Annual Report
2024

Year Ended March 31, 2024

Asahi Mutual Life Insurance Company

ASAHI LIFE

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1. Message from the President

石島 健一郎

Kenichiro Ishijima
President and
Representative Director

Striving for Group Growth through the **Eyes of an Outsider** and the **Strength of an Insider**

Commitment to Sustainable Growth with a Long-term Perspective

My name is Kenichiro Ishijima, and I assumed the role of President and Representative Director in April 2024. Thank you for supporting Asahi Life. I would like to take this opportunity to greet all stakeholders.

Since joining the company in 1988, I have spent 36 years advancing alongside Asahi Life, gaining experience in various departments such as those in charge of corporate planning and the agency business. From April 2021, I served as the President of Nanairo Life, a subsidiary of Asahi Life, where I contributed to the launch and expansion of a new channel for the company: the independent agency channel. Thanks to these efforts, Nanairo Life's new policy sales in the independent agency market has steadily grown, contributing to the Group's overall new policy sales.

For a life insurance company, obtaining a policy with a customer is not the end goal but the starting point of a long-lasting relationship. The most important thing is to maintain the company's sound condition over the long term and continuously provide reliable coverage to our customers. Therefore, I believe my role is to manage with a long-term perspective, ensuring that our operations benefit our customers and lead to healthy company growth, without being distracted by short-term performance.

Passing on DNA that Withstands a Changing Business Environment

When asked, "What is Asahi Life's strength?" I would answer, "Its experience of overcoming two management crises." As a result of efforts such as reassessing business areas and improving financial structure, our company regained an A grade for the first time in 21 years in fiscal 2022.

Paradoxically, I believe that the experience of employees overcoming such challenges together has strengthened the company's resilience—the ability to adapt flexibly and recover from difficulties and threats. In an era where the business environment is rapidly changing, the flexibility to withstand these changes is essential for management. Now that our finances have normalized and we are on a new growth trajectory, there is a tendency for the sense of crisis from those days to fade. Passing on this DNA of adaptability to the younger generation of employees also remains one of our challenges.

Additionally, drawing from the experience of overcoming past crises, I am firmly determined as a leader not to postpone issues. I will strive for timely management decisions that align with societal and market changes.

Furthermore, I believe that close communication with employees greatly supports flexible management decisions, a realization I gained from my own experiences. During my time as President of Nanairo Life, proactively engaging in communication with employees helped me stay informed about what was happening within the company, leading to prompt recognition of issues and swift decision-making, which I believe proved effective.

Aiming for Group Growth through "Multi-Channel Strategy"

In the mid-term management plan for FY 2021– FY 2023, “Advance: The road to 2030,” despite challenging business conditions such as the COVID-19 pandemic and rising prices, the growth of our subsidiary Nanairo Life, which commenced operations in 2021, contributed to achieving the Asahi Life Group’s strategic targets in terms of the number of customers, annualized premiums from new policies for protection-type products, and annualized premiums from policies in force for protection-type products.

Looking at the future business environment, until 2030 in Japan, despite continued aging and a declining working-age population, the influx of the junior baby boomer generation suggests that the senior customer segment, our main target, will maintain a certain volume. However, a decline in the senior population, among others, is expected post-2030. In terms of technology, advancements in AI and digital technologies hold the potential to transform the life insurance business, while overseas, particularly in Asia, market expansion driven by population growth and economic development is anticipated.

With this understanding of the business environment, we have developed a new mid-term management plan for FY 2024– FY 2026, “Next A: Towards the Realization of Our Vision for 2030.“ One of the strategic pillars is "providing optimal products and services to each customer." We aim to deliver products and services that meet various customer needs by promoting our multi-channel strategy, involving the sales representative channel of Asahi Life and the independent agency channel of Nanairo Life, among others.

With increasingly diverse lifestyles, providing optimal products and services through channels that align with individual customer preferences is essential. The sales representative channel, the mainstay of the Group, will focus on retaining existing policies in force, while Nanairo Life will serve as a growth driver by increasing new customers. These two channels will be key in driving group-wide growth.

While there remain many opportunities to pursue in the Japanese market, the shrinking market due to Japan’s aging population also signals challenges for the life insurance industry. In response, we have been partnering with a local insurance company in Vietnam since 2017, providing expertise in telemarketing insurance sales and consulting on internet-based business models. In March 2023, we established Asahi Life Consulting Vietnam in Ho Chi Minh City to expand our consulting business and advance new business developments and revenue generation.

Re-Evaluating the Value Added by the Sales Representative Channel

Nanairo Life, having experienced rapid growth, is in a stage where it needs to solidify its foundation over the next three years and prepare for the next growth phase. Meanwhile, the sales representative channel, which still accounts for approximately half of the life insurance enrollment routes, remains

the backbone of the Group. The challenge for the sales representative channel is to clearly define its significance and value, refining it into a sustainable business model for the future. This requires discerning what should evolve with the times and what core strengths must remain unchanged.

The personalized consulting and earnest after-sales service conducted face-to-face with customers in the sales representative channel are precisely the strengths that must not change.

Many customers continue to express a desire to hear detailed explanations from a sales representative when selecting an insurance product, have someone to easily consult when they have questions, and receive a prompt response when needed. These needs persist regardless of changing times.

While continuously enhancing aspects that improve efficiency and convenience for customers through digitalization and other means, we will maintain and strengthen the consulting and services that our customers expect.

The Answer Lies in Conversations with Customers

In rapidly aging Japan, we have focused early on the third-sector market, which offers coverage for living, such as medical, cancer, and nursing care insurance, developing products and services in these areas. Our nursing care and dementia insurance, including the Anshin Kaigo series, has been particularly well-received for its comprehensive coverage and uniqueness. We will continue to focus on developing and offering products and services that address Japan's social challenges.

The life insurance industry has long been regarded as a mature market where creating new areas and products is difficult. However, the desired coverage changes constantly with the evolving values and lifestyles of customers. Regarding these diverse needs, I believe that the answer always lies in conversations with customers. Listening to customer feedback and making improvements to products and services is essential, but the key lies in discerning the underlying latent needs as a life insurance company. I think that this is where seeds for services that exceed customer expectations and innovative ideas are buried.

A Workplace Where You Can "Feel Growth" through Work

In the DX (Digital Transformation) strategy, which has been ongoing since the previous mid-term management plan, we will continue to enhance customer convenience and improve employee work efficiency through the use of devices such as "Smart Eye II," which supports sales representative presentations, and internal platforms.

We position human capital management as a key focus area alongside the DX strategy. The structure of our workforce closely resembles Japan's demographic structure, which faces declining birthrates and an aging population. To maintain corporate vitality, we will promote not only the hiring of new graduates but also mid-career recruitment and opportunities for senior employees. Supporting the growth of each employee and creating an organization that values individuality are also essential for enhancing each individual's capabilities. To further boost employee engagement, work-life balance is, of course, important, but so is the sense that one can "grow through work" and feel that "one’s work is contributing to society."

To balance work ease with work fulfillment, we aim to create a workplace environment where employees can set career goals autonomously and work energetically, fostering a corporate culture that encourages taking on challenges without fear.

Integrating Core Business with Solving Social Issues

Our vision for 2030, inherited from the previous mid-term management plan, is as follows: “Asahi Life: a company that contributes to resolving social issues and continues to support customers’ lives through the life insurance business in this era of the 100-year lifespan.”

While we have already been addressing social issues through our core business, we now aim to take this further by integrating our core business with sustainability management. For example, in the areas of nursing care and dementia that we focus on, we want to not only provide excellent insurance products but also consider offering comprehensive solutions to caregiving challenges.

In addition to our own initiatives, we have also been promoting responsible investments that consider ESG (Environmental, Social, and Governance) as awareness of ESG investing has increased.

The recognition that sustainability efforts are linked to corporate value and stock performance is now shared globally. Our company will also enhance communication with investee companies through engagement (dialogue) and other means.

By integrating business with sustainability, we aim to achieve the strategic targets set forth in the new mid-term management plan.

Commitment to Thinking from the "Customer's Perspective"

“Those who possess both the perspective of an outsider and the power of an insider are rare leaders capable of successfully driving transformation within an organization.” These are the words of John Kotter, an esteemed professor emeritus of leadership at Harvard Business School. I have held this phrase as my motto ever since learning about organizational change theory.

I once encountered a period where I was seconded to a general company, and during that time, I had the chance to be solicited for insurance within the workplace. Viewing the situation from the perspective of an outsider, rather than as an "employee of an insurance company," made the challenges of what I previously took for granted in our sales style become clearer.

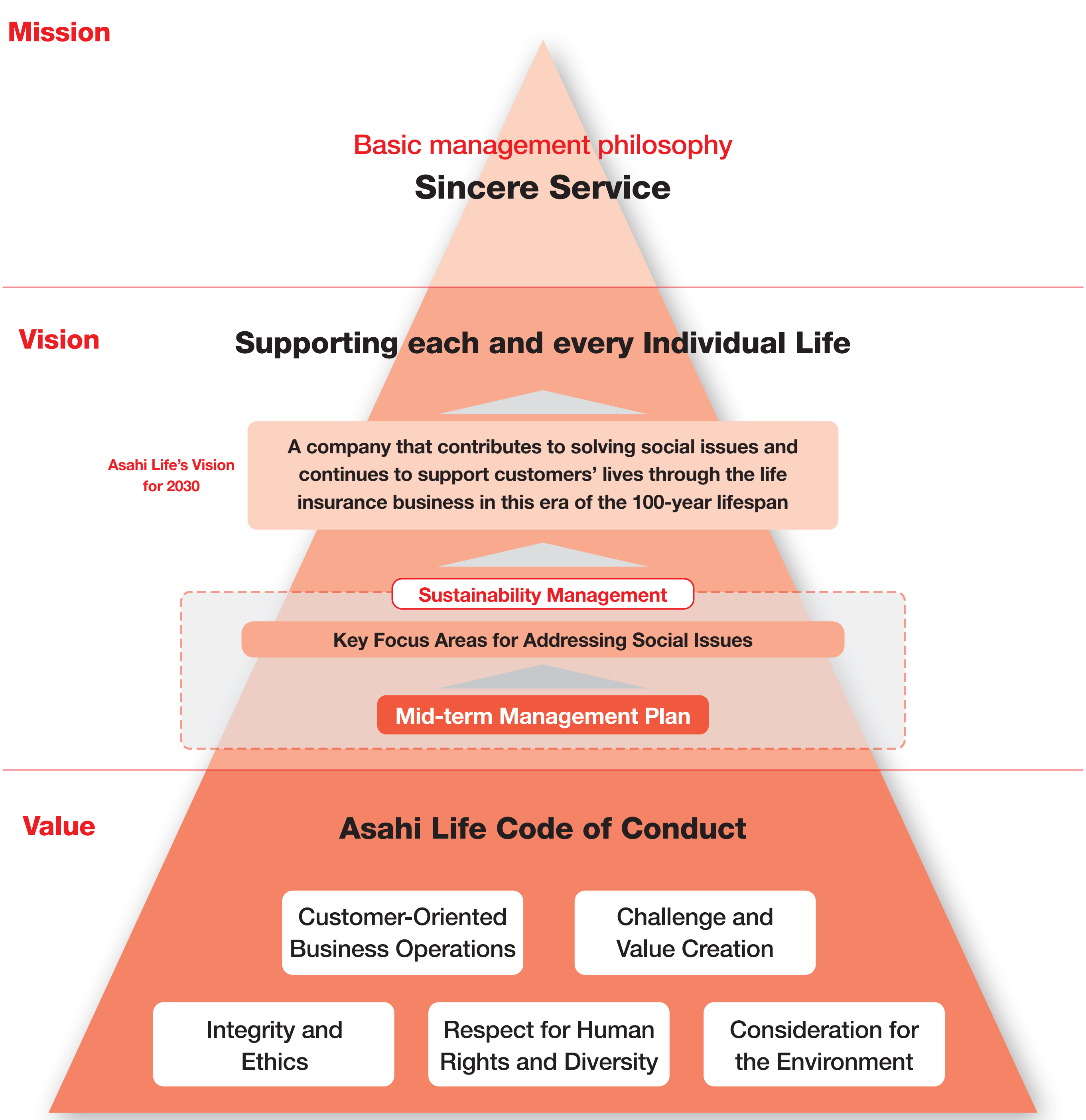
On the other hand, during my tenure as president of Nanairo Life, specialized in the independent agency channel, I gained a renewed appreciation for the added value of consulting and after-service offered by exclusive face-to-face sales representative channels.

These insights were only possible because I had experienced positions outside of Asahi Life. I will leverage both the outsider's perspective gained from my career experiences and the momentum built as an insider to contribute to management.

My mission as a leader is to meet customer expectations by providing better products and services, and to enhance the purpose of existence and corporate value of our company, ensuring sound business continuity. To achieve this, it is important to receive candid feedback from our customers and to continually consider the underlying needs behind that feedback. I sincerely ask for the continued support and patronage of all our stakeholders.

2. Philosophy System

Asahi Life's philosophy system is comprised of the Mission of "Sincere Service," the Vision of "Supporting each and every Individual Life," and the Value of "Asahi Life Code of Conduct."



