2:			
Hedge accounting not applied.....	(1,029)	(1,029)	—
Total derivative instruments.....	¥(1,029)	¥(1,029)	¥—

*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, 2024 was ¥9,229 million.

2. In accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021. Hereinafter called “Implementation Guidance on Accounting Standard for Fair Value Measurement”), investments in partnerships are not included in Securities of the above table. As of March 31, 2024, the amount of investments in partnerships included on the balance sheet was ¥43,658 million.

3. Investment trusts with real estate as investment trust properties which have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are included in Securities.

3. 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, 2024

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
(Millions of yen)				
Money held in trust:				
Trading securities.....	¥—	¥22,502	¥—	¥22,502
Total money held in trust.....	—	22,502	—	22,502
Securities:				
Available-for-sale securities:				
Government bonds.....	1,394,506	—	—	1,394,506
Local government bonds.....	—	113,621	—	113,621
Corporate bonds.....	—	658,552	—	658,552
Stocks.....	928,657	—	—	928,657
Foreign securities.....	905,046	1,113,911	26,352	2,045,310
Other securities.....	65,823	136,839	—	202,662
Total available-for-sale securities.....	3,294,033	2,022,924	26,352	5,343,310
Total securities.....	3,294,033	2,022,924	26,352	5,343,310
Assets total.....	3,294,033	2,045,426	26,352	5,365,813
Derivative instruments*:				
Currency-related.....	—	(940)	—	(940)
Stock-related.....	(89)	—	—	(89)
Total derivative instruments.....	¥(89)	¥(940)	¥—	¥(1,029)

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

Note: Investment trusts with real estate as investment trust properties that have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the figures above. The amount of the investment trusts on the balance sheet as of March 31, 2024 was ¥9,945 million. Reconciliation of balances from the beginning of the current fiscal year to balances as of March 31, 2024 for the investment trusts were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥5,596
Gains or losses and other comprehensive income during the fiscal year...	203
Values recognized as other comprehensive income*	203
Purchase, sales, and redemption.....	4,146
Purchase.....	4,146
Balance at the end of the fiscal year.....	¥9,945

* 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, 2024.

(2) Financial assets and liabilities with fair values not recorded on the balance sheet as of March 31, 2024

(Millions of yen)

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
Securities:				
Held-to-maturity debt securities:				
Government bonds.....	¥1,113,884	¥—	¥—	¥1,113,884
Local government bonds.....	—	90,996	—	90,996
Corporate bonds.....	—	85,087	—	85,087
Total held-to-maturity debt securities...	1,113,884	176,084	—	1,289,968
Policy-reserve-matching bonds:				
Government bonds.....	781,655	—	—	781,655
Local government bonds.....	—	120,376	—	120,376
Corporate bonds.....	—	331,670	—	331,670
Total policy-reserve-matching bonds...	781,655	452,047	—	1,233,702
Total securities.....	1,895,539	628,131	—	2,523,670
Loans:				
Policy loans.....	—	—	49,348	49,348
Ordinary loans.....	—	—	458,559	458,559
Total loans.....	—	—	507,908	507,908
Assets total.....	1,895,539	628,131	507,908	3,031,579
Subordinated bonds.....	—	263,910	—	263,910
Liabilities total.....	¥—	¥263,910	¥—	¥263,910

(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

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 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 are used as their book values. The fair values of fixed interest rate loans are primarily calculated 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 are computed by deducting the amount of the allowance for possible loan losses from the book values before direct write-offs.

Because significant unobservable inputs used to measure the fair values of loans, the resulting fair values are classified as Fair Value Level 3.

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, 2024 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, 2024, and valuation gains or losses recognized in the statements of operations for the consolidated fiscal year ended March 31, 2024.

	(Millions of yen)	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the fiscal year.....	¥26,490	¥26,490
Gains or losses and other comprehensive income during the fiscal year.....	(137)	(137)
Values recognized as gains or losses*1.....	(10)	(10)
Values recognized as other comprehensive income*2.....	(127)	(127)
Balance at the end of the fiscal year.....	¥26,352	¥26,352

*1 These amounts are included in investment income and investment expenses in the consolidated statements of operations for the fiscal year ended March 31, 2024.

*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, 2024.

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.

4. 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 ¥206,835 million and ¥369,871 million as of March 31, 2024, 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 ¥277 million as of March 31, 2024.

5. The amount of securities lent under lending agreements was ¥518,568 million as of March 31, 2024.

6. 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 ¥1,160 million as March 31, 2024. The details are as follows.

i) The balance of claims against bankrupt and quasi-bankrupt obligors was ¥133 million as of March 31, 2024.

Of which, the estimated uncollectible amount written-off was ¥0 million as of March 31, 2024.

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 ¥508 million as of March 31, 2024.

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, 2024.

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 ¥518 million as of March 31, 2024.

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.

7. Accumulated depreciation of tangible fixed assets were ¥183,509 million as of March 31, 2024.
8. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥141,452 million as of March 31, 2024. The amounts of separate account liabilities were the same as separate account assets.
9. The total amounts of receivables from/payables to unconsolidated subsidiaries were ¥2,914 million and ¥40 million as of March 31, 2024, respectively.

