

## Financial Results for the Fiscal Year Ended March 31, 2026

Fukoku Mutual Life Insurance Company (President: Takehiko Watabe) announces financial results for the fiscal year ended March 31, 2026.

### [Contents]

1. Business Highlights .....	P. 1
2. Investment Results of General Account Assets .....	P. 3
3. Non-consolidated Balance Sheets .....	P.10
4. Non-consolidated Statements of Operations .....	P.11
5. Breakdown of Ordinary Profits (Fundamental Profit) .....	P.26
6. Non-consolidated Statements of Changes in Net Assets .....	P.27
7. Non-consolidated Statements of Surplus .....	P.29
8. Disclosed Claims Based on Insurance Business Act .....	P.30
9. Solvency Margin Ratio .....	P.31
10. Status of Separate Account .....	P.32
11. Status of the Company, Subsidiaries and Affiliates .....	P.38

Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2026

# Financial Summary for the Fiscal Year Ended March 31, 2026

## 1. Business Highlights

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

#### (i) Policies in Force

	As of March 31, 2025				As of March 31, 2026			
	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	3,094	98.9	212,248	97.9	3,096	100.0	211,055	99.4
Individual annuities	542	100.6	20,869	100.8	537	99.2	20,628	98.8
Subtotal	3,636	99.1	233,117	98.1	3,633	99.9	231,684	99.4
Group insurance	—	—	174,482	100.3	—	—	174,813	100.2
Group annuities	—	—	23,228	99.7	—	—	23,526	101.3

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

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

#### (ii) New Policies

Year ended March 31, 2025	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	317	93.4	11,041	96.0	10,688	99.9	352	44.0
Individual annuities	39	661.9	1,467	889.5	1,478	857.9	(11)	—
Subtotal	357	103.1	12,508	107.2	12,167	111.9	340	43.0
Group insurance	—	—	89	10.9	89	10.9	—	—
Group annuities	—	—	0	211.5	0	211.5	—	—

Year ended March 31, 2026	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	321	101.0	13,158	119.2	12,873	120.4	285	80.9
Individual annuities	27	70.9	1,004	68.5	1,012	68.5	(8)	—
Subtotal	348	97.7	14,163	113.2	13,886	114.1	276	81.2
Group insurance	—	—	120	134.5	120	134.5	—	—
Group annuities	—	—	2	1,160.4	2	1,160.4	—	—

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, 2025		Year ended March 31, 2026	
		Changes (% YoY)		Changes (% YoY)
Amount of surrender and lapse (100 millions of yen)	11,356	98.3	10,373	91.3
Surrender and lapse ratio (%)	4.78	0.03	4.45	(0.33)

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, 2025		As of March 31, 2026	
		Changes (%, Pre-FYE)		Changes (%, Pre-FYE)
Individual insurance	2,572	98.6	2,579	100.3
Individual annuities	1,029	99.1	1,016	98.7
Total	3,601	98.7	3,595	99.8
Medical coverage and living benefits	1,171	100.3	1,180	100.8

(ii) New Policies

(100 millions of yen, %)

	Year ended March 31, 2025		Year ended March 31, 2026	
		Changes (%, YoY)		Changes (%, YoY)
Individual insurance	119	87.3	148	124.6
Individual annuities	40	855.4	27	69.5
Total	159	112.8	176	110.7
Medical coverage and living benefits	64	97.6	64	100.7

- 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, 2025		Year ended March 31, 2026	
		Changes (%, YoY)		Changes (%, YoY)
Premium and other income	4,871	99.1	5,680	116.6
Investment income	2,592	94.9	4,015	154.9
Claims and other payments	4,815	103.4	4,767	99.0
Investment expenses	1,108	127.9	1,141	103.0
Ordinary profits	558	113.2	1,555	278.5

(4) Statements of Surplus

(100 millions of yen, %)

	Year ended March 31, 2025		Year ended March 31, 2026	
		Changes (%, YoY)		Changes (%, YoY)
Unappropriated surplus	768	121.1	1,551	201.7
Reserve for dividends to policyholders	462	124.6	696	150.5
Net surplus	68	262.8	625	910.1
Unappropriated surplus carried forward	237	100.0	237	100.0

(5) Total Assets

(100 millions of yen, %)

	As of March 31, 2025		As of March 31, 2026	
		Changes (%, Pre-FYE)		Changes (%, Pre-FYE)
Total assets	73,298	95.9	79,086	107.9

## 2. Investment Results of General Account Assets

### (1) Asset Composition

(Millions of yen, %)

	As of March 31, 2025		As of March 31, 2026	
	Amount	% of total	Amount	% of total
Cash, deposits, and call loans	282,135	3.9 %	428,247	5.5 %
Money held in trust	23,812	0.3	25,317	0.3
Securities	6,074,460	84.4	6,628,317	85.2
Domestic bonds	2,824,372	39.2	3,333,898	42.9
Domestic stocks	962,949	13.4	1,288,939	16.6
Foreign securities	2,064,263	28.7	1,776,793	22.8
Foreign bonds	1,406,359	19.5	951,930	12.2
Foreign stocks and other securities	657,903	9.1	824,863	10.6
Other securities	222,875	3.1	228,685	2.9
Loans	472,157	6.6	343,953	4.4
Policy loans	43,775	0.6	42,616	0.5
Ordinary loans	428,381	6.0	301,337	3.9
Real estate	257,599	3.6	257,243	3.3
Others	89,365	1.2	97,060	1.2
Allowance for possible loan losses	(508)	(0.0)	(607)	(0.0)
Total	7,199,022	100.0	7,779,532	100.0
Foreign currency denominated assets	2,055,828	28.6	1,756,548	22.6

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, 2025	Year ended March 31, 2026
Cash, deposits, and call loans	(153,489)	146,111
Money held in trust	309	1,505
Securities	(144,863)	553,857
Domestic bonds	(109,608)	509,526
Domestic stocks	(34,548)	325,990
Foreign securities	(5,937)	(287,469)
Foreign bonds	(39,509)	(454,429)
Foreign stocks and other securities	33,572	166,960
Other securities	5,230	5,809
Loans	(27,636)	(128,204)
Policy loans	(2,215)	(1,159)
Ordinary loans	(25,420)	(127,044)
Real estate	6,090	(355)
Others	8,328	7,695
Allowance for possible loan losses	195	(99)
Total	(311,063)	580,510
Foreign currency denominated assets	(10,023)	(299,280)

## (3) Investment Income

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Interest, dividends and other income	197,697	221,396
Interest on deposits	82	284
Interest and dividends on securities	167,326	189,094
Interest on loans	8,482	8,382
Income from real estate for rent	21,171	22,018
Other interest and dividends	635	1,617
Gains on money held in trust, net	315	1,510
Gains on sales of securities	56,405	147,213
Gains on sales of domestic bonds	2,596	5,248
Gains on sales of domestic stocks	22,372	54,435
Gains on sales of foreign securities	31,436	86,620
Others	—	908
Gains on redemption of securities, net	3,011	5,748
Foreign exchange gains, net	—	2,033
Reversal of allowance for possible loan losses	181	—
Other investment income	222	2,491
<b>Total</b>	<b>257,833</b>	<b>380,395</b>

## (4) Investment Expenses

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Interest expenses	4,625	5,424
Losses on trading securities, net	1	3
Losses on sales of securities	84,395	72,064
Losses on sales of domestic bonds	81,611	58,994
Losses on sales of domestic stocks	369	2,134
Losses on sales of foreign securities	2,414	10,849
Others	—	85
Losses on valuation of securities	275	6
Losses on valuation of domestic stocks	275	—
Losses on valuation of foreign securities	—	6
Losses on derivative instruments, net	1,657	3,938
Foreign exchange losses, net	510	—
Provision of allowance for possible loan losses	—	105
Depreciation of real estate for rent and other assets	5,749	5,972
Other investment expenses	13,657	26,641
<b>Total</b>	<b>110,872</b>	<b>114,156</b>

## (5) Net Investment Income

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net investment income	146,960	266,238

(6) Other Information on Investments

(i) Investment Yield by Asset Categories

(%)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash, deposits, and call loans	0.13	0.43
Money held in trust	1.34	6.34
Securities	2.58	4.95
Domestic bonds	(1.02)	0.51
Domestic stocks	9.87	14.43
Foreign securities	6.27	10.76
Foreign bonds	6.29	10.37
Foreign stocks and other securities	6.19	11.51
Loans	1.56	(1.27)
Ordinary loans	1.36	(1.84)
Real estate	2.47	2.69
Total	2.17	3.92
Overseas investments	6.20	10.63

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, 2025	Year ended March 31, 2026
Cash, deposits, and call loans	383,193	409,186
Money held in trust	23,502	23,816
Securities	5,334,544	5,398,946
Domestic bonds	2,940,022	3,320,688
Domestic stocks	441,446	457,987
Foreign securities	1,775,681	1,441,627
Foreign bonds	1,326,178	939,189
Foreign stocks and other securities	449,502	502,438
Loans	486,543	402,352
Ordinary loans	441,735	359,122
Real estate	257,753	260,590
Total	6,760,858	6,790,411
Overseas investments	1,906,120	1,552,872

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

(Millions of yen)

	As of March 31, 2025		As of March 31, 2026	
	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	22,812	(0)	24,317	(0)