3. Sustainability Management

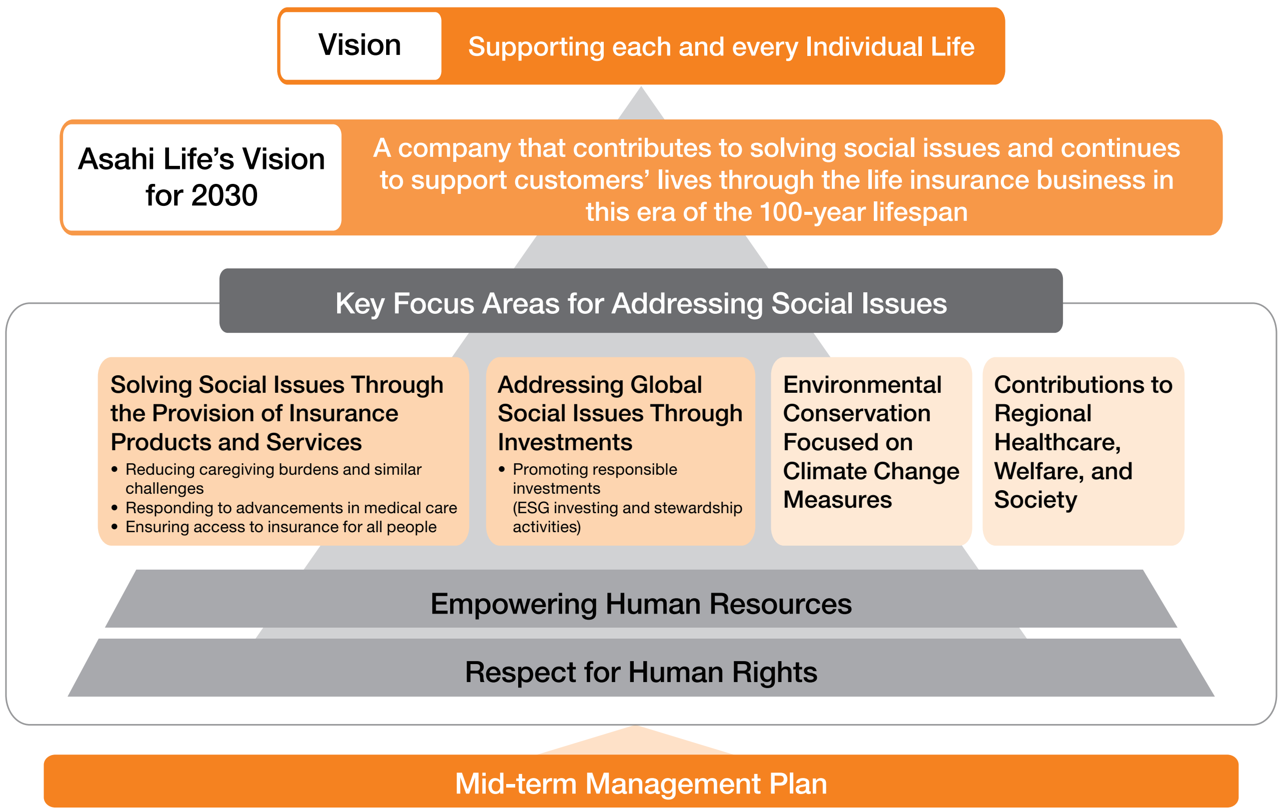
Sustainability Management Policy

Asahi Life recognizes that the life insurance business has the mission of supporting society alongside the social security system, and that business activities themselves are vital actions to fulfill our corporate social responsibility. With this understanding, we promote sustainability management by striving for appropriate collaboration with stakeholders, including customers, society, and employees.

In promoting sustainability management, we focus on key areas based on "respect for human rights" and "human resource empowerment," including "solving social issues through the provision of insurance products and services," "addressing global social issues through investments," "environmental conservation focused on climate change measures," and "contributions to regional healthcare, welfare, and society."

We will communicate the social issues encompassed by each key area, the corresponding business activities, and the indicators and targets both internally and externally, and implement business activities that contribute to solving social issues and realizing a sustainable society.

Through these initiatives, we aim to achieve our vision for 2030 of being "a company that contributes to resolving social issues and continues to support customers' lives through the life insurance business in this era of the 100-year lifespan."



4. Previous Mid-term Management Plan "Advance: The road to 2030"

Review of the Previous Mid-term Management Plan "Advance: The road to 2030"

Despite the challenging business environment due to the COVID-19 pandemic and rising prices, we achieved our strategic targets for the number of customers (Group), new policies for protection-type products (annualized premiums, Group), and policies in force for protection-type products (annualized premiums, Group). As a result, our credit rating was upgraded to an A grade.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2023 targets
Number of customers (Group*1)	2.602 million	2.640 million	2.775 million	2.929 million	2.800 million
New policies for protection-type products*2 (Annualized prmiums, Group*1)	¥24.8 billion	¥26.7 billion	¥33.7 billion	¥36.4 billion	¥35.0 billion
Number of new nursing care insurance policies (Group*1)	99 thousand	117 thousand	111 thousand	113 thousand	117 thousand
Policies in force for protection-type products*2 (Annualized prmiums, Group*1)	¥305.6 billion	¥309.9 billion	¥320.3 billion	¥330.9 billion	¥330.0 billion

*1 "Group" here refers to the total of Asahi Life and Nanairo Life.
*2 Protection-type products include death protection insurance and third-sector insurance products such as medical insurance, nursing care insurance, and non-participating group medical insurance sold through agency channels but exclude savings-type insurance products.

Key Initiatives Focused on in the Previous Mid-term Management Plan

1. Third-sector Strategy

- Establishing the brand of "Asahi Life for Nursing Care Insurance"
- Providing third-sector products and services for medical and nursing care coverage
- Offering value in the healthcare field, including the prevention of severe conditions

2. Channel Strategy

- Evolving the sales representative channel to meet contemporary market needs for better market responsiveness
- Launching Nanairo Life Insurance Co., Ltd. and establishing a digital channel to cater to the growing need for digital solutions
- Expanding overseas business in anticipation of a shrinking Japanese market

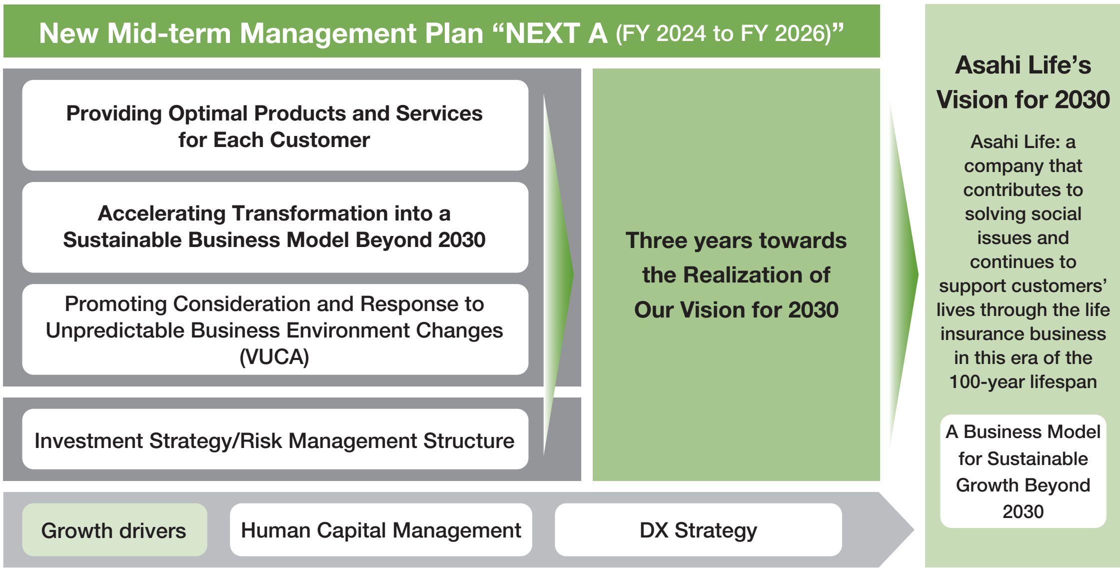
3. Investment Strategy

- Transitioning to an economic value-based portfolio and securing investment income
- Contributing to solving global social issues through the promotion of responsible investment

5. New Mid-term Management Plan "Next A: Towards the Realization of Our Vision for 2030"

In the new three-year mid-term management plan for FY 2024 - FY 2026, upholding the vision of "Supporting each and every individual life," we aim to contribute to the realization of a sustainable society based on the recognition that the life insurance business plays a vital role in supporting society alongside social security systems, and that our business activities themselves are essential for fulfilling our corporate social responsibility.

Acknowledging the challenging business environment, including a shrinking Japanese market due to a declining working-age population, labor shortages, increased costs due to high prices and various other radical changes, the new mid-term management plan, "Next A," was launched as a three-year path to ensure progress toward achieving our vision for 2030.



Concept of the New Mid-term Management Plan

1. Providing Optimal Products and Services for Each Customer

- In the sales representative channel, we will connect major investments, including those in salary increases for sales representatives and sales terminals to tangible results, building a sales representative structure that combines high quality and sufficient scale.
- For Nanairo Life, efforts will focus on ensuring stable new policy sales and preparing for the next growth stage.

2. Accelerating Transformation into a Sustainable Business Model Beyond 2030

- We will develop personnel capable of detecting environmental changes, adapting the organization and actions flexibly to the changes, and integrating technologies like AI into business. We will also foster an organization that supports employees in autonomously taking on challenges and achieving growth, thereby meeting the challenges posed by changes.
- In overseas business, we will work not only to improve the profitability of existing businesses but also to advance efforts towards underwriting projects.

3. Promoting Consideration and Response to Unpredictable Business Environment Changes (VUCA)

- We will advance research and investigation into new businesses and technologies, aiming to launch new revenue-generating businesses in areas such as healthcare and nursing care.

Next A Business Strategy

Through providing optimal products with suitable channels for each customer, we aim to improve group-based revenue generation. By advancing human capital management and DX strategies, we will drive the transformation toward a flexible and resilient business structure while expanding revenue in overseas business.

■ Sales Representative Channel

We will invest in human resource development and DX strategies (such as expanding the features of sales terminals) to build a sales representative structure that can consistently deliver high-quality consulting and attentive service.

- Expanding Customer Service
  We will expand the lineup of medical and nursing care insurance products, for which we have strengths. We will also improve the convenience of web procedures and expand simple, easy-to-understand electronic procedures, as well as enhance the responsiveness of the customer service center using AI.

- Strengthening Sales Representative Structure to Maintain and Expand Customer Contact
  We will strengthen the sales representative structure through proactive investments, such as those in increasing sales representative salaries and expanding training systems. Additionally, we will promote hybrid sales through remote meetings and digital proposals, as well as digital management and analysis of sales activities.

■ Nanairo Life

We will work on securing stable new policy sales and building a structure for the next growth stage. This mid-term management plan is designed to plant the seeds for business stabilization and further success across the next three years.

- Establishing a Stable Position in Third-sector Products and Channels
  We will continue to provide attractive new products, as well as reinforce staff supporting independent agency and strengthen relationships with agents. Further, we will stabilize and streamline administrative operations, and promote workload reduction through system enhancements.

■ Overseas Business

We will expand our business in overseas markets, focusing on Asia, not just the Japanese market. We will improve the profitability of the consulting business and develop new businesses.

Overseas Business

Expansion of Existing Consulting Business

✓ Scaling up operations of the local subsidiary in Ho Chi Minh City, Vietnam, to further expand the consulting business

Initiatives for New Business Development

✓ Leveraging marketing and sales expertise in Vietnam to expand business operations

✓ Exploring and preparing for new business opportunities

Anticipating domestic market shrinkage due to future population decline and focusing on further expansion in overseas markets, particularly in Asia

"Next A" Strategic Targets

	FY 2024	FY 2025	FY 2026	vs FY 2023
Number of customers (Group)	2.96 million	3.06million	3.14 million	+21 thousand
New policies for protection-type products (Annualized prmiums, Group)	¥37.0 billion	¥37.5 billion	¥38.5 billion	+¥20 billion
Policies in force for protection-type products (Annualized prmiums, Group)	¥340.0 billion	¥350.0 billion	¥360.0 billion	+¥29.1 billion
ESR* (Group)	220 - 260%			—

* Abbreviation for Economic Solvency Ratio, which indicates a key measure of financial soundness for life insurance companies.

6. Business Overview

Overview

Asahi Life was established in 1888 as the second modern life insurance company in Japan under the name Teikoku Life Insurance Company (Teikoku Seimei Hoken Kabushiki Gaisha). We became a mutual company and changed our name to Asahi Mutual Life Insurance Company (Asahi Seimei Hoken Sogo Gaisha) in 1947.

Our core business is life insurance for individuals in Japan, with a specific strategic focus on offering protection-type products, including medical and nursing care products.

We have been enhancing our financial soundness and aim to further enhance it through the accumulation of surplus and recapitalization measures. As of March 31, 2024, we had a non-consolidated solvency margin ratio of 994.5 percent, and insurer financial strength ratings of A- (Stable Outlook) from Fitch, A- (Stable Outlook) from R&I, and A- (Stable Outlook) from JCR.

Products

Asahi Life offers a variety of individual life insurance products, with a focus on protection-type products including medical and nursing care products, aimed at serving our customers' financial needs. We continually review, update, and expand our product offerings to respond to the needs of our customers while maintaining our focus on individual life insurance.

Our main products for individual customers are flexible life insurance products named "Hokenou Plus" targeting male customers, and "Yasashisa Plus" targeting female customers. Each product allows customers to choose from a portfolio of insurance products to create a customized insurance plan.