10. The total amount of monetary obligations owed to directors was ¥3 million as of March 31, 2024.

11. Deferred tax assets and deferred tax liabilities as of March 31, 2024 were ¥186,185 million and ¥269,459 million, respectively. Valuation allowance for deferred tax assets was ¥5,016 million.

Major components of deferred tax assets were ¥114,810 million of policy reserves, ¥54,118 million of reserve for price fluctuation and ¥8,742 million of net defined benefit liabilities as of March 31, 2024.

Major component of deferred tax liabilities was ¥255,853 million of net unrealized gains on available-for-sale securities as of March 31, 2024.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2024 were 28.0% and 11.3%, 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, 2024 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥ 64,420
Transfer from surplus in the previous fiscal year.....	28,002
Dividend payments to policyholders during the fiscal year.....	(30,532)
Increase in interest.....	13
Balance at the end of the fiscal year.....	<u>¥ 61,903</u>

13. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) for the year ended March 31, 2024 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥304
Dividend payments to policyholders during the fiscal year.....	(167)
Increase in interest.....	0
Provision of reserve for dividends to policyholders.....	153
Balance at the end of the fiscal year.....	<u>¥ 290</u>

14. The amount of stocks of unconsolidated subsidiaries was ¥404 million as of March 31, 2024.

15. Assets pledged as collateral as of March 31, 2024 were ¥138,648 million of securities.
Secured debts as of March 31, 2024, were ¥127,337 million.

These amounts include ¥114,460 million of investments in securities deposited and ¥121,299 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2024.

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 ¥0 million as of March 31, 2024.

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 ¥33 million as of March 31, 2024.

17. There were unused commitment line agreements under which the Company is the lender of ¥4,344 million as of March 31, 2024.

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

19. Matters Related to Employees’ Retirement Benefits as of March 31, 2024

(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.

Furthermore, the retirement benefit plan for internal service employees was revised at the end of September 2023 due to factors including the raising of the retirement age to 65, resulting in a prior service cost of -6,929 million yen.

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.....	¥90,953
Service cost.....	3,696
Interest cost.....	520
Actuarial differences occurred during the fiscal year.....	(9,156)
Retirement benefit payments.....	(3,766)
Prior service cost.....	(6,929)
Retirement benefit obligation at the end of the fiscal year.....	<u>¥75,319</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.....	¥66,918
Expected return on pension plan assets.....	1,229
Actuarial differences occurred during the fiscal year.....	12,579
Contributions by the employer.....	949
Retirement benefit payments.....	(1,578)
Others.....	3
Pension plan assets at the end of the fiscal year.....	<u>¥80,101</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.....	¥66,035
b. Pension plan assets.....	<u>(80,101)</u>
c. (a + b).....	(14,066)
d. Unfunded plan retirement benefit obligation.....	<u>9,284</u>
e. Net amount of liabilities and assets presented on the consolidated balance sheet.....	<u>(4,782)</u>
f. Net defined benefit liabilities.....	10,914
g. Net defined benefit assets.....	<u>(15,696)</u>
h. Net amount of liabilities and assets presented on the consolidated balance sheet.....	<u>¥(4,782)</u>
iv) Breakdown of retirement benefit gains and losses	(Millions of yen)
Service cost.....	¥3,696
Interest cost.....	520
Expected return on pension plan assets.....	(1,229)
Amortization of actuarial differences.....	582
Amortization of prior service cost.....	(341)
Others.....	(3)
Retirement benefit expenses related to defined benefit plan.....	<u>¥3,225</u>
v) Remeasurements of defined benefit plan	
Remeasurements of defined benefit plan (before tax effects) comprised the following:	(Millions of yen)
Actuarial differences.....	¥22,318
Prior service cost.....	6,588
Total.....	<u>¥28,906</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.....	¥22,740
Unrecognized prior service cost.....	6,547
Total.....	<u>¥29,288</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.....	49.4%
Life insurance general account.....	26.6%
Domestic bonds.....	9.1%
Foreign stocks.....	8.9%
Assets under joint management.....	3.1%
Foreign bonds.....	3.0%
Total.....	<u>100.0%</u>

Within the total of pension assets, 42.0% 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, 2024, were as follows:

Discount rate.....	1.6%
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 ¥358 million as of March 31, 2024.

III. Notes to the Consolidated Statements of Operations

1. The total amounts of revenues and expenses in connection with unconsolidated subsidiaries were ¥105 million and ¥1,281 million for the year ended March 31, 2024.
2. For the year ended March 31, 2024, in calculating the provision of reserve for outstanding claims, a provision of reserve for outstanding claims for ceded reinsurance of ¥0 million was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥7 million was added.

3. Items related to impairment losses for the year ended March 31, 2024 were as follows:

(1) Asset grouping method

Real estate and similar used for the insurance business is treated as one asset group for the insurance business as a whole. For other assets such as real estate for rent and idle real estate, each property is treated as one asset group.