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, 2025					As of March 31, 2026				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	645,682	666,692	21,010	21,010	—	625,104	627,439	2,335	3,380	1,044
Domestic bonds	645,682	666,692	21,010	21,010	—	625,104	627,439	2,335	3,380	1,044
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	627,193	568,591	(58,601)	—	58,601	1,334,207	1,058,541	(275,666)	—	275,666
Domestic bonds	627,193	568,591	(58,601)	—	58,601	1,334,207	1,058,541	(275,666)	—	275,666
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	3,952,840	4,676,064	723,223	911,702	188,478	3,486,290	4,518,631	1,032,341	1,266,739	234,397
Domestic bonds	1,663,797	1,551,497	(112,300)	41,982	154,283	1,560,786	1,374,586	(186,199)	27,932	214,131
Domestic stocks	377,840	894,051	516,210	521,429	5,218	399,437	1,220,076	820,639	822,213	1,574
Foreign securities	1,759,222	2,035,649	276,427	302,858	26,431	1,386,536	1,731,487	344,950	362,832	17,881
Foreign bonds	1,315,509	1,406,359	90,849	111,631	20,781	894,826	951,930	57,103	69,528	12,425
Foreign stocks and other securities	443,712	629,290	185,577	191,226	5,649	491,710	779,557	287,847	293,303	5,456
Other securities	151,979	194,865	42,886	45,431	2,545	139,529	192,481	52,951	53,761	810
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,225,715	5,911,347	685,632	932,713	247,080	5,445,602	6,204,612	759,010	1,270,119	511,109
Domestic bonds	2,936,672	2,786,781	(149,891)	62,993	212,884	3,520,098	3,060,567	(459,530)	31,313	490,843
Domestic stocks	377,840	894,051	516,210	521,429	5,218	399,437	1,220,076	820,639	822,213	1,574
Foreign securities	1,759,222	2,035,649	276,427	302,858	26,431	1,386,536	1,731,487	344,950	362,832	17,881
Foreign bonds	1,315,509	1,406,359	90,849	111,631	20,781	894,826	951,930	57,103	69,528	12,425
Foreign stocks and other securities	443,712	629,290	185,577	191,226	5,649	491,710	779,557	287,847	293,303	5,456
Other securities	151,979	194,865	42,886	45,431	2,545	139,529	192,481	52,951	53,761	810
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, 2025	As of March 31, 2026
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	54,333	73,734
Domestic stocks	5,668	5,633
Foreign stocks	—	—
Others	48,665	68,101
Total	119,120	138,521

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 (¥6,400 million as of March 31, 2025 and ¥11,852 million as of March 31, 2026) are included in their balance sheet carrying amounts.

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

(Millions of yen)

	As of March 31, 2025					As of March 31, 2026				
	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	23,812	23,812	—	—	—	25,317	25,317	—	—	—

## • Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2025		As of March 31, 2026	
	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	22,812	(0)	24,317	(0)

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

(Millions of yen)

	As of March 31, 2025					As of March 31, 2026				
	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, 2025	Interest-related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	—	—	—	—	—
Hedge accounting not applied	—	300	—	—	—	300
Total	—	300	—	—	—	300
As of March 31, 2026	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	—	—	—	—	—
Hedge accounting not applied	—	(413)	—	—	—	(413)
Total	—	(413)	—	—	—	(413)

Note: Gains and losses with hedge accounting not applied are reported in the statements of operations.

### (ii) Interest-related Transactions

No ending balance as of March 31, 2025 and March 31, 2026.

### (iii) Currency-related Transactions

(Millions of yen)

	As of March 31, 2025				As of March 31, 2026			
	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								
Currency forward contracts								
Sold	21,975	—	21,743	231	27,218	—	27,556	(337)
Australian dollar	8,979	—	8,786	192	15,192	—	15,475	(282)
U.S. dollar	11,111	—	11,021	89	8,254	—	8,329	(75)
British pound	1,884	—	1,934	(50)	2,120	—	2,107	13
Euro	—	—	—	—	1,651	—	1,644	6
Bought	—	—	—	—	—	—	—	—
Currency options								
Sold								
Call	—	—	—	—	—	—	—	—
Put	[ — ]	—	—	—	[ — ]	—	—	—
Bought								
Call	—	—	—	—	—	—	—	—
Put	[ 70,760 ]	—	—	—	[ 12,375 ]	—	—	—
U.S. dollar	[ 1,124 ]	—	1,192	68	[ 182 ]	—	106	(76)
Total	[ 1,124 ]	—	1,192	68	[ 182 ]	—	106	(76)
Total				300				(413)

Notes: 1. Forward exchange rates are used for exchange rates as of March 31, 2026.

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

No ending balance as of March 31, 2025 and March 31, 2026.

### (v) Bond-related Transactions

No ending balance as of March 31, 2025 and March 31, 2026.

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

(Millions of yen)

As of March 31, 2025			As of March 31, 2026		
Carrying value on the balance sheet	Fair value	Gains (Losses)	Carrying value on the balance sheet	Fair value	Gains (Losses)
153,062	340,652	187,590	153,050	359,814	206,764

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, 2025	As of March 31, 2026		As of March 31, 2025	As of March 31, 2026
<b>Assets:</b>			<b>Liabilities:</b>		
Cash and deposits:	185,154	115,257	Policy reserves:	5,958,401	6,062,282
Cash	124	124	Reserve for outstanding claims	24,893	24,098
Bank deposits	185,029	115,132	Policy reserve	5,869,389	5,965,857
Call loans	97,000	313,000	Reserve for dividends to policyholders	64,117	72,326
Money held in trust	23,812	25,317	Reinsurance payables	38	33
Securities:	6,202,664	6,755,394	Subordinated bonds	267,260	308,480
Government bonds	2,277,386	2,793,547	Other liabilities:	46,920	84,519
Local government bonds	83,522	72,626	Corporate income tax payable	102	17,611
Corporate bonds	494,223	497,034	Accounts payable	2,669	6,681
Stocks	996,730	1,327,951	Accrued expenses	15,214	17,027
Foreign securities	2,127,924	1,835,548	Unearned income	446	458
Other securities	222,875	228,685	Deposits received	6,932	6,850
Loans:	472,157	343,953	Guarantee deposits received	14,931	15,530
Policy loans	43,775	42,616	Derivatives	175	478
Ordinary loans	428,381	301,337	Cash collateral received for financial instruments	647	13,820
Tangible fixed assets:	262,651	263,716	Asset retirement obligations	4,486	4,565
Land	153,059	153,047	Suspense receipts	1,313	1,496
Buildings	101,776	102,513	Reserve for employees' retirement benefits	26,836	26,501
Lease assets	783	642	Reserve for price fluctuation	188,566	190,830
Construction in progress	2,763	1,682	Deferred tax liabilities	24,268	111,477
Other tangible fixed assets	4,268	5,829	Deferred tax liabilities for land revaluation	14,600	14,596
Intangible fixed assets:	24,720	35,150	<b>Total liabilities</b>	<b>6,526,893</b>	<b>6,798,721</b>
Software	19,086	17,698	<b>Net assets:</b>		
Other intangible fixed assets	5,633	17,452	Foundation funds	8,000	8,000
Agency receivables	181	55	Accumulated foundation funds redeemed	128,000	128,000
Reinsurance receivables	75	64	Reserve for revaluation	112	112
Other assets:	57,913	51,981	Surplus:	142,527	225,906
Accounts receivable	10,560	5,392	Legal reserve for future losses	3,660	3,800
Prepaid expenses	3,692	4,175	Other surplus:	138,867	222,106
Accrued income	34,323	33,500	Reserve for redemption of foundation funds	—	1,600
Deposits	1,777	1,809	Reserve for dividend allowances	20,000	20,000
Derivatives	476	64	Accumulated fund for price fluctuation	41,000	41,000
Suspense payments	3,746	2,908	Reserve for employee returns	—	3,402
Rest of the other asset	3,336	4,129	Reserve for advanced depreciation of real estate for tax purpose	202	199
Prepaid pension cost	3,980	5,360	Other reserves	767	767
Allowance for possible loan losses	(508)	(607)	Unappropriated surplus	76,897	155,137
			Total foundation funds, surplus and others	278,640	362,018
			Net unrealized gains (losses) on available-for-sale securities, net of tax	520,242	743,885
			Revaluation reserve for land, net of tax	4,025	4,017
			Total valuation and translation adjustments	524,268	747,902
			<b>Total net assets</b>	<b>802,908</b>	<b>1,109,921</b>
<b>Total assets</b>	<b>7,329,802</b>	<b>7,908,643</b>	<b>Total liabilities and net assets</b>	<b>7,329,802</b>	<b>7,908,643</b>

## 4. Non-consolidated Statements of Operations

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
<b>Ordinary revenues:</b>		
Premium and other income:	487,187	568,096
Premium income	487,088	567,893
Reinsurance income	98	202
Investment income:	259,252	401,555
Interest, dividends and other income:	197,697	221,396
Interest on deposits	82	284
Interest and dividends on securities	167,326	189,094
Interest on loans	8,482	8,382
Income from real estate for rent	21,171	22,018
Other interest and dividends	635	1,617
Gains on money held in trust, net	315	1,510
Gains on sales of securities	56,405	147,213
Gains on redemption of securities, net	3,011	5,748
Foreign exchange gains, net	—	2,033
Reversal of allowance for possible loan losses	181	—
Other investment income	222	2,491
Gains on separate accounts, net	1,418	21,160
Other ordinary revenues:	28,055	12,224
Fund receipt from annuity rider	1,122	929
Proceeds from deferred insurance	3,697	4,142
Reversal of reserve for outstanding claims	—	795
Reversal of policy reserves	16,394	—
Reversal of reserve for employees' retirement benefits	1,531	1,715
Others	5,310	4,642
<b>Total ordinary revenues</b>	<b>774,495</b>	<b>981,876</b>
<b>Ordinary expenses:</b>		
Claims and other payments:	481,504	476,730
Claims	93,425	83,542
Annuities	154,098	151,974
Benefits	135,352	139,498
Surrenders	72,955	66,493
Other payments	25,488	35,040
Reinsurance premiums	183	181
Provision of policy reserve and others:	1,595	96,725
Provision of reserve for outstanding claims	1,559	—
Provision of policy reserves	—	96,467
Provision of interest portion of reserve for dividends to policyholders	36	258
Investment expenses:	110,872	114,156
Interest expenses	4,625	5,424
Losses on trading securities, net	1	3
Losses on sales of securities	84,395	72,064
Losses on valuation of securities	275	6
Losses on derivative instruments, net	1,657	3,938
Foreign exchange losses, net	510	—
Provision of allowance for possible loan losses	—	105
Depreciation of real estate for rent and other assets	5,749	5,972
Other investment expenses	13,657	26,641
Operating expenses	99,315	112,256
Other ordinary expenses:	25,342	26,418
Deferred annuity payments	4,162	4,878
Taxes	8,088	9,238
Depreciation	10,367	10,701
Others	2,724	1,600
<b>Total ordinary expenses</b>	<b>718,630</b>	<b>826,287</b>
<b>Ordinary profits</b>	<b>55,865</b>	<b>155,589</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	3	0
National subsidies	160	—
<b>Total extraordinary gains</b>	<b>164</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	139	307
Impairment losses	10	17
Provision of reserve for price fluctuation	8,000	2,263
Employee returns special expenses	—	1,597
<b>Total extraordinary losses</b>	<b>8,149</b>	<b>4,185</b>
<b>Surplus before income taxes</b>	<b>47,879</b>	<b>151,403</b>
<b>Income taxes:</b>		
Current	5,401	25,350
Deferred	(10,656)	(3,720)
<b>Total income taxes</b>	<b>(5,254)</b>	<b>21,629</b>
<b>Net surplus for the year</b>	<b>53,134</b>	<b>129,773</b>