Insurance Group Strategy

In order to precisely respond to customers' diversifying needs, Asahi Life will partner with Group companies to implement agile product development as well as our multi-channel strategy that features expanded independent agency channels, such as insurance shops and telemarketing, in addition to our sales representative channel.

■ Asahi Mutual Life Insurance Company

朝日生命

Our roughly 15,000 sales representatives throughout Japan provide face-to-face service for customers. They provide thorough consultation services during the application process and provide extensive follow-up service to address the needs of each individual customer, such as information suited to changes in customers' life cycles.

■ Nanairo Life Insurance Co., Ltd.

あなた色に輝く日々を
なないろ生命
朝日生命グループ

Established in April 2021, Nanairo Life began selling life insurance in October 2021. Primarily working through channels such as independent agencies and direct marketing, Nanairo Life provides third-sector products such as medical insurance to accurately and flexibly serve customers' diversifying needs.

■ NHS Insurance Group Inc.

NHS Insurance Group is a holding company for four insurance agencies: NHS Inc., Sokisha Inc., FEA Inc. and Life Navi Partners Inc. In telemarketing and door-to-door sales, they select and suggest the insurance product that best suits the needs of each individual customer from a range of products offered by various insurance companies.

■ F.L.P Co., Ltd.

保険相談サロンFLP

F.L.P is an independent agency that runs a chain of around thirty insurance shops in the Tokyo Metropolitan Area under the brand Insurance Consultation Salon FLP. F.L.P selects and suggests the insurance product that best suits the needs of each individual customer from a range of products offered by various insurance companies.

7. Business Overview for Fiscal Year 2023

Business Performance (Annualized Premiums, Group[*1])

New Policies for Individual Insurance/Individual Annuities

Annualized premiums from new policies for the Group increased to 107.4% of the previous fiscal year, reaching ¥36.6 billion. Of these, third-sector products reached 109.3% of the previous fiscal year.

(Billions of Yen)

Years ended March 31	2023	2024	Year-over-year
New Policies (Group)	34.1	36.6	107.4%
Asahi Life	20.2	19.2	94.8%
Nanairo Life	13.8	17.4	125.8%
Third-sector products	30.2	32.9	109.3%

Surrendered and Lapsed Policies for Individual Insurance/Individual Annuities[*2]

Annualized premiums from surrendered and lapsed policies for the Group increased to 109.8% of the previous fiscal year, reaching ¥26.0 billion.

(Billions of Yen)

Years ended March 31	2023	2024	Year-over-year
Surrendered and lapsed policies (Group)	23.7	26.0	109.8%
Surrender and lapse ratio	4.65%	5.13%	+0.48points

Policies in Force for Individual Insurance/Individual Annuities

Annualized premiums from policies in force for the Group ended at 99.9% of the end of the previous fiscal year, reaching ¥507.8 billion, due primarily to declines in savings-type products. Of these, third-sector products reached 105.3% of the end of the previous fiscal year.

(Billions of Yen)

As of March 31	2023	2024	Year-over-year
Policies in force (Group)	508.3	507.8	99.9%
Asahi Life	491.7	476.1	96.8%
Nanairo Life	16.5	31.6	190.9%
Third-sector products	240.1	252.8	105.3%

● New Policies for Protection-type Products*3

Annualized premiums from new policies for protection-type products for the Group increased to 107.9% of the previous fiscal year, reaching ¥36.4 billion.

(Billions of Yen)

Years ended March 31	2023	2024	Year-over-year
New policies (Group)	33.7	36.4	107.9%
Asahi Life	19.9	18.9	95.4%
Nanairo Life	13.8	17.4	125.8%

● Policies in Force for Protection-type Products*3

Annualized premiums from policies in force for protection-type products increased by ¥10.5 billion compared to the end of the previous fiscal year, reaching ¥330.9 billion and exhibiting an ongoing increasing trend.

(Billions of Yen)

As of March 31	2023	2024	Year-over-year
Policies in force (Group)	320.3	330.9	+10.5
Asahi Life	303.7	299.2	(4.5)
Nanairo Life	16.5	31.6	+15.0

Notes:

*1. "Group" here refers to the total of Asahi Life and Nanairo Life.

*2. Surrendered and lapsed policies are measured as cancellations plus expirations and reductions less revivals.

*3. Protection-type products include death protection insurance and third-sector insurance products such as medical insurance, nursing care insurance, and non-participating group medical insurance sold through agency channels but exclude savings-type insurance products.

Financial Performance

● Fundamental Profit

The Group's fundamental profit increased by ¥24.1 billion relative to the previous fiscal year to ¥30.4 billion. Of this, Asahi Life's fundamental profit increased by ¥28.9 billion from the previous fiscal year to ¥42.3 billion, reflecting improvements in underwriting gains due to a decrease in the payment of deemed hospitalization benefits related to COVID-19, as well as improvements in negative spread amount.

(Billions of Yen)

Years ended March 31	2023	2024	Year-over-year
Fundamental profit (Group)	6.3	30.4	+24.1
Asahi Life	13.3	42.3	+28.9
Underwriting gains	54.2	70.1	+15.9
Negative spread amount	(40.8)	(27.8)	+12.9
Nanairo Life	(6.9)	(11.8)	(4.8)

Financial Soundness

● Solvency Margin Ratio

The solvency margin ratio (consolidated) rose by 56.9 percent points from the end of the previous fiscal year to 1,036.2%, due to an increase in net unrealized gains on available-for-sale securities driven by rising domestic stock prices and the depreciation of the yen.

As of March 31	2023	2024	Year-over-year
Solvency margin ratio (consolidated)	979.3%	1,036.2%	+56.9points
Solvency margin ratio (Non-consolidated)	933.0%	994.5%	+61.5points

● Economic Solvency Ratio (Internal Management Basis)

The Group ESR (internal management basis) stood at 256.9%.

As of March 31	2024
Economic solvency ratio	256.9%

The Economic Solvency Ratio (ESR) is an indicator that represents the financial soundness of an insurance company on an economic value basis*. The economic value-based solvency regulations currently under review by the Financial Services Agency (scheduled to be introduced in FY 2025) will require the calculation of the ESR, replacing the current solvency margin ratio. In anticipation of these regulations, we have decided to disclose our ESR using an internal model ahead of the regulatory implementation.

* The economic value basis includes the evaluation of unrealized gains and losses on assets and liabilities that are off-balance-sheet in accounting. Valuing assets and liabilities at fair market value in alignment with market prices, etc., captures changes in the market value of liabilities due to market interest rate fluctuations, etc., which cannot be supplemented by accounting information

Results of Operations (Non-consolidated)

● Selected Data of Statements of Income

(Billions of Yen)

Years ended March 31	2023	2024	Year-over-year
Ordinary income:	629.5	622.3	98.9%
Premium and other income:	379.2	367.2	96.9%
Investment income:	144.1	183.2	127.1%
Interest, dividends and other income	118.4	120.8	102.1%
Gains on sales of securities	16.1	44.0	273.6%
Other ordinary income:	106.1	71.8	67.7%
Reversal of policy reserves	95.1	63.7	67.0%
Ordinary expenses:	611.8	604.2	98.8%
Claims and other payments:	404.3	383.9	94.9%
Claims	110.7	105.4	95.2%
Annuities	112.4	109.6	97.5%
Benefits	94.5	74.4	78.8%
Surrender benefits	81.7	87.3	106.8%
Investment expenses:	64.8	76.6	118.2%
Losses on sales of securities	25.5	41.4	162.4%
Losses on derivative financial instruments	18.8	14.5	77.1%
Operating expenses	106.0	108.5	102.3%
Other ordinary expenses	33.9	32.8	96.8%
Ordinary profit	17.6	18.1	102.6%
Extraordinary gains:	11.8	5.5	46.6%
Gains on disposal of fixed assets	1.8	5.5	293.4%
Reversal of reserve for price fluctuation	10.0	–	–
Extraordinary losses:	6.0	4.3	71.0%
Losses on disposal of fixed assets	2.7	0.9	33.1%
Impairment losses	3.2	1.1	34.7%
Provision for reserve for price fluctuation	–	2.1	–
Surplus before income taxes	23.4	19.3	82.5%
Total income taxes	6.2	4.0	66.0%
Net surplus	17.2	15.2	88.4%

Ordinary income was ¥622.3 billion (98.9% of the previous fiscal year), of which ¥367.2 billion (96.9%) was premiums and other income. Investment income increased to ¥183.2 billion (127.1%) mainly due to higher gains on sales of securities.

Ordinary expenses were ¥604.2 billion (98.8%), including claims and other payments of ¥383.9 billion (94.9%), due to a decrease in the payment of deemed hospitalization benefits related to COVID-19. Investment expenses increased to ¥76.6 billion (118.2%) due primarily to increased losses on sales of securities. Operating expenses were ¥108.5 billion (102.3%).

This resulted in an ordinary profit of ¥18.1 billion (102.6%).

Extraordinary gains were ¥5.5 billion (46.6%), and extraordinary losses were ¥4.3 billion (71.0%). Total income taxes reached ¥4.0 billion (66.0%).

As a result of the above factors, net surplus was ¥15.2 billion (88.4%).

Assets, Liabilities and Net Assets (Non-consolidated)

● Selected Assets Data

(Billions of Yen)

As of March 31	2023	2024	Year-over-year
Total assets:	5,285.6	5,485.0	+199.3
Cash, deposits and call loans	207.6	112.3	(95.2)
Monetary claims bought	20.2	18.8	(1.4)
Securities:	4,303.7	4,525.8	+222.0
Domestic bonds	2,609.7	2,778.9	+169.2
Domestic stocks	507.6	599.2	+91.6
Foreign securities	1,088.2	1,027.9	(60.2)
Loans	303.9	321.3	+17.3
Tangible fixed assets	359.4	353.7	(5.7)
Others	90.4	152.9	+62.5

● Selected Liabilities/Net Assets Data

(Billions of Yen)

As of March 31	2023	2024	Year-over-year
Total liabilities:	4,855.9	4,904.9	+49.0
Policy reserves and other reserves:	4,331.5	4,268.9	(62.5)
Policy reserves	4,269.9	4,206.1	(63.7)
Bonds payable	150.5	102.6	(47.9)
Others	373.8	533.4	+159.5
Total net assets:	429.7	580.1	+150.3
Total foundation funds and others:	347.4	359.8	+12.3
Foundation funds	51.0	51.0	–
Reserve for redemption of foundation funds	206.0	206.0	–
Reserve for revaluation	0.2	0.2	–
Surplus:	90.2	102.6	+12.3
Reserve for future losses	0.3	0.3	+0.0
Other surplus:	89.8	102.2	+12.3
Reserve for fund redemption	22.6	31.7	+9.1
Equalized reserve for dividends to policyholders	7.0	6.8	(0.1)
Unappropriated surplus (loss)	60.1	63.6	+3.4
Total valuation and translation adjustments:	82.2	220.2	+137.9
Net unrealized gains (losses) on available-for-sale securities, net of tax	130.6	270.5	+139.9
Land revaluation differences	(48.4)	(50.3)	(1.9)
Total liabilities and net assets	5,285.6	5,485.0	+199.3

As of March 31, 2024, total assets were ¥5,485.0 billion, with securities accounting for ¥4,525.8 billion, loans at ¥321.3 billion, and tangible fixed assets at ¥353.7 billion. For securities, the balance of foreign currency-denominated bonds was reduced, and funds were shifted to yen-denominated bonds, considering the persistently high foreign exchange hedging costs. Additionally, domestic stocks increased mainly due to the rise in domestic stock prices.

Total liabilities were ¥4,904.9 billion, of which policy reserves accounted for ¥4,206.1 billion.

Total net assets were ¥580.1 billion, of which total foundation funds and others amounted to ¥359.8 billion, and total valuation and translation adjustments amounted to ¥220.2 billion.

Non-Financial Highlights

Number of Customers

(End of FY 2023, Group)

Asahi Life Group had 2.929 million customers as of the end of FY 2023, an increase of 154 thousand from the end of the previous fiscal year.

2.929 million

Total Payments of Claims, Annuities and Benefits

(FY 2023, Non-consolidated)

Claims, annuities, and benefits payments made in FY 2023 totaled ¥289.5 billion.

¥289.5 billion

Customer Satisfaction

(FY 2023, Non-consolidated)

Customer satisfaction reached 74.6%, a decrease of 1.5 points from the previous fiscal year.

74.6%

Offices

(April 1, 2024)

Asahi Life has 58 branches and 560 sales offices throughout Japan where sales representatives provide the right products and services for each and every customer's needs in a face-to-face context.

58 branches

560 sales offices

Greenhouse Gas Emissions

As measures tackling climate change, one of our priorities for sustainable management, we established FY 2030 interim reduction targets for greenhouse gas emissions based on the reference year of 2020 (life insurance business: a 50% reduction, investment and financing portfolio: a 39% reduction), aiming to reduce greenhouse gas emissions to "net zero" levels by FY2050.

In FY 2022, we made steady progress with a 34% reduction in the life insurance business. Additionally, the investment and financing portfolio achieved a reduction of 14.5%.