(2) Process leading to recognition of impairment losses

For certain assets such as real estate for rent, and idle real estate whose profitability declined significantly due to a decrease in rental income and a fall in land prices, the book value was reduced to the recoverable amount, and the reduced amount was recorded as an impairment losses in extraordinary losses.

(3) Asset groups for which impairment losses were recognized and breakdown of impairment losses by fixed asset type.

(i) Real estate for rent and similar assets

(Millions of yen)

Land.....	¥56
Buildings.....	<u>8</u>
Total.....	<u>¥64</u>

(ii) Idle real estate and similar assets

(Millions of yen)

Land.....	¥107
Buildings.....	<u>485</u>
Total.....	<u>¥593</u>

(iii) Total (i + ii)

(Millions of yen)

Land.....	¥163
Buildings.....	<u>494</u>
Total.....	<u>¥657</u>

(4) Calculation method for recoverable amounts

Net selling prices are used to represent recoverable amounts. Appraisal value, or assessed value based on the published price or roadside land price is used to represent net selling prices.

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, 2024 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.....	¥390,203
Reclassification adjustments.....	(10,982)
Before tax adjustments.....	379,221
Tax effects.....	(106,075)
Net unrealized gains (losses) on available-for-sale securities, net of tax....	<u>¥273,145</u>
ii) Foreign currency translation adjustments	(Millions of yen)
Amount incurred during the fiscal year.....	¥315
Reclassification adjustments.....	—
Before tax adjustments.....	315
Tax effects.....	—
Foreign currency translation adjustments.....	<u>¥315</u>
iii) Remeasurements of defined benefit plans, net of tax	(Millions of yen)
Amount incurred during the fiscal year.....	¥28,664
Reclassification adjustments.....	241
Before tax adjustments.....	28,906
Tax effects.....	(8,093)
Remeasurements of defined benefit plans, net of tax.....	<u>20,812</u>
Total other comprehensive income.....	<u>¥294,273</u>

V. Notes to the Consolidated Statements of Cash Flows

1. Cash and cash equivalents as of March 31, 2024 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, 2024 were as follows:

	(Millions of yen)
Cash and deposits.....	¥396,782
Call loans.....	128,000
Time deposits maturing over 3 months of the date of acquisition.....	(17,000)
Foreign currency deposits maturing over 3 months of the date of acquisition.....	(1,640)
Cash and cash equivalents.....	<u>¥506,141</u>

(7) Disclosed Claims Based on Insurance Business Act

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Claims against bankrupt and quasi-bankrupt obligors	140	133
Claims with collection risk	544	508
Delinquent loans past three months or more	—	—
Restructured loans	561	518
Subtotal [Percentage of total]	1,246 [0.12%]	1,160 [0.11%]
Claims against normal obligors	1,035,561	1,025,086
Total	1,036,808	1,026,246

- 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, 2023	As of March 31, 2024
Total solvency margin (A)	1,923,471	2,381,877
Foundation funds and surplus	238,663	239,002
Reserve for price fluctuation	188,538	193,279
Contingency reserve	170,512	211,786
Catastrophe loss reserve	—	—
General allowance for possible loan losses	404	330
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	486,289	827,687
Net unrealized gains on real estate × 85%	155,499	165,661
Sum of unrecognized actuarial differences and unrecognized prior service cost	381	29,288
Excess amount of policy reserve based on full-time Zillmer method	395,807	398,926
Qualifying subordinated debt	241,935	267,260
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	45,439	48,655
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)	328,259	400,408
Insurance risk R_1	21,801	21,411
General insurance risk R_5	—	—
Catastrophe risk R_6	—	—
3rd sector insurance risk R_8	10,241	10,268
Small amount and short-term insurance risk R_9	—	—
Assumed investment yield risk R_2	21,398	20,369
Minimum guarantee risk R_7	—	—
Investment risk R_3	298,225	370,309
Business risk R_4	7,033	8,447
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,171.9%	1,189.7%

Note: 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.

Reference: Consolidated Economic Solvency Ratio

	As of March 31, 2023	As of March 31, 2024
Economic Solvency Ratio	245.2%	258.2%

Note: Economic solvency ratio (ESR) is an indicator of an insurance company's soundness and indicates whether or not a company has sufficient capital to cover its risks based on market-value assessment of its assets and liabilities. The Company calculates its ESR according to European methodology.

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

[Fukokushinrai Life Insurance Company]

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Total solvency margin (A)	97,656	100,770
Foundation funds and surplus	71,966	72,780
Reserve for price fluctuation	11,349	12,712
Contingency reserve	2,623	2,886
General allowance for possible loan losses	0	0
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	5,156	5,432
Net unrealized gains on real estate × 85%	—	—
Excess amount of policy reserve based on full-time Zillmer method	2,285	2,363
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	4,274	4,594
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	18,271	20,214
Insurance risk R_1	400	392
3rd sector insurance risk R_8	149	152
Assumed investment yield risk R_2	324	332
Minimum guarantee risk R_7	—	—
Investment risk R_3	17,569	19,467
Business risk R_4	368	406
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,068.9%	997.0%

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.