# Notes to the Non-consolidated Financial Statements

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

### 1. Basis of presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the “Company”) in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

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

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

1. (1) The valuation of securities, including cash and deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:
  - i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.
  - ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
  - iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry” (Industry Audit Committee Report No. 21, issued by the Japanese Institute of Certified Public Accountants (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, 2026 was ¥1 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 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.
- 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, 2026, the balance of these policy reserves was ¥63,784 million.
- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2026, 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, 2026, the balance of these policy reserves was ¥102,825 million.
- The Company has also funded additional policy reserves for certain new cancer riders and highly advanced medical riders. As of March 31, 2026, the balance of these policy reserves was ¥102 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.

(16) Of the bonds corresponding to the sub-groups 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).

The sub-groups shall be defined as follows:

- i) The following insurance policies under individual life insurance and individual annuity insurance:
  - With respect to whole life insurance policies issued between April 1983 and March 1993, among policies for which the premium payment period has been completed (excluding policies converted to paid-up insurance or extended term insurance, single-premium policies, and policies for which premium payment obligations have been waived), those for which the insured’s age as of the end of the fiscal year is 75 years or younger
  - With respect to individual annuity insurance policies issued between May 1981 and March 1993, among policies for which annuity payments have commenced (excluding wife’s annuity insurance additional rider policies and fixed-term annuity policies), those for which the annuitant’s age as of the end of the fiscal year is 70 years or younger
  - Whole life insurance policies, savings-type long-term care insurance policies, and new savings-type long-term care insurance policies issued between April 2, 1996 and April 1, 2013 (excluding policies converted to extended

term insurance, and whole life insurance single-premium policies issued between August 1, 2003 and April 1, 2013)

- Individual annuity insurance policies issued on or after April 2, 2001 (excluding individual annuity insurance policies with accidental death benefit (single-premium policies))
- ii) Group annuity insurance policies (excluding defined contribution pension insurance policies with a guaranteed fixed interest rate period)

2. The main accounting standards that had been published by the end of the fiscal year ended March 31, 2026, but have not been applied are as follows: The publication of the “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024) and the “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024) will result in revisions to accounting procedures for leases.

Mandatory application will take effect from the start of fiscal years beginning after April 1, 2027, and we plan to apply them from the start of the fiscal year ending March 31, 2028.

We are currently evaluating the impact of the application of these accounting standards.

3. Matters concerning the status of financial instruments are as follows.

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. 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.

4. Matters regarding the fair value, etc., of financial instruments are as follows.

Disclosures in the notes have been omitted for financial instruments that are settled over a short period and for which fair value approximates carrying value.

Carrying Amounts, Fair Values, and Differences for Major Financial Assets and Financial Liabilities as of March 31, 2026 were as follows:

	(Millions of yen)		
	Carrying amount	Fair value	Difference
<b>Money held in trust:</b>			
Trading securities.....	¥24,317	¥24,317	¥—
Total money held in trust.....	24,317	24,317	—
<b>Securities:</b>			
Trading securities.....	127,076	127,076	—
Held-to-maturity debt securities.....	625,104	627,439	2,335
Policy-reserve-matching bonds.....	1,334,207	1,058,541	(275,666)
Available-for-sale securities.....	4,518,631	4,518,631	—
Total securities.....	6,605,020	6,331,689	(273,330)
<b>Loans:</b>			
Policy loans.....	42,616		
Ordinary loans.....	301,337		
Allowance for possible loan losses*1.....	(351)		
Total loans.....	343,601	339,678	(3,923)
Assets total.....	6,972,939	6,695,685	(277,254)
Subordinated bonds*2.....	308,480	287,151	(21,328)
Liabilities total.....	308,480	287,151	(21,328)
<b>Derivative instruments*3:</b>			
Hedge accounting not applied.....	(414)	(414)	—
Total derivative instruments.....	¥(414)	¥(414)	¥—

\*1 General and specific allowance for doubtful accounts relating to loans have been deducted.

\*2 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.

\*3 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, 2026 was ¥73,420 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, 2026, the amount of investments in partnerships included on the balance sheet was ¥76,953 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.

5. 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, 2026

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
(Millions of yen)				
Money held in trust:				
Trading securities.....	¥—	¥24,317	¥—	¥24,317
Total money held in trust.....	—	24,317	—	24,317
Securities:				
Trading securities.....	109,456	17,619	—	127,076
Available-for-sale securities:				
Government bonds.....	894,951	—	—	894,951
Local government bonds.....	—	64,451	—	64,451
Corporate bonds.....	—	415,183	—	415,183
Stocks.....	1,220,076	—	—	1,220,076
Foreign securities.....	755,425	952,545	23,516	1,731,487
Other securities.....	37,160	144,260	—	181,421
Total available-for-sale securities.....	2,907,613	1,576,441	23,516	4,507,571
Total securities.....	3,017,070	1,594,061	23,516	4,634,648
Assets total.....	3,017,070	1,618,379	23,516	4,658,965
Derivative instruments*:				
Currency-related.....	—	(414)	—	(414)
Total derivative instruments.....	¥—	¥(414)	¥—	¥(414)

\* 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, 2026 was ¥11,059million. Reconciliation of balances from the beginning of the current fiscal year to balances as of March 31, 2026 for the investment trusts were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥10,302
Changes in net unrealized gains or losses.....	261
Purchase, sales, and redemption.....	496
Purchase.....	500
Redemption.....	(3)
Balance at the end of the fiscal year.....	¥11,059

## (2) Financial assets and liabilities with fair values not recorded on the balance sheet as of March 31, 2026

Classification	Fair value			Total
	Level 1	Level 2	Level 3	
(Millions of yen)				
Securities:				
Held-to-maturity debt securities:				
Government bonds.....	614,929	—	—	614,929
Local government bonds.....	—	5,822	—	5,822
Corporate bonds.....	—	6,687	—	6,687
Total held-to-maturity debt securities...	614,929	12,510	—	627,439
Policy-reserve-matching bonds:				
Government bonds.....	1,009,185	—	—	1,009,185
Local government bonds.....	—	1,464	—	1,464
Corporate bonds.....	—	47,891	—	47,891
Total policy-reserve-matching bonds....	1,009,185	49,355	—	1,058,541
Total securities.....	1,624,114	61,866	—	1,685,981
Loans:				
Policy loans.....	—	—	42,616	42,616
Ordinary loans.....	—	—	297,062	297,062
Total loans.....	—	—	339,678	339,678
Assets total.....	1,624,114	61,866	339,678	2,025,659
Subordinated bonds	—	287,151	—	287,151
Liabilities total.....	¥—	¥287,151	¥—	¥287,151

## (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, 2026 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, 2026, and valuation gains or losses recognized in the statements of operations for the fiscal year ended March 31, 2026.

	(Millions of yen)	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the fiscal year.....	¥24,304	¥24,304
Gains or losses during the fiscal year.....	(10)	(10)
Values recognized as gains or losses* .....	(10)	(10)
Changes in net unrealized gains or losses.....	(777)	(777)
Balance at the end of the fiscal year.....	¥23,516	¥23,516

\* These amounts are included in investment income and investment expenses in the non-consolidated statements of operations for the fiscal year ended March 31, 2026.

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.

6. 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 ¥210,912 million and ¥403,030 million as of March 31, 2026, 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 ¥1,508 million as of March 31, 2026.

7. The amount of securities lent under lending agreements was ¥483,448 million as of March 31, 2026.

8. 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 ¥566 million as March 31, 2026. The details are as follows.

i) The balance of claims against bankrupt and quasi-bankrupt obligors was ¥183 million as of March 31, 2026. Of which, the estimated uncollectible amount written-off was ¥1 million as of March 31, 2026.

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 ¥187 million as of March 31, 2026.

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, 2026.

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 ¥196 million as of March 31, 2026.

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.

9. Accumulated depreciation of tangible fixed assets were ¥194,196 million as of March 31, 2026.

10. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥132,705 million as of March 31, 2026. The amounts of separate account liabilities were the same as separate account assets.

11. The total amounts of receivables from/payables to subsidiaries were ¥3,222 million and ¥6,258 million as of March 31, 2026, respectively.

12. Deferred tax assets and deferred tax liabilities as of March 31, 2026 were ¥202,339 million and ¥309,071 million, respectively. Valuation allowance for deferred tax assets was ¥4,745 million.

Major components of deferred tax assets were ¥124,388 million of policy reserves, ¥55,207 million of reserve for price fluctuation and ¥13,248 million of reserve for employees' retirement benefits as of March 31, 2026.

Major component of deferred tax liabilities was ¥300,307 million of net unrealized gains on available-for-sale securities as of March 31, 2026.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2026 were 28.0% and 14.3%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to -12.9% of reserve for dividends to policyholders.