(FY 2022, Non-consolidated)

Life Insurance Business*1

Scope1 + Scope2	35.1 thousand tons - CO_{2e}
Scope1	21.7 thousand tons - CO_{2e}
Scope2	13.4 thousand tons - CO_{2e}
Scope 3 (Categories 1 to 14)	45.7 thousand tons - CO_{2e}

Investment and Financing Portfolio*2

Scope 3 (Category 15)	552.6 thousand tons - CO_{2e}

*1 Calculated based on the Ministry of the Environment and Ministry of Economy, Trade and Industry's "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain."

*2 The target assets consist of stocks, corporate bonds, and loans of publicly listed companies in Japan, and the measured emissions are Scope 1 + Scope 2 emissions of the companies in which investments were made.

Number of Employees

Asahi Life consists of 18,724 employees, of whom 14,587 are sales representatives and 4,137 are office staff.

(End of FY 2023)

18,724

Of which **14,587** are sales representatives

Of which **4,137** are office staff

Employee Satisfaction (Asahi Engagement Score)

Employee satisfaction (Asahi Engagement Score) reached 73.6%, an improvement of 1.2 points from the previous fiscal year.

* An index quantifying satisfaction with seven indicators from the employee awareness survey conducted at our company.

(Surveyed in December 2023)

73.6 %

Ratio of Female Managers

Working on initiatives such as "Female career independence" and "Support for work-home balance" since FY 2006, we achieved a female manager ratio of 30.2% as of the beginning of FY 2024.

* Based on the Act on Promotion of Women's Active Engagement in Professional Life, female managers include those at the level of section chief or higher, and those below the level of section chief whose job responsibilities and level of responsibility are equivalent to that of a section chief.

(as of the Beginning of FY 2024)

30.2 %

Gender Wage Gap

The gender wage gap among regular employees is 49.6% for office staff, influenced by past personnel systems. Meanwhile, because of the personnel system revision of FY 2021 the gender wage gap for management positions is 88.9%.

* Management positions refer to employees at the level of section chief or higher, and also include those below the level of section chief whose job responsibilities and level of responsibility are equivalent to that of a section chief.

(FY 2023)

	Sales representatives	Office staff	Total
Regular employees	103.8%	49.6%	36.5%
Of which, management positions	—	88.9	88.9
Of which, non-management positions	—	62.1	62.1
Irregular employees	—	58.7	58.7
All employees	103.8	49.2	37.8

Ratio of Male Employees Taking Childcare Leave

As part of our support for achieving balance between work and childcare, Asahi Life has worked to promote understanding of support for this balance since FY 2015 and strived to create an environment and corporate culture in which it is easy for employees to take childcare leave.

(FY 2023)

83 %

* Calculated based on the criteria stipulated by the revised Act on Childcare Leave/Caregiver Leave

8. Investments

Investments (General Account)

In order to properly respond to the mandate given us by our customers, Asahi Life seeks out investments that are safe and provide an advantage, and in light of the public nature of the life insurance business, we conduct investment considering public and social aspects.

Further, through investment, Asahi Life contributes to the resolution of environmental issues and other global social problems, in addition to aiming to reduce investment risk and secure new income opportunities.

FY 2023 Investment Environment

In FY 2023, the Japanese economy was affected by the global economic slowdown due to worldwide monetary tightening, but it continued to gradually recover, supported by the emergence of previously suppressed demand under the COVID-19 pandemic, an accommodative financial environment, and the effects of government economic measures.

Internationally, despite ongoing inflationary pressures, central banks in various countries continued to implement tightening monetary policies, resulting in a slower pace of recovery.

FY 2023 Initiatives

In FY 2023, considering the persistently high foreign exchange hedging costs, we further shifted funds from foreign currency-denominated bonds to yen-denominated bonds. At the same time, we focused on securing investment income through the allocation of funds to credit investments*1, etc., with excellent risk-return efficiency.

Moreover, as a responsible institutional investor and signatory to the PRI, we are promoting good stewardship and pursuing investment that incorporate ESG factors (environment, social, and governance).

*1 Investments in corporate bonds, loans, and similar products.

Overview of Investment Performance for FY 2023

In FY 2023, we shifted from foreign currency-denominated bonds to yen-denominated bonds, considering the persistently high foreign exchange hedging costs.

For domestic bonds, in consideration of the rise in domestic interest rates, we purchased super-long-term government bonds and assets with credit spreads such as corporate bonds.

For loans, we allocated funds in project finance for domestic and foreign renewable energy-related projects.

We partially restructured our domestic stock portfolio to favor companies with better profitability, dividends, and other qualities.

In FY 2023, we reduced the balance of foreign currency-denominated bonds considering the persistently high foreign exchange hedging costs. For alternative investments*2, we focused primarily on funds that offer stable returns and are less susceptible to economic fluctuations.

We made an effort to improve real estate profitability by attracting new tenants and other measures.

*2 Investments in infra-funds, real estate investment trusts, hedge funds, etc., which are considered as alternative investments to traditional investment assets such as stocks and bonds.

Future Initiatives

While maintaining a portfolio centered on yen-denominated assets, we will aim to diversify the range of asset classes in which we invest to mitigate risk and secure profits in pursuit of sustainable investment income.

As a responsible institutional investor, we will promote good stewardship and pursue ESG (environment, social, and governance) investment in order to contribute to the resolution of environmental issues and other global social problems, and to reduce investment risk and secure new income opportunities.

Responsible Investment Initiatives

In our investment activities, Asahi Life views investment based on our Basic Policy on ESG Investment and Basic Policy for Fulfilling Stewardship Responsibilities as "Responsible Investment."

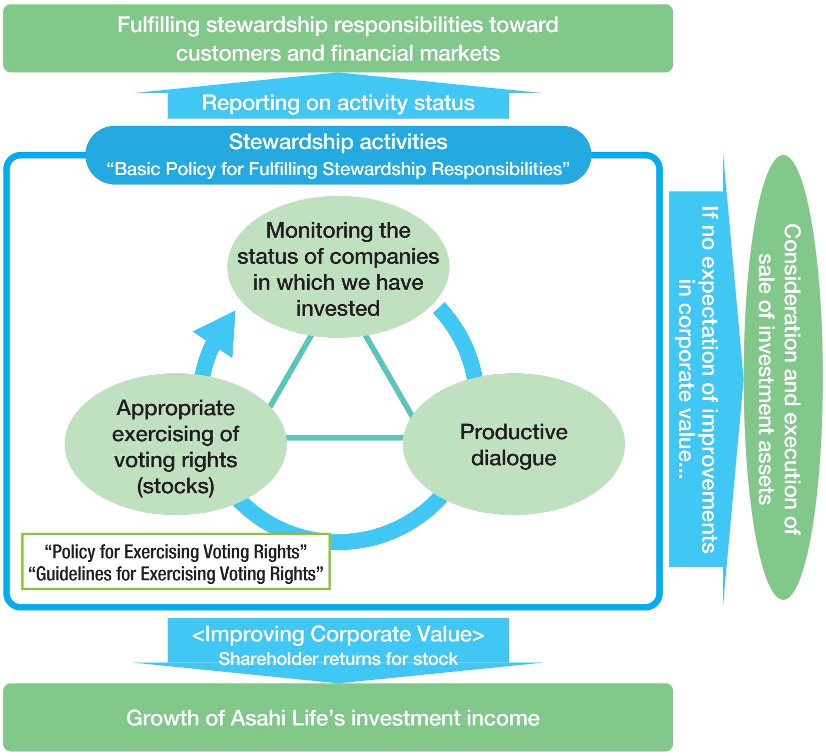
In particular, we have focused on "climate change" and "good physical health" as priority themes in our efforts to resolve social issues as we accelerate ESG investment initiatives.

ESG Investment Initiatives

Investment that takes non-financial information into account (Integration)	We conduct investment that takes into account not only financial data but also non-financial information (sustainability-related information) of investee companies in all assets
Dialogue on sustainability-related issues (Engagement)	We conducted dialogues on sustainability-related issues with investee companies in not only stock investment but also bond and loan investment
ESG-themed Investment	We have promoted ESG-themed investment with a focus on renewable energy project finance and others
Negative Screening	We do not invest in projects to develop coal-fired power generation facilities, manufacturers of inhumane weapons (including nuclear weapons), and tobacco product manufacturers

Stewardship Initiatives

Asahi Life aims to make stable and efficient investment of the assets entrusted in us by our customers in the form of insurance premiums in preparation for future payments of claims, benefits and others. We view stewardship activities as extremely important work in order to improve the effectiveness of our investment activities in the medium to long term.



Dialogue - Engagement

Asahi Life views constructive dialogue as a major pillar underlying our stewardship activities as well as important initiatives that improve corporate value and promote sustainable growth of investee companies.

When engaging in dialogue with the companies in which we invest, we first select companies on the basis of analysis and understanding of trends in company performance, financial condition, content of their business plans and progress thereof, status of initiatives on sustainability issues, and corporate governance structure, then set key issues for each matter and begin an exchange of opinions.

■ Primary Stewardship Themes

Bolstering shareholder returns	Bolstering initiatives on sustainability-related issues **<Priority Initiative Themes>** **Climate change, good physical health, human rights, human capital management**	Building corporate governance systems
Approach to shareholder returns	**Status of initiatives to resolve or make improvements to issues**	**Sustainability management** **Status of system-building**

9. Multiple Channel System

Overview of the Sales Representative Channel

Our main channel, the sales representative channel, provides high-quality consulting and attentive service to customers nationwide.

The business environment surrounding Asahi Life is expected to maintain a certain volume of elderly people, our main target, until 2030. However, we anticipate challenges such as the shrinking domestic market due to the declining working-age population in Japan, labor shortages, rising costs due to inflation, and impacts on household finances.

Furthermore, beyond 2030, the accelerated population decline, including the senior demographic, and advancements in AI and digital technology could bring unprecedented transformations to the life insurance industry.

Amid these environmental changes, for the achievement of the corporate vision of "Supporting each and every individual life," we will offer optimal products and services tailored to each customer by enhancing customer service and strengthening the sales representative structure to maintain and expand customer contact.

Overview of Other Channels

Tax Accounting Agencies

We have signed agency agreements with tax accountants throughout Japan to offer products for management personnel via consulting services for corporate clients. We also have personnel responsible for such tax accounting agencies in place across the country to bolster our support infrastructure.

Telemarketing

We offer medical insurance products via phone calls from our call center to the members of credit card companies.

Efforts are made to enhance the call center system, including operator training, to ensure clear communication with customers.

Direct Sales

We promote third-sector products such as dementia insurance through internet advertising and collaborations and partnerships with other industries.

We are working to improve the visibility and usability of our website to enable customers to complete procedures smoothly on their own.

Overseas Business

In 2017, Asahi Life began partnering with a local Vietnamese insurance company to provide our expertise on selling insurance products via telemarketing, in addition to providing consulting services with an online business model in cities like Ho Chi Minh City and Hanoi.

Moving forward, through our local subsidiary in Vietnam that began operations in April 2023, we aim to strengthen existing businesses through new partnerships, diversify channels by expanding face-to-face sales channels, and further expand our business in Vietnam.

Moreover, in order to further expand the business to other countries, we will continue to study and research various markets primarily in Asian countries that are expected to experience high growth.

10. Addressing the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Asahi Life endorsed the recommendations of the TCFD, which was established by the Financial Stability Board, in June 2019.

With respect to the climate change-related thematic areas of "governance," "strategy," "risk management," and "metrics and targets" contained in the TCFD's climate recommendations, we will work to make full disclosures regarding the status of initiatives that "contribute to the achievement of a sustainable society" from both our primary business, life insurance, and from our investment activities as an institutional investor.

Governance

Asahi Life has established the Asahi Life Environmental Policy for the implementation of climate change initiatives and other initiatives to protect the Earth's environment. We recognize the initiatives to protect the Earth's environment as an important issue in sustainability management and in accordance with this policy, each employee is engaged in environmentally conscious actions in all areas of business activities.

In our investment activities, Asahi Life views investment based on our Basic Policy on ESG Investment and Basic Policy for Fulfilling Stewardship Responsibilities as "responsible investment" which includes our initiatives to tackle climate change.

Based on these policies, the Sustainability Management Promotion Committee, headed by Asahi Life's company president, is promoting initiatives related to sustainability, including environmental initiatives with a focus on climate change mitigation, in addition to the core business initiatives of a life insurance company.

Strategy (Risks/Opportunities)

The risks posed to Asahi Life by climate change are separated into "physical risks*1" and "transition risks*2", or alternatively into "life insurance business" and "investment" risks.

In order to understand the impact on Asahi Life of the risks and opportunities accompanying climate change, we conducted scenario analysis based on forecasts of environmental change and the impact thereof.

Scenario analysis of the impact of climate change on Asahi Life based on 1.5°C and 4°C average temperature increase scenarios leads us to believe that we should focus in the short term on transition risk, and primarily for investment.

On the other hand, we also recognize that as the average temperature increases in the long term, the impact of "physical risks" will increase to primarily the life insurance business.

We will examine the impact as determined by scenario analysis as we move ahead with business activities in the future and contribute to the achievement of a decarbonized society.

Global Scenario	Average Temperature in 2100
Scenario in which there is a global transition to a decarbonized society that successfully controls rising temperatures	1.5℃ rise in temperatures compared to before the Industrial Revolution
Scenario in which there is not a global transition to a decarbonized society and temperature increases continue	4℃ rise in temperatures compared to before the Industrial Revolution

*1 Physical losses caused by climate change.

*2 Risks that arise in the process of responding to the reduction of greenhouse gas emissions.