13. Changes in reserve for dividends to policyholders for the year ended March 31, 2026 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year .....	¥64,117
Transfer from surplus in the previous fiscal year.....	46,273
Dividend payments to policyholders during the fiscal year.....	(38,322)
Increase in interest.....	258
Balance at the end of the fiscal year.....	<u>¥72,326</u>

14. The amount of stocks of subsidiaries was ¥64,787 million as of March 31, 2026.

15. Assets pledged as collateral as of March 31, 2026 were ¥108,723 million of securities.

Secured debts as of March 31, 2026, were ¥6,057 million.

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, 2026.

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 ¥17 million as of March 31, 2026.

17. 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 ¥748,014 million as of March 31, 2026.

18. There were unused commitment line agreements under which the Company is the lender of 16,723 million as of March 31, 2026.

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

20. Matters Related to Employees' Retirement Benefits as of March 31, 2026

(1) Overview of Employees' Retirement Benefit Plan

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

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

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

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

(2) Defined Benefit Plan

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

	(Millions of yen)
Retirement benefit obligation at the beginning of the fiscal year.....	¥75,506
Service cost.....	3,069
Interest cost.....	1,205
Actuarial differences occurred during the fiscal year.....	(12,736)
Retirement benefit payments.....	<u>(3,598)</u>
Retirement benefit obligation at the end of the fiscal year.....	<u>¥63,446</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.....	¥80,322
Expected return on pension plan assets.....	1,377
Actuarial differences occurred during the fiscal year.....	13,049
Contributions by the employer.....	770
Retirement benefit payments.....	<u>(1,898)</u>
Pension plan assets at the end of the fiscal year.....	<u>¥93,621</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.....	¥55,734
b. Pension plan assets.....	<u>(93,621)</u>
c. (a + b).....	(37,887)
d. Unfunded plan retirement benefit obligation.....	7,712
e. Unrecognized actuarial differences.....	46,143
f. Unrecognized prior service cost.....	<u>5,172</u>
g. Net amount of liabilities and assets presented on the non-consolidated balance sheet.....	<u>21,141</u>
h. Reserve for employees' retirement benefits.....	26,501
i. Prepaid pension cost.....	<u>(5,360)</u>
j. Net amount of liabilities and assets presented on the non-consolidated balance sheet.....	<u>¥21,141</u>

iv) Breakdown of retirement benefit gains and losses

	(Millions of yen)
Service cost.....	¥3,069
Interest cost.....	1,205
Expected return on pension plan assets.....	(1,377)
Amortization of actuarial differences.....	(1,455)
Amortization of prior service cost.....	<u>(687)</u>
Retirement benefit expenses related to defined benefit plan.....	<u>¥754</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.....	54.5%
Life insurance general account.....	24.6%
Foreign stocks.....	8.3%
Domestic bonds.....	8.1%
Foreign bonds.....	2.8%
Assets under joint management.....	1.7%
Total.....	100.0%

Within the total of pension assets, 46.9% 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, 2026, were as follows:

Discount rate.....	3.3%
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 ¥256 million as of March 31, 2026.

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

1. The total amounts of revenues and expenses in connection with subsidiaries were ¥2,179 million and ¥12,308 million for the year ended March 31, 2026.

2. The details of gains on sales of securities for the year ended March 31, 2026 were as follows:

	(Millions of yen)
Domestic bonds.....	¥5,248
Domestic stocks and others.....	¥54,435
Foreign securities.....	¥86,620
Others.....	¥908

3. The details of losses on sales of securities for the year ended March 31, 2026 were as follows:

	(Millions of yen)
Domestic bonds.....	¥58,994
Domestic stocks and others.....	¥2,134
Foreign securities.....	¥10,849
Others.....	¥85

4. The details of losses on valuation of securities for the year ended March 31, 2026 were as follows:

	(Millions of yen)
Foreign securities.....	¥6

5. For the year ended March 31, 2026, in calculating the reversal of reserve for outstanding claims, a reversal of reserve for outstanding claims for ceded reinsurance of ¥39 million was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥0 million was added.

6. The details of losses on trading securities for the year ended March 31, 2026 were as follows:

	(Millions of yen)
Losses on sales of trading securities.....	¥3

7. Gains on money held in trust for the year ended March 31, 2026 included valuation losses of ¥0 million.

8. Losses on derivative instruments for the year ended March 31, 2026 included valuation losses of ¥714 million.

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

(Millions of yen)

		Year ended March 31, 2025	Year ended March 31, 2026
<b>Fundamental profit</b>	A	<b>104,696</b>	<b>103,797</b>
Capital gains		59,613	159,968
Gains on money held in trust, net		139	1,325
Gains on trading securities, net		—	—
Gains on sales of securities		56,405	147,213
Gains on derivative instruments, net		—	—
Foreign exchange gains, net		—	2,033
Other capital gains		3,068	9,396
Capital losses		86,840	88,815
Losses on money held in trust, net		—	—
Losses on trading securities, net		1	3
Losses on sales of securities		84,395	72,064
Losses on valuation of securities		275	6
Losses on derivative instruments, net		1,657	3,938
Foreign exchange losses, net		510	—
Other capital losses		—	12,802
Net capital gains (losses)	B	(27,227)	71,153
Fundamental profit plus net capital gains (losses)	A+B	77,469	174,950
Non-recurring gains		118	0
Reinsurance income		—	—
Reversal of contingency reserve		—	—
Reversal of specific allowance for possible loan losses		118	—
Others		—	0
Non-recurring losses		21,722	19,361
Reinsurance premiums		—	—
Provision for contingency reserve		11,010	10,129
Provision of specific allowance for possible loan losses		—	17
Provision of allowance for specified overseas loans		—	—
Write-off of loans		—	—
Others		10,711	9,215
Non-recurring gains (losses)	C	(21,604)	(19,361)
Ordinary profits	A+B+C	55,865	155,589

Note: Other items break down as follows.

(Millions of yen)

		Year ended March 31, 2025	Year ended March 31, 2026
<b>Fundamental profit</b>		<b>(2,893)</b>	<b>3,591</b>
Interest, dividends, and other income from gains/losses on money held in trust		175	185
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts		(56)	(1,295)
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations		(3,011)	(5,748)
Capital gains on other investment income		(0)	(2,351)
Losses on receivables liquidation within other investment expenses		—	12,802
Gains(losses) on reinsurance		—	(0)
Other capital gains		3,068	9,396
Interest, dividends, and other investment expenses from gains/losses on cancellation of investment trusts		56	1,295
Portion of gains/losses on redemption of securities attributable to foreign exchange fluctuations		3,011	5,748
Capital gains on other investment income		0	2,351
Other capital losses		—	12,802
Losses on receivables liquidation within other investment expenses		—	12,802
Other non-recurring gains		—	0
Gains(losses) on reinsurance		—	0
Other non-recurring losses		10,711	9,215
Provision of policy reserves in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act		10,711	9,215

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

[For the year ended March 31, 2025]

(Millions of yen)

	Foundation funds, surplus and others												
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Surplus								Total surplus	Total foundation funds, surplus and others
				Legal reserve for future losses	Other 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	3,548	9,600	20,000	41,000	204	767	63,509	138,628	266,740	
Changes in the fiscal year													
Financing of additional foundation funds	8,000											8,000	
Additions to reserve for dividends to policyholders										(37,138)	(37,138)	(37,138)	
Additions to legal reserve for future losses				112						(112)	—	—	
Additions to accumulated foundation funds redeemed		12,000										12,000	
Payment of interest on foundation funds										(102)	(102)	(102)	
Net surplus for the fiscal year										53,134	53,134	53,134	
Redemption of foundation funds	(12,000)											(12,000)	
Additions to reserve for redemption of foundation funds					2,400					(2,400)	—	—	
Reversal of reserve for redemption of foundation funds					(12,000)						(12,000)	(12,000)	
Reversal of reserve for advanced depreciation of real estate for tax purpose								(1)		1	—	—	
Reversal of revaluation reserve for land, net of tax										5	5	5	
Net changes, excluding foundation funds, surplus and others													
Total changes in the fiscal year	(4,000)	12,000	—	112	(9,600)	—	—	(1)	—	13,388	3,899	11,899	
Balance at the end of the fiscal year	8,000	128,000	112	3,660	—	20,000	41,000	202	767	76,897	142,527	278,640	

	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	659,808	4,500	664,308	931,049
Changes in the fiscal year				
Financing of additional foundation funds				8,000
Additions to reserve for dividends to policyholders				(37,138)
Additions to legal reserve for future losses				—
Additions to accumulated foundation funds redeemed				12,000
Payment of interest on foundation funds				(102)
Net surplus for the fiscal year				53,134
Redemption of foundation funds				(12,000)
Additions to reserve for redemption of foundation funds				—
Reversal of reserve for redemption of foundation funds				(12,000)
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Reversal of revaluation reserve for land, net of tax				5
Net changes, excluding foundation funds, surplus and others	(139,565)	(475)	(140,040)	(140,040)
Total changes in the fiscal year	(139,565)	(475)	(140,040)	(128,141)
Balance at the end of the fiscal year	520,242	4,025	524,268	802,908

[For the year ended March 31, 2026]

(Millions of yen)

	Foundation funds, surplus and others												Total foundation funds, surplus and others
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Surplus								Total surplus	
				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 employee returns	Reserve for advanced depreciation of real estate for tax purpose	Other reserves			
Balance at the beginning of the fiscal year	8,000	128,000	112	3,660	—	20,000	41,000	—	202	767	76,897	142,527	278,640
Changes in the fiscal year													
Additions to reserve for dividends to policyholders											(46,273)	(46,273)	(46,273)
Additions to legal reserve for future losses				140							(140)	—	—
Payment of interest on foundation funds											(129)	(129)	(129)
Net surplus for the fiscal year											129,773	129,773	129,773
Additions to reserve for redemption of foundation funds					1,600						(1,600)	—	—
Additions to reserve for employee returns								5,000			(5,000)	—	—
Reversal of reserve for employee returns								(1,597)			1,597	—	—
Reversal of reserve for advanced depreciation of real estate for tax purpose									(3)		3	—	—
Reversal of revaluation reserve for land, net of tax											8	8	8
Net changes, excluding foundation funds, surplus and others													
Total changes in the fiscal year	—	—	—	140	1,600	—	—	3,402	(3)	—	78,239	83,378	83,378
Balance at the end of the fiscal year	8,000	128,000	112	3,800	1,600	20,000	41,000	3,402	199	767	155,137	225,906	362,018