Life Insurance Business

Various studies are being conducted on the health impacts of the rise in average temperatures.

As a long-term physical risk, it is anticipated that the number of deaths and hospitalizations due to heatstroke and other conditions will increase as average temperatures rise. We are working on initiatives such as estimating the increase in death claims and hospitalization benefits.

Additionally, there is a possibility of increased business costs due to the promotion of efforts to reduce greenhouse gas emissions and strengthening of regulations, considered as a "transition risk," and we will continue to assess these impacts.

Investment

We believe that physical and transition risks associated with climate change will have an impact on our investee companies' sustainability, and that this represents a risk of damaging asset values. Based on this belief, we will set "climate change" as a priority theme and promote responsible investment initiatives moving forward.

As part of our responsible investment initiatives, we engage in investment that considers non-financial information across all assets.

Additionally, to achieve net-zero greenhouse gas emissions by 2050, we have developed a roadmap up to 2030, based on which we engage in dialogues with listed investee companies and companies that we have financed or from which we have purchased bonds. These dialogues focus on setting and raising medium- to long-term reduction targets, and formulating specific reduction strategies to support their climate change initiatives.

Additionally, we subject projects to develop coal-fired power generation facilities to negative screening.

Meanwhile, we also view steps to resolve climate change problems as potential opportunities to generate revenue by providing us with new investment opportunities.

Moving forward, Asahi Life will actively invest in themed assets such as renewable energy project finance that contributes to the resolution of climate change issues.

There is no established quantitative analysis method for "physical risks" and "transition risks" associated with climate change, and we are engaging in exploratory investigations and analyses. Recently, using MSCI's climate risk assessment tool (CVaR), we have conducted research and analysis on the quantitative impact on domestic and foreign equities and corporate bonds held by the company based on certain climate change scenarios.

Going forward, we will continue to conduct quantitative research and analysis of climate change risks and strengthen our screening framework for investment and lending that takes ESG factors into account.

Risk Management

In order to properly address risks that are increasingly diverse and complex, we comprehensively investigate all risks facing Asahi Life and work to monitor and evaluate them.

Specific risks are not independent but are rather linked to and affect one another, and for this reason we have established a framework for comprehensive overall risk management by which be implement initiatives.

Climate change risk is considered an important risk that will have a broad impact on various other risks, such as insurance underwriting risk and investment risk, so we work to understand anticipated risk and the impact thereof as well as regulatory trends inside and outside of Japan.

These various risks facing Asahi Life are organized into and evaluated as "risk profiles" and regularly reported at Management Meetings.

We will continue working towards effective risk management.

Metrics and Targets

Asahi Life has set interim greenhouse gas emission reduction targets for FY 2030 and net-zero greenhouse gas emissions targets for FY 2050, undertaking the following initiatives in response to climate change and as part of efforts to achieve the goals of the Paris Agreement.

Life Insurance Business

- Reducing energy consumption through power-saving measures
- Transitioning to renewable energy for owned properties, considering the domestic and foreign energy situation.

(Non-consolidated)

Category	Emission results (Units: Thousands of tons - CO2e)			Reduction targets	
	FY 2020	FY 2021	FY 2022	FY 2030 (compared to FY 2020)	FY 2050
Scope1+Scope2	57.5	50.9	35.1	−50%	Net zero
Scope 1	26.8	23.5	21.7		
Scope 2	30.6	27.4	13.4		
Scope 3 (Categories 1 to 14)	65.3	57.8	45.7	−50%	Net zero

* An overview of these categories is provided below, based on the Ministry of the Environment and Ministry of Economy, Trade and Industry's "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain."

Scope 1: Direct GHG emissions by the company itself (combustion of fuels, industrial processes).

Scope 2: Indirect emissions from the use of electricity, heat, or steam supplied by others.

Scope 3: Emissions by others related to the company's activities.

Investment

- Prioritizing dialogue (engagement) with investee companies rather than by pulling out of such companies (divestment), and promoting the establishment or addition of emission reduction targets and specific initiatives at these companies to encourage their efforts against climate change.
- Actively promoting investments in assets with themes contributing to the resolution of climate change issues.

(Non-consolidated)

Category	Emission results (Units: Thousands of tons - CO2e)			Reduction targets	
	FY 2020	FY 2021	FY 2022	FY 2030 (compared to FY 2020)	FY 2050
Scope 3 (Category 15)	646.3	639.5	552.6	−39%	Net zero

* Category 15: Target assets are stocks, corporate bonds, and loans of publicly listed companies in Japan. Measurement is focused on Scope 1 + Scope 2 emissions of companies in which investments were made.

11. Governance Structure

Corporate Governance

Basic Philosophy on Corporate Governance

Recognizing that the life insurance industry plays an important role in supporting Japanese society in cooperation with the social security system, and that our company's business itself constitutes an important social responsibility, Asahi Life holds a basic management philosophy of "Sincere Service." This is guided by the idea that fulfilling our responsibilities to our customers, society, and our employees is fundamental to our business.

Based on our basic management philosophy, we work to maintain strong cooperation with all of our stakeholders and promote corporate social responsibility-based management centered on the following:

- Engaging in business that prioritizes the improvement of customer satisfaction;
- Co-existence with society through continued engagement to create a prosperous society, and;
- Improvement of employee satisfaction through the creation of a comfortable workplace that fosters employees.

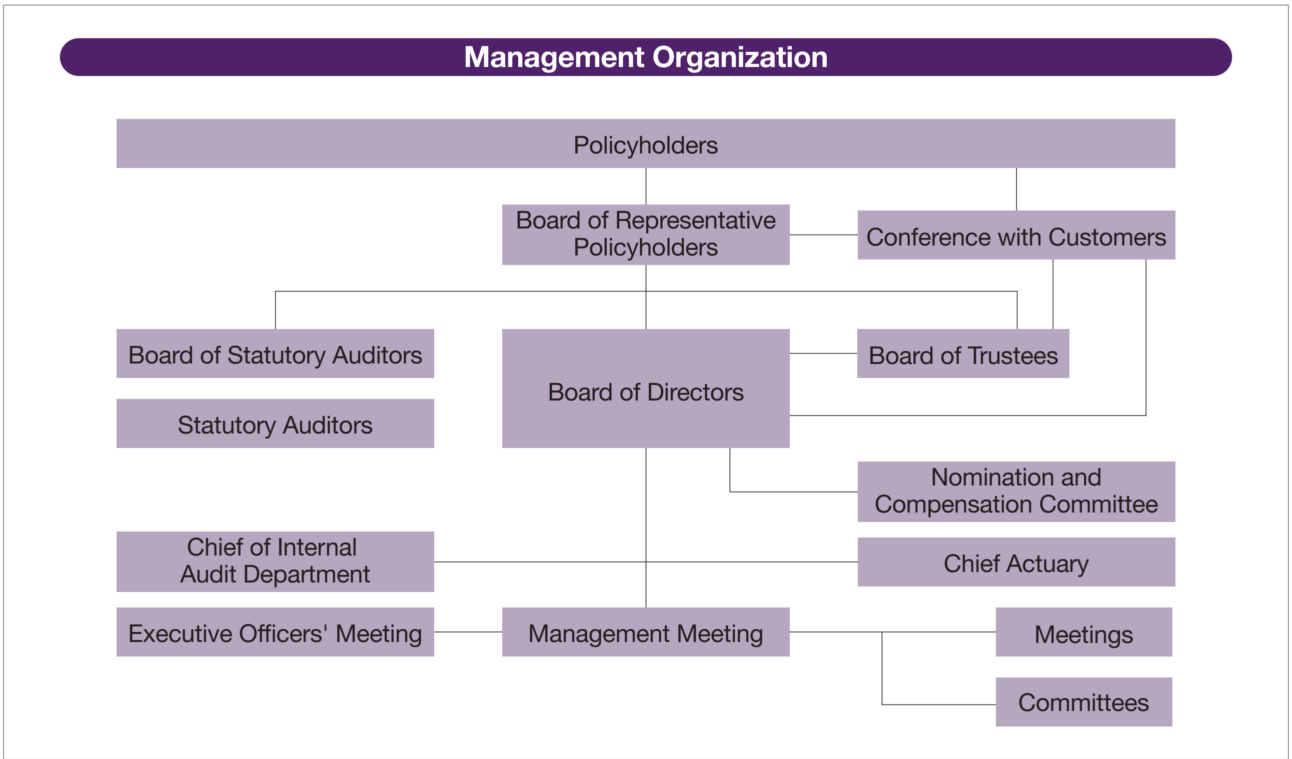
We promote sustainable management that contributes to the achievement of a sustainable society and make efforts to achieve effective corporate governance in order to both maintain our financial soundness and make decisions in a transparent, fair, quick, and decisive manner.

Overview of the Corporate Governance Structure

Asahi Life is a mutual company. A mutual company is a corporate structure in which individual policyholders (excluding holders of non-participating policies) may directly participate in the management. Instead of holding a General Meeting of Policyholders, we have established a Board of Representative Policyholders.

This serves as the highest decision-making body which consists of representatives elected from among our policyholders.

Additionally, in accordance with the institutional design required by the Insurance Business Act, we have opted to be a company with a Board of Statutory Auditors. The Board of Directors makes decisions on basic company management issues and supervises the execution of the duties of the directors. While the Statutory Auditors also supervise the execution of the duties of the directors, they do this as an independent body entrusted by the policyholders.



Board of Representative Policyholders

Framework and Functions of the Board of Representative Policyholders

Asahi Life has adopted a mutual company corporate structure that is only permitted for insurance companies. Under this structure, the company is comprised of individual insurance policyholders, who are considered members of the company. Therefore, the General Meeting of Policyholders serves as the highest decision-making body at Asahi Life, but since it is difficult to realistically hold a General Meeting for all roughly 1.84 million policyholders, we have established a Board of Representative Policyholders in accordance with the Insurance Business Act to act on behalf of the General Meeting of Policyholders.

The main issues reported and resolutions made in the Board of Representative Policyholders are as follows.

Reported issues:
Business reports, balance sheets, statements of income, statements of changes in net assets, operational reports specific to the mutual company structure

Resolutions:
Appropriation of surplus, allotment of dividends to policyholders, changes in articles of incorporation, appointment of nominating committee members for representative policyholders, appointment of trustees, appointment of directors/statutory auditors, etc.

Promoting Compliance

Asahi Life positions compliance with laws and ordinances as one of the most critical issues of management, needed to conduct sound, transparent and fair business as well as to maintain the trust of our customers. We work to foster a corporate culture that both promotes and emphasizes compliance.

All employees devote themselves to legally compliant and appropriate business. We strive to prevent any illegal or inappropriate practices and will also endeavor to make respond quickly and appropriately in the event that any illegal or inappropriate business practices are encountered.

Basic Policy/Compliance with Standards

Asahi Life has established the Basic Policy on Compliance and Compliance Standards as the primary guidelines to be observed by all employees. These are made widely and thoroughly known among all executives and employees through our Compliance Manual and rigorous training. All employees must conduct and are conducting business strictly in accordance with these policy and standards.

Furthermore, we have also created the Compliance Program which includes a detailed action plan. By implementing this action plan and conducting reviews on a periodic basis, we are attempting to establish a more advanced compliance framework.

Organization/System

Asahi Life holds discussions on compliance with the Compliance Committee. The Committee is composed of the Company President as chair, as well as Management Meeting members and third-party lawyers. The Committee discusses compliance issues with the expert input of the third-party lawyers. Additionally, the Compliance Control Department implements specific measures pertaining to compliance.

Protecting Customer Information

Management System to Appropriately Protect Information Assets

Asahi Life maintains customers' personal information related to their policies and health status insofar that the information is needed for business purposes. Therefore, recognizing that keeping such customer information secure is crucially important for management, we have established a framework to protect customer information, personal information, and personally identifiable information. We strictly implement that framework based on the relevant laws and ordinances.

Furthermore, we have also formulated a Security Policy to provide appropriate protection for our customers' information. All employees perform appropriate and strict information management based on this policy to both fulfill our responsibility towards our policyholders and society, and to further improve the credibility of our company.

Risk Management Structure

Overview

The environment surrounding life insurance companies is constantly changing. Against such a backdrop, Asahi Life believes it is very important to accurately ascertain various risks and manage them appropriately and strictly. This helps to boost financial health and stabilize profits, which will eventually lead to increased corporate value. In order to ensure the fulfillment of our long-term obligations with respect to our insurance policies, we value risk management as one of our most important management issues and are working to further improve and strengthen our risk management structure.

Risk Management Structure

Asahi Life's Board of Directors has established a Basic Policy on Risk Management. This policy is established to comprehensively identify risks managed by the entire Group, and to manage such risks appropriately to achieve management targets.

Within this Basic Policy, we have identified the various types and locations of risks faced by the Group as a whole, and with respect to each risk, we set down certain risk management methods.

Each executive department in the company works to appropriately control risk in the operations under their jurisdiction as per the basic policy and rules for each risk type, while each risk management department works to properly control risks through regular monitoring and verification of the status of risks facing the Group as a whole.

Moreover, as Group businesses grow, we are putting together a risk management infrastructure for the entire Group through our Insurance Group Compliance and Risk Management Committee.

Furthermore, specific risks are not necessarily independent and may be linked to and affect one another, and for this reason a single department is responsible for comprehensive quantitative and qualitative risk management for the Group as a whole.

Risk management status is periodically reported in management meetings and the Board of Directors, and the appropriateness and effectiveness of our risk management structure are audited by our Internal Audit Department.

Risk Appetite

In order to promote the achievement of our strategic targets in the mid-term management plan and comprehensive annual business plan, we set a certain risk appetite policy to ensure appropriate risk-taking and risk control based on both quantitative and qualitative risk evaluation.

This policy sets both levels of tolerable risk for generating earnings and risks to be curbed in the interest of financial soundness.

Enterprise Risk Management (ERM)

Asahi Life promotes Enterprise Risk Management (ERM) in order to ensure financial soundness and improve profitability through comprehensive management of risk facing the entire company.

Specifically, we establish risk management indicators based on a risk appetite policy, conduct quantitative and qualitative assessments to identify problems, and then implement countermeasures as appropriate for risk severity.

Additionally, we implement the Own Risk and Solvency Assessment (ORSA), a process to evaluate our management risks and own capital, and pursue risk management that is integrated into our business strategy.

With respect to qualitative risk evaluation, we ascertain our risk profile and specify crucial risks to management by identifying not only current but also potential risks that are discovered through our Control Self-Assessment (CSA), which we conduct in each operational division. We also strive to identify risks at an early stage and to mitigate these risks through measures such as warning analysis.

In quantitative risk evaluations, we evaluate the sufficiency of our own capital (surplus) based on both accounting standards and economic value. Specifically, in economic value-based evaluations, we monitor and manage the sufficiency of current surplus against overall risk volume (i.e., the Economic Solvency Ratio, ESR). Also, we have set our ESR targets to keep the ESR at the stable level.

Asset Liability Management (ALM)

Asahi Life engages in asset liability management (ALM) that is guided by the asset and risk management policies established by liability groups. These liability groups are categorized according to the characteristics of insurance policies. Based on the asset and risk management policies, we confirm the appropriateness of our investments. We structure our asset portfolio concentrating on yen interest-bearing assets such as domestic bonds and loans, taking into consideration the adaptation of existing assets to the liability characteristics of insurance policies. The majority of domestic bonds are classified as policy-reserve-matching bonds, which are valued at their amortized cost, with the aim of reducing the impact of interest rate fluctuations.

Stress Tests

Stress tests are a way of understanding and analyzing the impact on financial soundness of scenarios such major fluctuations in the financial markets causing losses and declining market value for Asahi Life's investment portfolio, or a major earthquake or other disaster generating large insurance claims that cause losses for Asahi Life. We position these tests as a tool complementary to statistical risk measurement methods. Stress test results are periodically reported at Management Meetings and used to consider management or financial countermeasures against such scenarios. Investment risk-related stress tests are also used to verify the validity of investment plans and develop hedging policies.

Stress tests are also conducted for extremely unlikely risk phenomena that would nonetheless cause tremendous losses in the event that they did occur, in the interest of properly understanding such phenomena. These stress tests are based on risk profiles and seek to identify scenarios that would have a substantial impact on financial soundness, and the specific financial impact thereof is reported at Management Meetings.

Officers (as of July 2, 2024)

Chairman and Representative Director
Hiroki Kimura

President and Representative Director
Kenichiro Ishijima

Director and Senior Managing Executive Officer
Kenichi Ikeda

Director and Managing Executive Officer
Kouichi Kashimada

Director and Managing Executive Officer
Masahiro Shimotori

Director and Managing Executive Officer
Takahiro Ono

Director and Executive Officer
Masaru Tsuruoka

Director
Kazuko Ohya*1

Director
Takashi Tsukamoto*1

Director
Tatsuya Tanaka*1

Director
Akira Kondo*1

Standing Statutory Auditor
Kaoru Masuda

Standing Statutory Auditor
Shinichiro Ogawa

Statutory Auditor
Tadayuki Seki*2

Statutory Auditor
Mitsuyoshi Shibata*2

Statutory Auditor
Yoichi Kikuchi*2

*1 Outside director
*2 Outside statutory auditor

12. Consolidated Financial Statements

Consolidated Balance Sheets

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

As of March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
ASSETS:			
Cash and deposits	¥ 53,705	¥ 50,601	$ 354
Call loans	73,000	166,000	482
Monetary claims bought	18,811	20,292	124
Securities	4,466,669	4,249,612	29,500
Loans	321,346	303,961	2,122
Tangible fixed assets:			
Land	207,428	212,541	1,369
Buildings	138,917	142,153	917
Lease assets	4,138	1,360	27
Construction in progress	1,188	1,062	7
Other tangible fixed assets	2,568	2,906	16
	354,240	360,023	2,339
Intangible fixed assets:			
Software	33,074	24,380	218
Other intangible fixed assets	7,257	13,672	47
	40,331	38,053	266
Agency accounts receivable	2	6	0
Reinsurance receivables	42,415	26,871	280
Other assets	101,567	58,965	670
Net defined benefit assets	799	421	5
Deferred tax assets	74	8,745	0
Customers' liabilities under acceptances and guarantees	1,025	600	6
Allowance for possible loan losses	(738)	(648)	(4)
Total assets	¥ 5,473,252	¥ 5,283,507	$ 36,148
LIABILITIES:			
Policy reserves and other reserves:			
Reserve for outstanding claims	¥ 41,060	¥ 36,411	$ 271
Policy reserves	4,211,835	4,272,203	27,817
Reserve for dividends to policyholders	26,064	27,103	172
	4,278,959	4,335,719	28,260
Reinsurance payables	915	826	6
Bonds payable	102,609	150,555	677
Other liabilities	407,649	294,447	2,692
Net defined benefit liabilities	29,297	31,548	193
Reserve for price fluctuation	40,370	38,210	266
Deferred tax liabilities	39,226	0	259
Deferred tax liabilities for land revaluation	14,301	15,062	94
Acceptances and guarantees	1,025	600	6
Total liabilities	4,914,355	4,866,969	32,457
NET ASSETS:			
Foundation funds	51,000	51,000	336
Reserve for redemption of foundation funds	206,000	206,000	1,360
Reserve for revaluation	281	281	1
Consolidated surplus	81,934	79,001	541
Total foundation funds and others	339,216	336,283	2,240
Net unrealized gains (losses) on available-for-sale securities, net of tax	270,597	130,668	1,787
Land revaluation differences	(50,371)	(48,406)	(332)
Accumulated remeasurements of defined benefit plans	(646)	(2,104)	(4)
Total accumulated other comprehensive income	219,580	80,157	1,450
Non-controlling interests	100	96	0
Total net assets	558,896	416,537	3,691
Total liabilities and net assets	¥ 5,473,252	¥ 5,283,507	$ 36,148

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

[Consolidated Statements of Income]

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Ordinary income:			
Premium and other income	¥ 432,218	¥ 418,799	$ 2,854
Investment income:			
Interest, dividends and other income	120,438	117,878	795
Gains on sales of securities	44,088	16,117	291
Gains on redemption of securities	–	98	–
Foreign exchange gains	4,537	1,913	29
Other investment income	7,091	7,102	46
Investment gains on separate accounts	6,583	429	43
	182,739	143,540	1,206
Other ordinary income	73,777	109,299	487
Total ordinary income	688,735	671,638	4,548
Ordinary expenses:			
Claims and other payments:			
Claims	105,475	110,749	696
Annuities	109,610	112,411	723
Benefits	79,766	97,218	526
Surrender benefits	87,320	81,755	576
Other payments	32,161	15,104	212
	414,335	417,238	2,736
Provision for policy reserves and other reserves:			
Provision for reserve for outstanding claims	4,648	4,386	30
Provision for interest on policyholders' dividend reserves	3	3	0
	4,651	4,389	30
Investment expenses:			
Interest expenses	4,456	3,986	29
Losses on trading securities	226	–	1
Losses on sales of securities	41,449	25,525	273
Losses on valuation of securities	105	114	0
Losses on redemption of securities	275	466	1
Losses on derivative financial instruments	14,508	18,826	95
Provision for allowance for possible loan losses	91	99	0
Depreciation of rental real estate and other assets	5,337	5,565	35
Other investment expenses	10,298	10,313	68
	76,750	64,899	506
Operating expenses	149,557	137,405	987
Other ordinary expenses	37,994	37,914	250
Total ordinary expenses	683,288	661,847	4,512
Ordinary profit	5,447	9,791	35

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Extraordinary gains:			
Gains on disposal of fixed assets	5,542	1,889	36
Reversal of reserve for price fluctuation	–	9,999	–
	5,542	11,888	36
Extraordinary losses:			
Losses on disposal of fixed assets	906	2,720	5
Impairment losses	1,141	3,289	7
Provision for reserve for price fluctuation	2,160	–	14
Losses on reduction entry of real estate	96	–	0
Other extraordinary losses	5	44	0
	4,310	6,054	28
Surplus before income taxes	6,679	15,625	44
Income taxes:			
Current	6,698	(1,284)	44
Deferred	(5,864)	5,343	(38)
Total income taxes	834	4,058	5
Net surplus	5,845	11,566	38
Net surplus attributable to non-controlling interests	57	53	0
Net surplus attributable to the Parent Company	¥ 5,788	¥ 11,513	$ 38

[Consolidated Statements of Comprehensive Income]

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Net surplus	¥ 5,845	¥ 11,566	$ 38
Other comprehensive income:			
Net unrealized gains (losses) on available-for-sale securities, net of tax	139,929	(43,270)	924
Remeasurements of defined benefit plans	1,458	(26)	9
Total other comprehensive income	141,387	(43,296)	933
Comprehensive income:			
Comprehensive income attributable to the Parent Company	147,175	(31,783)	972
Comprehensive income attributable to non-controlling interests	57	53	0
Total comprehensive income	¥ 147,232	¥ (31,730)	$ 972

Consolidated Statements of Changes in Net Assets

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

Millions of Yen

For the year ended March 31, 2024	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	¥ 51,000	¥ 206,000	¥ 281	¥ 79,001	¥ 336,283
Changes in the fiscal year:					
Additions to reserve for dividends to policyholders				(2,497)	(2,497)
Payment of interest on foundation funds				(2,323)	(2,323)
Net surplus attributable to the Parent Company				5,788	5,788
Reversal of land revaluation differences				1,965	1,965
Net changes, excluding foundation funds and others					
Net changes in the fiscal year	–	–	–	2,933	2,933
Ending balance	¥ 51,000	¥ 206,000	¥ 281	¥ 81,934	¥ 339,216

Millions of Yen

For the year ended March 31, 2024	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	¥ 130,668	¥ (48,406)	¥ (2,104)	¥ 80,157	¥ 96	¥ 416,537
Changes in the fiscal year:						
Additions to reserve for dividends to policyholders						(2,497)
Payment of interest on foundation funds						(2,323)
Net surplus attributable to the Parent Company						5,788
Reversal of land revaluation differences						1,965
Net changes, excluding foundation funds and others	139,929	(1,965)	1,458	139,422	4	139,426
Net changes in the fiscal year	139,929	(1,965)	1,458	139,422	4	142,359
Ending balance	¥ 270,597	¥ (50,371)	¥ (646)	¥ 219,580	¥ 100	¥ 558,896

Millions of Yen

For the year ended March 31, 2023	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	¥ 91,000	¥ 166,000	¥ 281	¥ 111,982	¥ 369,264
Changes in the fiscal year:					
Additions to reserve for dividends to policyholders				(2,121)	(2,121)
Additions to reserve for redemption of foundation funds		40,000		(40,000)	
Payment of interest on foundation funds				(4,040)	(4,040)
Net surplus attributable to the Parent Company				11,513	11,513
Redemption of foundation funds	(40,000)				(40,000)
Reversal of land revaluation differences				1,666	1,666
Net changes, excluding foundation funds and others					
Net changes in the fiscal year	(40,000)	40,000	–	(32,981)	(32,981)
Ending balance	¥ 51,000	¥ 206,000	¥ 281	¥ 79,001	¥ 336,283

Millions of Yen

For the year ended March 31, 2023	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	¥ 173,938	¥ (46,739)	¥ (2,077)	¥ 125,121	¥ 94	¥ 494,480
Changes in the fiscal year:						
Additions to reserve for dividends to policyholders						(2,121)
Additions to reserve for redemption of foundation funds						
Payment of interest on foundation funds						(4,040)
Net surplus attributable to the Parent Company						11,513
Redemption of foundation funds						(40,000)
Reversal of land revaluation differences						1,666
Net changes, excluding foundation funds and others	(43,270)	(1,666)	(26)	(44,963)	1	(44,962)
Net changes in the fiscal year	(43,270)	(1,666)	(26)	(44,963)	1	(77,943)
Ending balance	¥ 130,668	¥ (48,406)	¥ (2,104)	¥ 80,157	¥ 96	¥ 416,537

Millions of U.S. Dollars

For the year ended March 31, 2024	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	$ 336	$ 1,360	$ 1	$ 521	$ 2,221
Changes in the fiscal year:					
Additions to reserve for dividends to policyholders				(16)	(16)
Payment of interest on foundation funds				(15)	(15)
Net surplus attributable to the Parent Company				38	38
Reversal of land revaluation differences				12	12
Net changes, excluding foundation funds and others					
Net changes in the fiscal year	–	–	–	19	19
Ending balance	$ 336	$ 1,360	$ 1	$ 541	$ 2,240