	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	520,242	4,025	524,268	802,908
Changes in the fiscal year				
Additions to reserve for dividends to policyholders				(46,273)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(129)
Net surplus for the fiscal year				129,773
Additions to reserve for redemption of foundation funds				—
Additions to reserve for employee returns				—
Reversal of reserve for employee returns				—
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Reversal of revaluation reserve for land, net of tax				8
Net changes, excluding foundation funds, surplus and others	223,642	(8)	223,634	223,634
Total changes in the fiscal year	223,642	(8)	223,634	307,013
Balance at the end of the fiscal year	743,885	4,017	747,902	1,109,921

## 7. Non-consolidated Statements of Surplus

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Unappropriated surplus	76,897	155,137
Reversal of voluntary surplus reserve	3	786
Reversal of reserve for advanced depreciation of real estate for tax purpose	3	19
Reversal of other reserves	—	767
<b>Total</b>	<b>76,901</b>	<b>155,923</b>
Appropriation of surplus	53,143	132,165
Reserve for dividends to policyholders	46,273	69,647
Net surplus	6,869	62,517
Legal reserve for future losses	140	270
Interest payment for foundation funds	129	129
Voluntary surplus reserve	6,600	62,118
Reserve for redemption of foundation funds	1,600	1,600
Reserve for dividend allowances	—	20,000
Reserve for employee returns	5,000	6,597
Reserve for enhancing the growth foundation	—	33,920
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, 2025	As of March 31, 2026
Claims against bankrupt and quasi-bankrupt obligors	110	183
Claims with collection risk	372	187
Delinquent loans past three months or more	—	—
Restructured loans	244	196
Subtotal [Percentage of total]	727 [0.08%]	566 [0.07%]
Claims against normal obligors	942,940	830,949
Total	943,668	831,515

- 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

### Internal Model Solvency Margin Ratio

	As of March 31, 2025	As of March 31, 2026
Internal Model Solvency Margin Ratio	241.6%	248.5%

Note: The Internal Model Solvency Margin Ratio is calculated in line with European methodologies.

### Solvency Margin Ratio

	As of March 31, 2025	As of March 31, 2026
Solvency Margin Ratio (preliminary figure)	—	210%

Note: The figures above represent preliminary unaudited results for the economic value-based balance sheet, calculated in accordance with Articles 86 and 87 of the Enforcement Regulations of the Insurance Business Act and Financial Services Agency Notice No. 74 of 2025.

## 10. Status of Separate Account

### (1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
	Amount	Amount
Individual variable insurance	—	—
Individual variable annuities	—	—
Group annuities	136,390	132,705
Total	136,390	132,705

### (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, 2025		As of March 31, 2026	
	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, 2025		As of March 31, 2026	
	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, 2025	Year ended March 31, 2026
	Amount	Amount
Interest, dividends and other income	—	—
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	—	—
Foreign exchange losses, net	—	—
Losses on derivative instruments	—	—
Other investment expenses	—	—
Net investment income	—	—

## (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, 2025		As of March 31, 2026	
	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	—	—	—	—

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, 2025		As of March 31, 2026	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations
Trading securities	151,015	(7,498)	151,394	6,684

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, 2025					As of March 31, 2026				
	Book value	Fair value	Gains/Losses			Book value	Fair value	Gains/Losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	645,682	666,692	21,010	21,010	—	625,104	627,439	2,335	3,380	1,044
Domestic bonds	645,682	666,692	21,010	21,010	—	625,104	627,439	2,335	3,380	1,044
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	627,193	568,591	(58,601)	—	58,601	1,334,207	1,058,541	(275,666)	—	275,666
Domestic bonds	627,193	568,591	(58,601)	—	58,601	1,334,207	1,058,541	(275,666)	—	275,666
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	3,952,840	4,676,064	723,223	911,702	188,478	3,486,290	4,518,631	1,032,341	1,266,739	234,397
Domestic bonds	1,663,797	1,551,497	(112,300)	41,982	154,283	1,560,786	1,374,586	(186,199)	27,932	214,131
Domestic stocks	377,840	894,051	516,210	521,429	5,218	399,437	1,220,076	820,639	822,213	1,574
Foreign securities	1,759,222	2,035,649	276,427	302,858	26,431	1,386,536	1,731,487	344,950	362,832	17,881
Foreign bonds	1,315,509	1,406,359	90,849	111,631	20,781	894,826	951,930	57,103	69,528	12,425
Foreign stocks and other securities	443,712	629,290	185,577	191,226	5,649	491,710	779,557	287,847	293,303	5,456
Other securities	151,979	194,865	42,886	45,431	2,545	139,529	192,481	52,951	53,761	810
Money held in trust	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificate of deposits	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	5,225,715	5,911,347	685,632	932,713	247,080	5,445,602	6,204,612	759,010	1,270,119	511,109
Domestic bonds	2,936,672	2,786,781	(149,891)	62,993	212,884	3,520,098	3,060,567	(459,530)	31,313	490,843
Domestic stocks	377,840	894,051	516,210	521,429	5,218	399,437	1,220,076	820,639	822,213	1,574
Foreign securities	1,759,222	2,035,649	276,427	302,858	26,431	1,386,536	1,731,487	344,950	362,832	17,881
Foreign bonds	1,315,509	1,406,359	90,849	111,631	20,781	894,826	951,930	57,103	69,528	12,425
Foreign stocks and other securities	443,712	629,290	185,577	191,226	5,649	491,710	779,557	287,847	293,303	5,456
Other securities	151,979	194,865	42,886	45,431	2,545	139,529	192,481	52,951	53,761	810
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, 2025			As of March 31, 2026		
	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	645,682	666,692	21,010	357,327	360,708	3,380
Domestic bonds	645,682	666,692	21,010	357,327	360,708	3,380
Foreign bonds	—	—	—	—	—	—
Securities whose fair value does not exceed the carrying value on the balance sheet	—	—	—	267,776	266,731	(1,044)
Domestic bonds	—	—	—	267,776	266,731	(1,044)
Foreign bonds	—	—	—	—	—	—

[Policy-reserve-matching bonds]

(Millions of yen)

	As of March 31, 2025			As of March 31, 2026		
	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	—	—	—	—	—	—
Domestic bonds	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—
Bonds whose fair value does not exceed the carrying value on the balance sheet	627,193	568,591	(58,601)	1,334,207	1,058,541	(275,666)
Domestic bonds	627,193	568,591	(58,601)	1,334,207	1,058,541	(275,666)
Foreign bonds	—	—	—	—	—	—

[Available-for-sale Securities]

(Millions of yen)

	As of March 31, 2025			As of March 31, 2026		
	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	2,419,174	3,330,877	911,702	1,879,106	3,145,845	1,266,739
Domestic bonds	785,897	827,880	41,982	334,612	362,545	27,932
Domestic stocks	334,237	855,666	521,429	385,802	1,208,015	822,213
Foreign securities	1,190,445	1,493,303	302,858	1,032,972	1,395,804	362,832
Foreign bonds	809,607	921,238	111,631	588,218	657,747	69,528
Foreign stocks	380,838	572,065	191,226	444,754	738,057	293,303
Other securities	108,594	154,026	45,431	125,718	179,479	53,761
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	1,533,665	1,345,186	(188,478)	1,607,184	1,372,786	(234,397)
Domestic bonds	877,899	723,616	(154,283)	1,226,173	1,012,041	(214,131)
Domestic stocks	43,603	38,384	(5,218)	13,634	12,060	(1,574)
Foreign securities	568,777	542,345	(26,431)	353,564	335,682	(17,881)
Foreign bonds	505,902	485,120	(20,781)	306,608	294,183	(12,425)
Foreign stocks	62,874	57,224	(5,649)	46,955	41,499	(5,456)
Other securities	43,385	40,839	(2,545)	13,811	13,001	(810)
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, 2025	As of March 31, 2026
Investments in subsidiaries and affiliates	64,787	64,787
Available-for-sale securities	54,333	73,734
Domestic stocks	5,668	5,633
Foreign stocks	—	—
Others	48,665	68,101
Total	119,120	138,521

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 (¥6,400 million as of March 31, 2025 and ¥11,852 million as of March 31, 2026) 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, 2025	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	—	—	—	—	—
Hedge accounting not applied	—	300	—	—	—	300
<b>Total</b>	<b>—</b>	<b>300</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>300</b>
As of March 31, 2026	Interest- related	Currency- related	Stock- related	Bond- related	Others	Total
Hedge accounting applied	—	—	—	—	—	—
Hedge accounting not applied	—	(414)	—	—	—	(414)
<b>Total</b>	<b>—</b>	<b>(414)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(414)</b>

Note: Gains and losses with hedge accounting not applied are reported in the statements of operations.

(ii) Hedge Accounting not Applied

[Interest-related Transactions]

No ending balance as of March 31, 2025 and March 31, 2026.

[Currency-related Transactions]

(Millions of yen)

	As of March 31, 2025				As of March 31, 2026			
	Notional amount/ contract value	Fair value	Gains (Losses)	Notional amount/ contract value	Fair value	Gains (Losses)		
								Over 1 year
<b>Over-the-counter transactions</b>								
Currency forward contracts								
Sold	21,975	—	21,743	231	27,218	—	27,556	(337)
Australian dollar	8,979	—	8,786	192	15,192	—	15,475	(282)
U.S. dollar	11,111	—	11,021	89	8,254	—	8,329	(75)
British pound	1,884	—	1,934	(50)	2,120	—	2,107	13
Euro	—	—	—	—	1,651	—	1,644	6
Bought	—	—	—	—	132	—	131	(0)
U.S. dollar	—	—	—	—	123	—	122	(0)
Canadian dollar	—	—	—	—	9	—	9	(0)
Currency options								
Sold								
Call	—	—	—	—	—	—	—	—
	[ — ]	—	—	—	[ — ]	—	—	—
Put	—	—	—	—	—	—	—	—
	[ — ]	—	—	—	[ — ]	—	—	—
Bought								
Call	—	—	—	—	—	—	—	—
	[ — ]	—	—	—	[ — ]	—	—	—
Put	70,760	—	—	—	12,375	—	—	—
	[ 1,124 ]	—	1,192	68	[ 182 ]	—	106	(76)
U.S. dollar	70,760	—	—	—	12,375	—	—	—
	[ 1,124 ]	—	1,192	68	[ 182 ]	—	106	(76)
<b>Total</b>				<b>300</b>				<b>(414)</b>

Notes: 1. Forward exchange rates are used for exchange rates as of March 31, 2026.

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

[Stock-related Transactions]

No ending balance as of March 31, 2025 and March 31, 2026.

[Bond-related Transactions]

No ending balance as of March 31, 2025 and March 31, 2026.

(iii) Hedge Accounting Applied

[Interest-related Transactions]

No ending balance as of March 31, 2025 and March 31, 2026.

[Currency-related Transactions]

No ending balance as of March 31, 2025 and March 31, 2026.

[Stock-related Transactions]

No ending balance as of March 31, 2025 and March 31, 2026.

[Bond-related Transactions]

No ending balance as of March 31, 2025 and March 31, 2026.

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

### (1) Selected Financial Data

(100 million of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Ordinary revenues	10,671	12,166
Ordinary profits	629	1,614
Net surplus attributable to the parent company	541	1,313
Comprehensive income	(931)	3,697

	As of March 31, 2025	As of March 31, 2026
Total assets	92,313	98,746

### (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, 2025	As of March 31, 2026		As of March 31, 2025	As of March 31, 2026
<b>Assets:</b>			<b>Liabilities:</b>		
Cash and deposits	238,322	180,950	Policy reserves:	7,809,032	7,955,068
Call loans	97,000	313,000	Reserve for outstanding claims	30,104	29,530
Money held in trust	23,812	25,317	Policy reserve	7,714,518	7,852,920
Securities	8,019,332	8,599,975	Reserve for dividends to policyholders	64,117	72,326
Loans	475,424	346,946	Reserve for dividends to policyholders (subsidiary)	291	290
Tangible fixed assets:	263,480	264,458	Agency payables	507	295
Land	153,059	153,047	Reinsurance payables	48	42
Buildings	101,974	102,697	Subordinated bonds	267,260	308,480
Lease assets	1,141	932	Other liabilities	52,811	89,131
Construction in progress	2,763	1,682	Net defined benefit liabilities	10,424	8,265
Other tangible fixed assets	4,541	6,098	Reserve for price fluctuation	205,681	209,859
Intangible fixed assets:	26,202	36,672	Deferred tax liabilities	36,766	131,409
Software	18,690	17,206	Deferred tax liabilities for land revaluation	14,600	14,596
Lease assets	1,820	1,950	<b>Total liabilities</b>	<b>8,397,132</b>	<b>8,717,149</b>
Other intangible fixed assets	5,691	17,515	<b>Net assets:</b>		
Agency receivables	0	0	Foundation funds	8,000	8,000
Reinsurance receivables	120	96	Accumulated foundation funds redeemed	128,000	128,000
Other assets	65,107	59,453	Reserve for revaluation	112	112
Net defined benefit assets	15,163	38,360	Consolidated surplus	148,280	233,188
Deferred tax assets	7,907	9,995	Total foundation funds, surplus and others	284,393	369,300
Allowance for possible loan losses	(508)	(607)	Net unrealized gains (losses) on available-for-sale securities, net of tax	517,928	739,352
			Revaluation reserve for land, net of tax	4,025	4,017
			Foreign currency translation adjustment	629	770
			Accumulated remeasurements of defined benefit plans	19,667	36,470
			Total accumulated other comprehensive income	542,251	780,610
			Non-controlling interests	7,587	7,560
			<b>Total net assets</b>	<b>834,231</b>	<b>1,157,470</b>
<b>Total assets</b>	<b>9,231,364</b>	<b>9,874,620</b>	<b>Total liabilities and net assets</b>	<b>9,231,364</b>	<b>9,874,620</b>

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

[Consolidated Statements of Operations]

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
<b>Ordinary revenues:</b>		
Premium and other income	772,142	773,750
Investment income	283,247	429,661
Interest, dividends and other income	221,487	248,914
Gains on money held in trust, net	315	1,510
Gains on sales of securities	56,619	147,800
Gains on redemption of securities, net	3,011	5,748
Foreign exchange gains, net	—	2,042
Reversal of allowance for possible loan losses	180	—
Other investment income	214	2,483
Gains on separate accounts, net	1,418	21,160
Other ordinary revenues	11,774	13,251
<b>Total ordinary revenues</b>	<b>1,067,164</b>	<b>1,216,663</b>
<b>Ordinary expenses:</b>		
Claims and other payments	645,747	641,597
Claims	109,916	102,121
Annuities	260,338	239,868
Benefits	138,688	142,115
Surrenders	110,847	121,995
Other payments	25,955	35,496
Provision of policy reserve and others:	102,718	138,660
Provision of reserve for outstanding claims	1,299	—
Provision of policy reserves	101,382	138,402
Provision of interest portion of reserve for dividends to policyholders	36	258
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Investment expenses	112,368	117,862
Interest expenses	4,646	5,451
Losses on trading securities, net	1	3
Losses on sales of securities	87,328	77,477
Losses on valuation of securities	275	6
Losses on derivative instruments, net	1,657	3,938
Foreign exchange losses, net	509	—
Provision of allowance for possible loan losses	—	105
Depreciation of real estate for rent and other assets	5,749	5,972
Other investment expenses	12,200	24,907
Operating expenses	113,881	127,130
Other ordinary expenses	29,457	29,965
<b>Total ordinary expenses</b>	<b>1,004,173</b>	<b>1,055,216</b>
<b>Ordinary profits</b>	<b>62,990</b>	<b>161,447</b>
<b>Extraordinary gains:</b>		
Gains on disposal of fixed assets	3	0
National subsidies	160	—
<b>Total extraordinary gains</b>	<b>164</b>	<b>0</b>
<b>Extraordinary losses:</b>		
Losses on disposal of fixed assets	146	307
Impairment losses	10	17
Provision of reserve for price fluctuation	12,402	4,178
Employee returns special expenses	—	1,701
<b>Total extraordinary losses</b>	<b>12,559</b>	<b>6,205</b>
<b>Provision of reserve for dividends to policyholders (subsidiary)</b>	<b>194</b>	<b>162</b>
<b>Surplus before income taxes</b>	<b>50,399</b>	<b>155,079</b>
<b>Income taxes:</b>		
Current	7,895	27,692
Deferred	(11,888)	(4,212)
<b>Total income taxes</b>	<b>(3,993)</b>	<b>23,479</b>
<b>Net surplus</b>	<b>54,393</b>	<b>131,599</b>
<b>Net surplus attributable to non-controlling interests</b>	<b>221</b>	<b>297</b>
<b>Net surplus attributable to the parent company</b>	<b>54,171</b>	<b>131,301</b>

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

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net surplus	54,393	131,599
Other comprehensive income:	(147,532)	238,109
Net unrealized gains (losses) on available-for-sale securities, net of tax	(146,015)	221,166
Revaluation reserve for land, net of tax	(469)	—
Foreign currency translation adjustments	372	140
Remeasurements of defined benefit plan, net of tax	(1,420)	16,803
Comprehensive income:	(93,139)	369,709
Comprehensive income attributable to the parent company	(92,688)	369,669
Comprehensive income attributable to non-controlling interests	(450)	39

## (5) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
<b>Cash flows from operating activities:</b>		
Surplus before income taxes	50,399	155,079
Depreciation of real estate for rent and other assets	5,749	5,972
Depreciation	11,161	11,491
Impairment losses	10	17
Increase (decrease) in reserve for outstanding claims	1,299	(574)
Increase (decrease) in policy reserve	101,382	138,402
Provision of interest portion of reserve for dividends to policyholders	36	258
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0
Provision of reserve for dividends to policyholders (subsidiary)	194	162
Increase (decrease) in allowance for possible loan losses	(194)	98
Increase (decrease) in net defined benefit liabilities	(1,572)	(1,712)
Increase (decrease) in reserve for price fluctuation	12,402	4,178
Interest, dividends and other income	(221,487)	(248,914)
Losses (gains) on securities, net	27,898	(94,794)
Interest expenses	4,646	5,451
Foreign exchange losses (gains), net	509	(2,051)
Losses (gains) on tangible fixed assets, net	68	264
Decrease (increase) in agency receivable	(0)	0
Decrease (increase) in reinsurance receivable	1	23
Decrease (increase) in other assets except from investing and financing activities	592	(3)
Increase (decrease) in agency payable	58	(212)
Increase (decrease) in reinsurance payable	(5)	(5)
Increase (decrease) in other liabilities except from investing and financing activities	4,737	5,425
Others	24,336	32,901
Subtotal	22,223	11,458
Interest, dividends and other income received	209,355	224,215
Interest expenses paid	(4,620)	(5,433)
Dividends to policyholders paid	(34,960)	(38,322)
Dividends to policyholders paid (subsidiary)	(193)	(163)
Corporate income tax (paid) refunded	(19,138)	(6,114)
Net cash provided by (used in) operating activities [a]	172,666	185,640
<b>Cash flows from investing activities:</b>		
Net decrease (increase) in deposits	4,795	(2,841)
Increase in money held in trust	(1,396)	—
Decrease in money held in trust	1,396	—
Payments for purchase of securities	(1,074,990)	(1,474,612)
Proceeds from sales and redemption of securities	858,598	1,327,381
Payments for additions to loans	(61,198)	(58,004)
Proceeds from collections of loans	78,521	168,407
Proceeds from and payments for settlements of derivatives, net	(2,361)	9,948
Increase (decrease) in cash received as collateral under securities lending transactions	(121,299)	—
Others	(10,102)	(9,888)
Subtotal [b]	(328,037)	(39,609)
[a + b]	(155,370)	146,031
Payments for purchase of tangible fixed assets	(13,804)	(9,661)
Proceeds from sales of tangible fixed assets	12	0
Payments for purchase of intangible fixed assets	(10,770)	(18,940)
Proceeds from sales of intangible fixed assets	0	—
Net cash provided by (used in) investing activities	(352,599)	(68,210)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of subordinated bonds	—	102,013
Redemption of subordinated bonds	—	(62,065)
Proceeds from financing of additional foundation funds	8,000	—
Payments for redemption of foundation funds	(12,000)	—
Payment of interest on foundation funds	(102)	(129)
Dividends paid to non-controlling interests	(66)	(66)
Payments for lease obligations	(1,076)	(894)
Net cash provided by (used in) financing activities	(5,244)	38,857
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>349</b>	<b>(620)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(184,828)</b>	<b>155,666</b>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	<b>506,141</b>	<b>321,312</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>321,312</b>	<b>476,979</b>