Millions of U.S. Dollars

For the year ended March 31, 2024	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	$ 863	$ (319)	$ (13)	$ 529	$ 0	$ 2,751
Changes in the fiscal year:						
Additions to reserve for dividends to policyholders						(16)
Payment of interest on foundation funds						(15)
Net surplus attributable to the Parent Company						38
Reversal of land revaluation differences						12
Net changes, excluding foundation funds and others	924	(12)	9	920	0	920
Net changes in the fiscal year	924	(12)	9	920	0	940
Ending balance	$ 1,787	$ (332)	$ (4)	$ 1,450	$ 0	$ 3,691

Consolidated Statements of Cash Flows

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
I. Cash flows from operating activities			
Surplus before income taxes	¥ 6,679	¥ 15,625	$ 44
Depreciation of rental real estate and other assets	5,337	5,565	35
Depreciation	13,247	13,439	87
Impairment losses	1,141	3,289	7
Increase (decrease) in reserve for outstanding claims	4,648	4,386	30
Increase (decrease) in policy reserves	(60,368)	(93,356)	(398)
Provision for interest on policyholders' dividend reserves	3	3	0
Increase (decrease) in allowance for possible loan losses	91	99	0
Increase (decrease) in net defined benefit liabilities	(532)	(1,119)	(3)
Increase (decrease) in reserve for price fluctuation	2,160	(9,999)	14
Interest, dividends and other income	(120,438)	(117,878)	(795)
(Gains) losses on securities	(8,615)	9,461	(56)
(Gains) losses on derivative financial instruments	14,508	18,826	95
Interest expenses	4,456	3,986	29
Foreign exchange (gains) losses, net	(4,537)	(1,913)	(29)
(Gains) losses on tangible fixed assets	(5,066)	(468)	(33)
(Increase) decrease in reinsurance receivables	(15,544)	(20,082)	(102)
(Increase) decrease in other assets except from investing and financing activities	(3,093)	(3,867)	(20)
Increase (decrease) in reinsurance payables	89	50	0
Increase (decrease) in other liabilities except from investing and financing activities	(701)	1,680	(4)
Others, net	(476)	12,250	(3)
Subtotal	(167,010)	(160,021)	(1,103)
Interest, dividends and other income received	117,240	120,844	774
Interest paid	(4,572)	(3,693)	(30)
Dividends to policyholders paid	(3,540)	(3,664)	(23)
Income taxes (paid) refunded	4,115	(10,344)	27
Net cash provided by (used in) operating activities	(53,766)	(56,880)	(355)
II. Cash flows from investing activities			
Proceeds from sales and redemptions of monetary claims bought	1,453	2,199	9
Purchases of securities	(603,314)	(563,641)	(3,984)
Proceeds from sales and redemptions of securities	597,414	801,416	3,945
Disbursements for loans	(69,782)	(65,193)	(460)
Proceeds from collections of loans	57,176	74,249	377
Proceeds from derivative financial instruments	(80,705)	(129,065)	(533)
Increase (decrease) in payables under securities borrowing transactions	66,588	2,698	439
Others, net	(226)	–	(1)
①Total of investing activities	(31,395)	122,663	(207)
[I + ①]	(85,162)	65,782	(562)
Purchases of tangible fixed assets	(9,894)	(8,232)	(65)
Proceeds from sales of tangible fixed assets	13,497	4,147	89
Others, net	(11,847)	(14,332)	(78)
Net cash provided by (used in) investing activities	(39,641)	104,245	(261)
III. Cash flows from financing activities			
Proceeds from debt borrowing	59,400	10,000	392
Redemption of debt borrowing	(5,000)	(2,000)	(33)
Proceeds from issuance of bonds	–	48,131	–
Redemption of bonds	(47,946)	–	(316)
Redemption of foundation funds	–	(40,000)	–
Payment of interest on foundation funds	(2,323)	(4,040)	(15)
Dividends paid to non-controlling interests	(52)	(51)	(0)
Others, net	(565)	(834)	(3)
Net cash provided by (used in) financing activities	3,512	11,205	23
IV. Net increase (decrease) in cash and cash equivalents	(89,895)	58,570	(593)
V. Cash and cash equivalents at the beginning of the year	216,601	158,030	1,430
VI. Cash and cash equivalents at the end of the year	¥ 126,705	¥ 216,601	$ 836

Notes to Consolidated Financial Statements

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

I. Presentation of Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Asahi 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 applicable to the mutual life insurance industry 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 eliminated. As a result, total amounts in yen shown herein do not necessarily agree with the sum of the individual amounts.

The Insurance Business Act shall prescribe the disclosure of a single fiscal year. The Company provides the disclosure of comparative financial information corresponding to each comparative fiscal year in the presented financial statements for use by readers outside Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

2. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥151.41 = US$1.00, the effective rate of exchange at the balance sheet date of March 31, 2024.

The translations should not be construed as representations that such yen amounts have been or could in the future be, converted into U.S. dollars at that or any other rate.

3. Principles of Consolidation

(1) Scope of consolidation

The consolidated subsidiaries as of March 31, 2024 and 2023 are listed below:

Info Techno Asahi Co., Ltd.
Asahi Life Asset Management Co., Ltd.
Asahi Natixis Investment Managers Co., Ltd.
Nanairo Life Insurance Co., Ltd.

The major unconsolidated subsidiary is Asahi Real Estate Management Co., Ltd.

Each non-consolidated subsidiary is small in scale in terms of total assets, amount of sales, net income and surplus for the fiscal year ended March 31, 2024. As such non-consolidated subsidiaries are not considered to materially affect any reasonable determination as to the financial position and result of operation of the Company's group, these companies are excluded from the consolidation.

(2) Application of equity method

Unconsolidated subsidiaries (such as Asahi Real Estate Management Co., Ltd., etc.) are immaterial in terms of their impact on consolidated net income and surplus, and also immaterial as a whole, therefore, the equity method is not applied.

(3) Fiscal year-end of consolidated subsidiaries

The fiscal year-end of the consolidated subsidiaries is March 31.

(4) Amortization of goodwill

Goodwill is fully expensed as incurred.

II. Notes to Consolidated Balance Sheets

1. Significant Accounting Policies

(1) Valuation methods of securities

The valuation of securities, including deposits and monetary claims bought which are equivalent to securities is as follows:

i) Trading securities are stated at fair market value. Costs of sales are determined by the moving average method.

ii) Held-to-maturity debt securities are stated at amortized cost (straight-line method) determined by the moving average method.

iii) Policy-reserve-matching bonds, which are in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No. 21 issued by the Japanese Institute of Certified Public Accountants ("JICPA")), are stated at amortized cost (straight-line method) determined by the moving average method.

iv) Investments in unconsolidated subsidiaries and affiliates not accounted for under the equity method are stated at cost.

v) Available-for-sale securities except for the following are stated at fair market value based on the market prices at the balance sheet date, of which costs of sales are determined by the moving average method. Available-for-sale securities, of which public and corporate bonds including foreign bonds with the difference between acquisition cost and face value considered as an adjustment of interest, are stated at amortized cost (straight-line method) determined by the moving average method. Stocks and others without a market price are stated at cost determined by the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of tax, are recorded as a separate component of net assets.

(2) Policy-reserve-matching bonds

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

(3) Valuation methods of derivative financial instruments

Derivative financial instruments are stated at fair market value.

(4) Revaluation of land

The Company revalued the land for business purposes based on the Act on 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 land revaluation differences as a separate component of net assets and the related tax is recorded as deferred tax liabilities for revaluation.

■ Date of revaluation: March 31, 2001

■ Method of revaluation as prescribed for in Article 3, Paragraph 3 of the said Act:

The calculation is based on the publicly announced appraisal value with certain adjustments set forth in Article 2, Item 1 of the Enforcement Ordinance of the Act on Revaluation of Land (Government Ordinance No. 119 promulgated on March 31, 1998) or the appraisal value determined by the real-estate appraiser set forth in Article 2, Item 5 of the said Ordinance with certain reasonable adjustments.

(5) Depreciation of tangible fixed assets

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 are depreciated using the 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

(6) Foreign currency translation

Foreign currency-denominated assets and liabilities (excluding the shares of unconsolidated subsidiaries and affiliates) are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. The shares of unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rate at the acquisition date.

Note for the fiscal year ended March 31, 2023

Foreign currency-denominated assets and liabilities (excluding the shares of unconsolidated subsidiaries and affiliates) are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date.

(7) Allowance for possible loan losses

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 credit to borrowers who are legally bankrupt such as being in bankruptcy proceedings or civil rehabilitation (hereinafter "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter "substantially bankrupt borrowers"), the Company provides the remaining amount 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 credit to borrowers who are not currently bankrupt but have a high risk of bankruptcy (hereinafter "borrowers with high possibility of bankruptcy"), the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.

iii) For credit to borrowers other than the above, the Company provides the amounts calculated by multiplying the book value by the actual ratio of bad debt losses on defaults during a certain past period.

All credit is 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, allowance for possible loan losses is provided based on the results of these assessments.

For consolidated subsidiaries, the Company records the allowance amounts deemed necessary in accordance mainly with the Company's standards of self-assessment and write-offs and reserves on credit quality.

For credit to 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 book value as the estimated uncollectible amounts. The amounts written-off were ¥3 million (US$0 million) and ¥5 million as of March 31, 2024 and 2023, respectively.

(8) Accounting for employees' retirement benefits and method of amortizing retirement benefit expenses

Net defined benefit liabilities and assets are presented for the employees' retirement benefits after deducting pension plan assets from retirement benefit obligations, based on estimated amounts as of the balance sheet date.

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

■ The retirement benefit obligation is attributed to each period by the benefit formula method.

■ Actuarial differences are amortized under the straight-line method over a period of six years starting the following year.

■ Prior service cost is charged to income when incurred.

Note for the fiscal year ended March 31, 2023

Net defined benefit liabilities and assets are presented for the employees' retirement benefits after deducting pension plan assets from retirement benefit obligations, based on estimated amounts as of the balance sheet date.

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

■ The retirement benefit obligation is attributed to each period by the benefit formula method.

■ Actuarial differences are amortized under the straight-line method over a period of six years starting the following year.

■ Prior service cost is charged to income when incurred.

Previously, actuarial differences were amortized under the straight-line method over a period of seven years. This period has been shortened to six years effective from the fiscal year ended March 31, 2023, since the average remaining working lives of the employees have fallen below seven years.

The impact of this change on ordinary profit and surplus before income taxes for the fiscal year ended March 31, 2023 is immaterial.

(9) Reserve for price fluctuation

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

(10) Accounting for hedging activities

Hedging activities are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

The Company mainly applies the following hedging activities:

The Company applies deferred hedge accounting and the exceptional accounting treatment ("Tokurei-shori") for interest rate swaps used to hedge the cash flow volatility of certain loans.

The Company also applies fair value hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds, investment trusts and others denominated in foreign currencies.

The Company also applies designated hedge accounting ("Furiate-shori") for currency swaps used to hedge foreign exchange rate fluctuation exposures on the foreign currency-denominated bonds issued by the Company.

The Company also applies designated hedge accounting ("Furiate-shori") for the foreign currency-denominated transactions other than the above.

The effectiveness of a hedge is mostly assessed by a ratio analysis, comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments.

(11) Accounting for consumption taxes

The Company and its subsidiaries account for consumption tax and local consumption tax 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 Corporation Tax Act of Japan, 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) Premium and other income (excluding reinsurance revenue)

Premium and other income (excluding reinsurance revenue) are recorded in principle for insurance policies for which insurance premium has been received and the insurer's liability under the insurance policies or insurance coverage period has commenced by the relevant amounts received.

Of insurance premiums, the portion corresponding to the period that has yet to pass as of the end of the fiscal year is set aside as policy reserves 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.

(13) Reinsurance revenue

Reinsurance revenue is recorded as reinsurance claims and others received based on the proportion ceded in reinsurance and others stipulated in the reinsurance contracts in the reporting period when the income and expenditure for ceded insurance policies (hereinafter "reinsurance ceded") are recorded.

For modified coinsurance, ceding commissions which are received as part of amounts equivalent to new policy acquisition costs for reinsurance ceded are recorded as reinsurance revenue, while the same amounts are recorded as reinsurance receivables as unamortized ceding commissions and amortized over the period of the reinsurance contracts.

(14) Claims and other payments (excluding reinsurance premiums)

Claims and other payments (excluding reinsurance premiums) are recorded for insurance policies for which amounts calculated under policy conditions have been paid in the occurrence of insured events under 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 is set aside for claims, etc. which is not recorded as payment of claims, etc. but for which the Company has payment obligation or the occurrence of insured events has not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred; hereinafter the same), the special treatment of the payment of hospitalization benefits with regard to people with diagnoses of COVID-19 given and under the care of a doctor and the like at an accommodation facility or at home ("deemed hospitalizations") was terminated 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 Japanese Ministry of Finance Public Notice No.234, 1998 (“IBNR Notice”). 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 Notice (the “Proviso”).

(Overview of the calculation method)

The Company calculates the amount of reserve for outstanding claims incurred but not reported events using the same manner as that set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events 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 Notice.

In the fiscal year ended March 31, 2023, the Company calculated the reserve for outstanding claims incurred but not reported events for deemed hospitalizations and the others separately; however, the special treatment of the payment of hospitalization benefits with regard to deemed hospitalization was terminated for the fiscal year ended March 31, 2024. Therefore, the Company revised its methodology to calculate the amount of reserve for outstanding claims incurred but not reported events for deemed hospitalizations as zero.