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

[For the year ended March 31, 2025]

(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	143,344	271,456
Changes in the fiscal year					
Financing of additional foundation funds	8,000				8,000
Additions to reserve for dividends to policyholders				(37,138)	(37,138)
Additions to accumulated foundation funds redeemed		12,000			12,000
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the fiscal year				54,171	54,171
Redemption of foundation funds	(12,000)				(12,000)
Reversal of reserve for redemption of foundation funds				(12,000)	(12,000)
Reversal of revaluation reserve for land, net of tax				5	5
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	(4,000)	12,000	—	4,936	12,936
Balance at the end of the fiscal year	8,000	128,000	112	148,280	284,393

	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	663,271	4,500	257	21,087	689,116	8,104	968,677
Changes in the fiscal year							
Financing of additional foundation funds							8,000
Additions to reserve for dividends to policyholders							(37,138)
Additions to accumulated foundation funds redeemed							12,000
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the fiscal year							54,171
Redemption of foundation funds							(12,000)
Reversal of reserve for redemption of foundation funds							(12,000)
Reversal of revaluation reserve for land, net of tax							5
Net changes, excluding foundation funds, surplus and others	(145,342)	(475)	372	(1,420)	(146,865)	(517)	(147,382)
Total changes in the fiscal year	(145,342)	(475)	372	(1,420)	(146,865)	(517)	(134,445)
Balance at the end of the fiscal year	517,928	4,025	629	19,667	542,251	7,587	834,231

[For the year ended March 31, 2026]

(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	8,000	128,000	112	148,280	284,393
Changes in the fiscal year					
Additions to reserve for dividends to policyholders				(46,273)	(46,273)
Payment of interest on foundation funds				(129)	(129)
Net surplus attributable to the parent company for the fiscal year				131,301	131,301
Reversal of revaluation reserve for land, net of tax				8	8
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	—	—	—	84,907	84,907
Balance at the end of the fiscal year	8,000	128,000	112	233,188	369,300

	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	517,928	4,025	629	19,667	542,251	7,587	834,231
Changes in the fiscal year							
Additions to reserve for dividends to policyholders							(46,273)
Payment of interest on foundation funds							(129)
Net surplus attributable to the parent company for the fiscal year							131,301
Reversal of revaluation reserve for land, net of tax							8
Net changes, excluding foundation funds, surplus and others	221,424	(8)	140	16,803	238,358	(27)	238,331
Total changes in the fiscal year	221,424	(8)	140	16,803	238,358	(27)	323,239
Balance at the end of the fiscal year	739,352	4,017	770	36,470	780,610	7,560	1,157,470

# 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, 2026 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, 2026.

#### (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, 2026 was ¥1 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 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 consolidated 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.

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, 2026, the balance of these policy reserves was ¥63,784 million.
- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2026, 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, 2026, the balance of these policy reserves was ¥102,825 million.
- The Company has also funded additional policy reserves for certain new cancer riders and highly advanced medical riders. As of March 31, 2026, the balance of these policy reserves was ¥102 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 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).

The sub-groups shall be defined as follows:

i) The Company

a. The following insurance policies under individual life insurance and individual annuity insurance:

- With respect to whole life insurance policies issued between April 1983 and March 1993, among policies for which the premium payment period has been completed (excluding policies converted to paid-up insurance or extended term insurance, single-premium policies, and policies for which premium payment obligations have been waived), those for which the insured's age as of the end of the fiscal year is 75 years or younger
- With respect to individual annuity insurance policies issued between May 1981 and March 1993, among policies for which annuity payments have commenced (excluding wife's annuity insurance additional rider policies and fixed-term annuity policies), those for which the annuitant's age as of the end of the fiscal year is 70 years or younger
- Whole life insurance policies, savings-type long-term care insurance policies, and new savings-type long-term care insurance policies issued between April 2, 1996 and April 1, 2013 (excluding policies converted to extended term insurance, and whole life insurance single-premium policies issued between August 1, 2003 and April 1, 2013)
- Individual annuity insurance policies issued on or after April 2, 2001 (excluding individual annuity insurance policies with accidental death benefit (single-premium policies))

- b. Group annuity insurance policies (excluding defined contribution pension insurance policies with a guaranteed fixed interest rate period)
- ii) Fுகೂಕುಷಿನ್ರೈ ಲೈಫ್ ಇನ್ಸೂರನ್ಸ್ ಕಂಪನಿ, ಲಿಮಿಟೆಡ್.
  - a. Single-premium individual annuity insurance policies with accidental death benefits and triennial interest surplus dividends, classified under the Individual Annuities (Accidental Benefits) category
  - b. Single-premium whole life insurance policies with quinquennial interest surplus dividends, classified under the Individual Insurance (interest surplus dividends) category
  - c. Interest rate revision-type single-premium whole life insurance, classified under the Individual Insurance (Interest Rate Revision-Type) category

2. The main accounting standards that had been published by the end of the fiscal year ended March 31, 2026, but have not been applied are as follows: The publication of the “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024) and the “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024) will result in revisions to accounting procedures for leases.

Mandatory application will take effect from the start of fiscal years beginning after April 1, 2027, and we plan to apply them from the start of the fiscal year ending March 31, 2028.

We are currently evaluating the impact of the application of these accounting standards.

3. Matters concerning the status of financial instruments are as follows.

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. 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.

4. Matters regarding the fair value, etc., of financial instruments are as follows.

Disclosures in the notes have been omitted for financial instruments that are settled over a short period and for which fair value approximates carrying value.

Carrying Amounts, Fair Values, and Differences for Major Financial Assets and Financial Liabilities as of March 31, 2026 were as follows:

	(Millions of yen)		
	Carrying amount	Fair value	Difference
<b>Money held in trust:</b>			
Trading securities.....	¥24,317	¥24,317	¥—
Total money held in trust.....	24,317	24,317	—
<b>Securities:</b>			
Trading securities.....	127,076	127,076	—
Held-to-maturity debt securities.....	1,118,524	1,073,207	(45,317)
Policy-reserve-matching bonds.....	2,461,023	1,981,654	(479,368)
Available-for-sale securities.....	4,807,359	4,807,359	—
Total securities.....	8,513,984	7,989,298	(524,686)
<b>Loans:</b>			
Policy loans.....	45,809		
Ordinary loans.....	301,337		
Allowance for possible loan losses* <sup>1</sup> .....	(351)		
Total loans.....	346,795	342,871	(3,923)
Assets total.....	8,885,097	8,356,487	(528,609)
Subordinated bonds* <sup>2</sup> .....	308,480	287,151	(21,328)
Liabilities total.....	308,480	287,151	(21,328)
<b>Derivative instruments*<sup>3</sup>:</b>			
Hedge accounting not applied.....	(414)	(414)	—
Total derivative instruments.....	¥(414)	¥(414)	¥—

\*1 General and specific allowance for doubtful accounts relating to loans have been deducted.

\*2 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.

\*3 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, 2026 was ¥9,038 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, 2026, the amount of investments in partnerships included on the balance sheet was ¥76,953 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.

5. 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, 2026

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
(Millions of yen)				
Money held in trust:				
Trading securities.....	¥—	¥24,317	¥—	¥24,317
<b>Total money held in trust.....</b>	<b>—</b>	<b>24,317</b>	<b>—</b>	<b>24,317</b>
Securities:				
Trading securities.....	109,456	17,619	—	127,076
Available-for-sale securities:				
Government bonds.....	945,696	—	—	945,696
Local government bonds.....	—	82,661	—	82,661
Corporate bonds.....	—	597,467	—	597,467
Stocks.....	1,220,076	—	—	1,220,076
Foreign securities.....	755,425	954,473	23,516	1,733,415
Other securities.....	69,179	147,802	—	216,981
<b>Total available-for-sale securities.....</b>	<b>2,990,377</b>	<b>1,782,406</b>	<b>23,516</b>	<b>4,796,299</b>
<b>Total securities.....</b>	<b>3,099,834</b>	<b>1,800,025</b>	<b>23,516</b>	<b>4,923,376</b>
<b>Assets total.....</b>	<b>3,099,834</b>	<b>1,824,343</b>	<b>23,516</b>	<b>4,947,693</b>
Derivative instruments*:				
Currency-related.....	—	(414)	—	(414)
<b>Total derivative instruments.....</b>	<b>¥—</b>	<b>¥(414)</b>	<b>¥—</b>	<b>¥(414)</b>

\* 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, 2026 was ¥11,059 million. Reconciliation of balances from the beginning of the current fiscal year to balances as of March 31, 2026 for the investment trusts were as follows:

(Millions of yen)	
Balance at the beginning of the fiscal year.....	¥10,302
Gains or losses and other comprehensive income during the fiscal year...	261
Values recognized as other comprehensive income*.....	261
Purchase, sales, and redemption.....	496
Purchase.....	500
Redemption.....	(3)
<b>Balance at the end of the fiscal year.....</b>	<b>¥11,059</b>

\* 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, 2026.

## (2) Financial assets and liabilities with fair values not recorded on the balance sheet as of March 31, 2026

Classification	(Millions of yen)			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Securities:</b>				
Held-to-maturity debt securities:				
Government bonds.....	¥926,305	¥—	¥—	¥926,305
Local government bonds.....	—	76,776	—	76,776
Corporate bonds.....	—	70,125	—	70,125
Total held-to-maturity debt securities...	926,305	146,902	—	1,073,207
Policy-reserve-matching bonds:				
Government bonds.....	1,581,216	—	—	1,581,216
Local government bonds.....	—	75,326	—	75,326
Corporate bonds.....	—	325,112	—	325,112
Total policy-reserve-matching bonds...	1,581,216	400,438	—	1,981,654
Total securities.....	2,507,521	547,340	—	3,054,862
<b>Loans:</b>				
Policy loans.....	—	—	45,809	45,809
Ordinary loans.....	—	—	297,062	297,062
Total loans.....	—	—	342,871	342,871
Assets total.....	2,507,521	547,340	342,871	3,397,733
Subordinated bonds.....	—	287,151	—	287,151
Liabilities total.....	¥—	¥287,151	¥—	¥287,151

## (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, 2026 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 fiscal year and balances as of March 31, 2026, and valuation gains or losses recognized in the statements of operations for the consolidated fiscal year ended March 31, 2026.

	(Millions of yen)	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the fiscal year.....	¥24,304	¥24,304
Gains or losses and other comprehensive income during the fiscal year.....	(788)	(788)
Values recognized as gains or losses*1.....	(10)	(10)
Values recognized as other comprehensive income*2.....	(777)	(777)
Balance at the end of the fiscal year.....	¥23,516	¥23,516

\*1 These amounts are included in investment income and investment expenses in the consolidated statements of operations for the fiscal year ended March 31, 2026.

\*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, 2026.

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.

6. 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 ¥209,212 million and ¥400,708 million as of March 31, 2026, 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 ¥1,482 million as of March 31, 2026.

7. The amount of securities lent under lending agreements was ¥483,448 million as of March 31, 2026.

8. 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 ¥595 million as March 31, 2026. The details are as follows.

- i) The balance of claims against bankrupt and quasi-bankrupt obligors was ¥212 million as of March 31, 2026. Of which, the estimated uncollectible amount written-off was ¥1 million as of March 31, 2026.

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 ¥187 million as of March 31, 2026.

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, 2026.

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 ¥196 million as of March 31, 2026.

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.

9. Accumulated depreciation of tangible fixed assets were ¥195,168 million as of March 31, 2026.

10. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥132,705 million as of March 31, 2026. The amounts of separate account liabilities were the same as separate account assets.

11. The total amounts of receivables from/payables to unconsolidated subsidiaries were ¥2,885 million and ¥228 million as of March 31, 2026, respectively.

12. Deferred tax assets and deferred tax liabilities as of March 31, 2026 were ¥203,016 million and ¥319,584 million, respectively. Valuation allowance for deferred tax assets was ¥4,846 million.

Major components of deferred tax assets were ¥126,432 million of policy reserves, ¥60,712 million of reserve for price fluctuation and ¥3,846 million of net defined benefit liabilities as of March 31, 2026.

Major component of deferred tax liabilities was ¥300,307 million of net unrealized gains on available-for-sale securities as of March 31, 2026.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2026 were 28.0% and 15.1%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to - 12.6% of reserve for dividends to policyholders.

13. Changes in reserve for dividends to policyholders for the year ended March 31, 2026 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥64,117
Transfer from surplus in the previous fiscal year.....	46,273
Dividend payments to policyholders during the fiscal year.....	(38,322)
Increase in interest.....	258
Balance at the end of the fiscal year.....	<u>¥72,326</u>

14. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) for the year ended March 31, 2026 were as follows:

	(Millions of yen)
Balance at the beginning of the fiscal year.....	¥291
Dividend payments to policyholders during the fiscal year.....	(163)
Increase in interest.....	0
Provision of reserve for dividends to policyholders.....	162
Balance at the end of the fiscal year.....	<u>¥290</u>

15. The amount of stocks of unconsolidated subsidiaries was ¥404 million as of March 31, 2026.

16. Assets pledged as collateral as of March 31, 2026 were ¥108,723 million of securities.

Secured debts as of March 31, 2026, were ¥6,057 million.

17. 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 ¥19 million as of March 31, 2026.

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 ¥29 million as of March 31, 2026.

18. There were unused commitment line agreements under which the Company is the lender of ¥6,723 million as of March 31, 2026.

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

20. Matters Related to Employees' Retirement Benefits as of March 31, 2026

(1) Overview of Employees' Retirement Benefit Plan

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

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

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

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

(2) Defined Benefit Plan

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

	(Millions of yen)
Retirement benefit obligation at the beginning of the fiscal year.....	¥76,101
Service cost.....	3,186
Interest cost.....	1,205
Actuarial differences occurred during the fiscal year.....	(12,736)
Retirement benefit payments.....	(3,671)
Retirement benefit obligation at the end of the fiscal year.....	<u>¥64,085</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.....	¥80,840
Expected return on pension plan assets.....	1,377
Actuarial differences occurred during the fiscal year.....	13,049
Contributions by the employer.....	806
Retirement benefit payments.....	(1,899)
Others.....	5
Pension plan assets at the end of the fiscal year.....	<u>¥94,180</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.....	¥55,820
b. Pension plan assets.....	(94,180)
c. (a + b).....	(38,360)
d. Unfunded plan retirement benefit obligation.....	8,265
e. Net amount of liabilities and assets presented on the consolidated balance sheet.....	(30,094)
f. Net defined benefit liabilities.....	8,265
g. Net defined benefit assets.....	(38,360)
h. Net amount of liabilities and assets presented on the consolidated balance sheet.....	¥(30,094)

iv) Breakdown of retirement benefit gains and losses

	(Millions of yen)
Service cost.....	¥3,186
Interest cost.....	1,205
Expected return on pension plan assets.....	(1,377)
Amortization of actuarial differences.....	(1,455)
Amortization of prior service cost.....	(687)
Others.....	(5)
Retirement benefit expenses related to defined benefit plan.....	¥865

v) Remeasurements of defined benefit plan

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

	(Millions of yen)
Actuarial differences.....	¥24,330
Prior service cost.....	(687)
Total.....	¥(23,643)

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.....	¥46,143
Unrecognized prior service cost.....	5,172
Total.....	¥51,315

vii) Breakdown of pension plan assets

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

Domestic stocks.....	54.2%
Life insurance general account.....	25.1%
Foreign stocks.....	8.2%
Domestic bonds.....	8.1%
Foreign bonds.....	2.8%
Assets under joint management.....	1.7%
Total.....	100.0%

Within the total of pension assets, 46.6% 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, 2026, were as follows:

Discount rate.....	3.3%
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 ¥393 million as of March 31, 2026.

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

1. The total amounts of revenues and expenses in connection with unconsolidated subsidiaries were ¥80 million and ¥1,710 million for the year ended March 31, 2026.
2. For the year ended March 31, 2026, in calculating the reversal of reserve for outstanding claims, a reversal of reserve for outstanding claims for ceded reinsurance of ¥20 million was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥1 million was added.

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

#### 1. Other Comprehensive Income

The reclassification adjustments and tax effect amounts related to other comprehensive income for the year ended March 31, 2026 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.....	¥391,892
Reclassification adjustments.....	(80,802)
Before tax adjustments.....	311,090
Tax effects.....	(89,924)
Net unrealized gains (losses) on available-for-sale securities, net of tax....	<u>¥221,166</u>
ii) Foreign currency translation adjustments	(Millions of yen)
Amount incurred during the fiscal year.....	¥140
Reclassification adjustments.....	—
Before tax adjustments.....	140
Tax effects.....	—
Foreign currency translation adjustments.....	<u>¥140</u>
iii) Remeasurements of defined benefit plans, net of tax	(Millions of yen)
Amount incurred during the fiscal year.....	¥25,785
Reclassification adjustments.....	(2,142)
Before tax adjustments.....	23,643
Tax effects.....	(6,839)
Remeasurements of defined benefit plans, net of tax.....	<u>¥16,803</u>
Total other comprehensive income.....	<u>¥238,109</u>

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

1. Cash and cash equivalents as of March 31, 2026 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, 2026 were as follows:

	(Millions of yen)
Cash and deposits.....	¥180,950
Call loans.....	313,000
Time deposits maturing over 3 months of the date of acquisition.....	(15,080)
Foreign currency deposits maturing over 3 months of the date of acquisition.....	(1,891)
Cash and cash equivalents.....	¥476,979

(7) Disclosed Claims Based on Insurance Business Act

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Claims against bankrupt and quasi-bankrupt obligors	133	212
Claims with collection risk	372	187
Delinquent loans past three months or more	—	—
Restructured loans	244	196
Subtotal [Percentage of total]	749 [0.08%]	595 [0.07%]
Claims against normal obligors	946,221	834,150
Total	946,971	834,746

- 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) Consolidated Solvency Margin Ratio

**Internal Model Solvency Margin Ratio**

	As of March 31, 2025	As of March 31, 2026
Internal Model Solvency Margin Ratio	247.2%	244.7 %

- Notes: 1. The Internal Model Solvency Margin Ratio is calculated in line with European methodologies.
2. The ratio as of March 31, 2026, is a preliminary figure.