Note for the fiscal year ended March 31, 2023

Claims and other payments (excluding reinsurance premiums) are recorded for insurance policies for which amounts calculated under policy conditions have been paid in the occurrence of insured events under 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 is set aside for claims, etc. which is not recorded as payment of claims, etc. but for which the Company has payment obligation or the occurrence of insured events has not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred; hereinafter the same), the scope of payment of hospitalization benefits was changed in the fiscal year ended March 31, 2023 with regard to people with deemed hospitalizations. 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 IBNR Notice. The Company therefore records the amount that was calculated using the following method, pursuant to provisions in the Proviso.

(Overview of the calculation method)

The Company calculates the reserve for outstanding claims incurred but not reported events for deemed hospitalizations and the others separately.

The amount of reserve for outstanding claims incurred but not reported events other than deemed hospitalizations is calculated using the same manner as that set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events 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 Notice.

The amount of reserve for outstanding claims incurred but not reported events for deemed hospitalizations is calculated based on the amount for deemed hospitalizations of those at high risk of serious illness after September 26, 2022, the number of new infections and the number of new infections over the last three months, considering the average days it takes from the occurrence of the insured events to the filing of claims.

(15) Reinsurance premiums

Reinsurance premiums are recorded as reinsurance premiums paid based on the proportion ceded in reinsurance and others stipulated in the reinsurance contracts in the reporting period when the income and expenditure for reinsurance ceded are recorded.

Part of policy reserves and reserve for outstanding claims corresponding to insurance policies which have been reinsured is not set aside in accordance with Article 71, Paragraph 1 and Article 73, paragraph 3 of the Enforcement Regulation of the Insurance Business Act.

(16) Policy reserves

Policy reserves are calculated as stated 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, for insurance policies under which the insurer's liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance policies.

Of policy reserves, the premium reserves at the end of the fiscal year are calculated by the following method:

In regard to the policies subject to the standard policy reserves, the method as prescribed by the Commissioner of Financial Services Agency (Japanese Ministry of Finance Public Notice No. 48, 1996) is applied.

In regard to the policies not subject to the standard policy reserves, the net level premium method is applied.

As of March 31, 2024, the Company accumulated additional policy reserves for individual annuity insurance policies with an assumed rate of 3.75% or higher for which annuity payment commenced on or before March 31, 2024, in accordance with the provision of Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act.

As a result, policy reserves increased by ¥46,388 million (US$306 million) and ordinary profits and surplus before income taxes decreased by ¥46,388 million (US$306 million) compared with if the additional reserves had not been accumulated.

Regarding policy reserves, the chief actuary checks that policy reserves are appropriately accumulated in each fiscal year, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure the performance of future obligations under insurance policies.

(17) Impairment losses of tangible fixed assets

Impairment losses of the Company's tangible fixed assets are calculated by the following method.

i) Calculation method

Real estate and other assets used for insurance business operations are classified as one asset group as a whole. Other assets such as real estate for rent, real estate not in use and real estate scheduled to be sold are classified as one group individually. As for real estate used for multiple purposes, the asset group to which the real estate belongs is decided depending on usage rate and others.

The Company identifies indications of impairment on each asset group when earnings from business operations using the asset group continuously become negative.

As for asset groups for which indications of impairment are identified, when total amounts of undiscounted net future cash flows from the asset groups are less than their book values, the Company recognizes impairment losses and reduces the book values to their recoverable amounts.

The recoverable amounts of real estate and other assets for insurance business operation and real estate for rent are determined at value in use or net realizable value. The recoverable amounts of real estate not in use and real estate scheduled to be sold are determined at net realizable value. Value in use is determined as the discounted present value of estimated net future cash flows and discount rate used in the calculation is based on the cost of capital of the Company.

Net realizable value is calculated based on the appraisal value in accordance with "Real Estate Appraisal Standards" or the publicly announced appraisal value after deducting expected disposal costs.

ii) Key assumptions

Key assumptions for the estimated net future cash flows which are used in recognizing impairment losses and calculating value in use are usage plans considering current status of use of asset groups, including tenancy rates, rents and others. These assumptions may be affected by economic condition and changes specific to asset groups.

iii) Effects on consolidated financial statements for the following fiscal year

While the Company considers key assumptions for the estimated net future cash flows which are used in recognizing impairment losses and calculating value in use are best estimate based on available information including external information, impairment losses may occur in the following fiscal year due to future uncertainties.

Furthermore, the appraisal value in accordance with "Real Estate Appraisal Standards" may be affected by future real estate market trends. In case that net realizable value decreases as a result, impairment losses may occur in the following fiscal year.

(18) Software

Capitalized software for internal use owned by the Company and its subsidiaries (included in intangible fixed assets in the consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives.

2. Accounting Changes

Note for the fiscal year ended March 31, 2023

The Company and part of its subsidiaries have applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021) from the fiscal year ended March 31, 2023.

In accordance with the transitional treatment set forth in Paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has applied new accounting policies prospectively. Following this, some investment trusts are categorized into some levels in the following "Note 4. Matters Concerning Fair Value of Major Financial Instruments and Breakdown by Input Level".

3. Financial Instruments

Asset management of the general accounts other than the separate accounts stipulated in Article 118, Paragraph 1 of the Insurance Business Act is conducted based on the following principles.

- For accumulation whole life with variable interest rates, accumulation insurance with variable interest rates and new single premium individual annuities which have an effective date on or after April 2, 2012, the Company mainly invests in domestic bonds, engaging in matching asset liability management, or Matching ALM, which aims at matching the duration to outstanding insurance liabilities to avoid interest rate fluctuation risks.

- For individual life insurance and individual annuities other than above, the Company holds yen-denominated fixed income investments, including bonds and loans, as the core of its asset portfolio. The Company also holds domestic stocks, foreign securities and real estate assets to enhance its profitability.

Derivatives are mainly used to hedge market price fluctuation risk and exchange rate fluctuation risk regarding securities and exchange rate fluctuation risk related to the foreign currency-denominated bonds issued by the Company. As the major financial instruments, securities are exposed to market risk and credit risk, loans are exposed to credit risk and exchange rate fluctuation risk, and derivatives are exposed to market risk and credit risk.

In managing market risks, the following two methods are used. One is the quantitative risk management of securities etc. using the Value at Risk ("VaR") method and the other is the risk management by stress test and sensitivity analysis which analyze the effect on the Company's whole portfolio, simulating scenarios of deteriorating market environments. This is for the purpose of managing an appropriate asset allocation within the ranges of acceptable risks.

In managing credit risks, the Company quantifies the credit risks of entire portfolio through VaR method and controls the amount of risks within an acceptable range. Furthermore, the Company assigns in-house credit ratings to our borrowers in accordance with the creditworthiness of each borrower. Strict credit research of each borrower before lending as well as following up on any changes of creditworthiness of each borrower after lending are implemented by Risk Management Department, which is independent of the departments executing investments and lending. Maximum limits of credit are set up for each borrower in accordance with its credit risks to avoid the concentration of credit risks on specific corporations and specific corporation groups. Through all these measures, the Company endeavors to develop high quality portfolio.

The balance sheet amounts, fair values and the differences between those of major financial assets and liabilities as of March 31, 2024 and 2023 were as follows. The following tables do not include cash and deposits, call loans and payables under securities borrowing transactions which are mostly settled in a short term and their fair values approximate their book values.

Millions of Yen

As of March 31, 2024	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	¥ 18,811	¥ 19,753	¥ 941
Held-to-maturity debt securities	17,956	18,897	941
Available-for-sale securities	855	855	–
Securities	4,385,592	4,276,909	(108,683)
Trading securities	30,399	30,399	–
Held-to-maturity debt securities	274,840	290,260	15,419
Policy-reserve-matching bonds	2,240,383	2,116,280	(124,103)
Available-for-sale securities	1,839,968	1,839,968	–
Loans	321,346	329,278	7,932
Policy loans	28,399	28,399	–
Industrial and consumer loans	292,946	300,879	7,932
Total assets	4,725,750	4,625,941	(99,809)
Bonds payable	102,609	103,456	847
Loans payable	103,400	108,167	4,767
Total liabilities	206,009	211,624	5,615
Derivative financial instruments	(4,107)	(4,107)	–
Hedge accounting not applied	(876)	(876)	–
Hedge accounting applied	(3,231)	(3,231)	–

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

Millions of Yen

As of March 31, 2023	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	¥ 20,292	¥ 22,187	¥ 1,894
Held-to-maturity debt securities	19,395	21,290	1,894
Available-for-sale securities	897	897	–
Securities	4,175,095	4,212,252	37,156
Trading securities	26,198	26,198	–
Held-to-maturity debt securities	269,436	291,147	21,711
Policy-reserve-matching bonds	2,093,763	2,109,209	15,445
Available-for-sale securities	1,785,696	1,785,696	–
Loans	303,961	310,838	6,876
Policy loans	30,254	30,254	–
Industrial and consumer loans	273,707	280,583	6,876
Total assets	4,499,350	4,545,278	45,927
Bonds payable	150,555	147,092	(3,462)
Loans payable	49,000	50,490	1,490
Total liabilities	199,555	197,583	(1,972)
Derivative financial instruments	(9,204)	(9,204)	–
Hedge accounting not applied	(1,807)	(1,807)	–
Hedge accounting applied	(7,397)	(7,397)	–

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

Millions of U.S. Dollars

As of March 31, 2024	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	$ 124	$ 130	$ 6
Held-to-maturity debt securities	118	124	6
Available-for-sale securities	5	5	–
Securities	28,965	28,247	(717)
Trading securities	200	200	–
Held-to-maturity debt securities	1,815	1,917	101
Policy-reserve-matching bonds	14,796	13,977	(819)
Available-for-sale securities	12,152	12,152	–
Loans	2,122	2,174	52
Policy loans	187	187	–
Industrial and consumer loans	1,934	1,987	52
Total assets	31,211	30,552	(659)
Bonds payable	677	683	5
Loans payable	682	714	31
Total liabilities	1,360	1,397	37
Derivative financial instruments	(27)	(27)	–
Hedge accounting not applied	(5)	(5)	–
Hedge accounting applied	(21)	(21)	–

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

Unlisted stocks and others, including investments in subsidiaries and affiliates, without market prices are not included in the tables above. The amounts of the unlisted stocks and others, including investments in subsidiaries and affiliates, reported in the consolidated balance sheets were ¥21,431 million (US$141 million) and ¥21,577 million as of March 31, 2024 and 2023, respectively.

Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, revised on June 17, 2021) are included in the tables above.

Investments in partnerships and others which are accounted for in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the tables above. The amounts of the investments in partnerships and others, reported in the consolidated balance sheets were ¥59,645 million (US$393 million) and 52,939 million as of March 31, 2024 and 2023, respectively.

4. Matters Concerning Fair Value of Major Financial Instruments and Breakdown by Input Level

Fair values of financial instruments are categorized into the following three levels in accordance with the observability and significance of the inputs used to measure the fair value.

Level 1: Fair values measured by unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair values measured by inputs which are directly or indirectly observable other than Level 1 inputs

Level 3: Fair values measured by significant unobservable inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels to which each of the inputs belongs.

(1) Financial assets and liabilities recorded at fair values on the consolidated balance sheets

Millions of Yen

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ –	¥ 855	¥ 855
Available-for-sale securities	–	–	855	855
Securities[*1]	621,493	1,050,162	32,062	1,703,718
Trading securities	–	30,399	–	30,399
Others	–	30,399	–	30,399
Available-for-sale securities	621,493	1,019,763	32,062	1,673,319
National government bonds and local government bonds	13,196	650	–	13,847
Corporate bonds	–	424,486	–	424,486
Domestic stocks	518,771	–	–	518,771
Foreign bonds	–	387,089	32,062	419,152
Others	89,525	207,536	–	297,061
Total assets	621,493	1,050,162	32,918	1,704,574
Derivative financial instruments[*2]	–	(4,109)	1	(4,107)
Currency-related	–	(4,109)	–	(4,109)
Stock-related	–	–	1	1

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥161,421 million (US$1,066 million) as of March 31, 2024. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,227 million (US$34 million) as of March 31, 2024.

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

Millions of Yen

As of March 31, 2023	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ –	¥ 897	¥ 897
Available-for-sale securities	–	–	897	897
Securities[*1]	547,776	1,060,016	64,899	1,672,692
Trading securities	–	26,198	–	26,198
Others	–	26,198	–	26,198
Available-for-sale securities	547,776	1,033,818	64,899	1,646,493
National government bonds and local government bonds	24,700	2,683	–	27,383
Corporate bonds	–	374,147	–	374,147
Domestic stocks	431,919	–	–	431,919
Foreign bonds	8,310	477,007	64,899	550,216
Others	82,846	179,980	–	262,826
Total assets	547,776	1,060,016	65,796	1,673,589
Derivative financial instruments[*2]	0	(9,755)	549	(9,204)
Currency-related	–	(9,755)	–	(9,755)
Stock-related	0	–	549	550

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥134,005 million as of March 31, 2023. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,196 million as of March 31, 2023.

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

Millions of U.S. Dollars

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ –	$ –	$ 5	$ 5
Available-for-sale securities	–	–	5	5
Securities[*1]	4,104	6,935	211	11,252
Trading securities	–	200	–	200
Others	–	200	–	200
Available-for-sale securities	4,104	6,735	211	11,051
National government bonds and local government bonds	87	4	–	91
Corporate bonds	–	2,803	–	2,803
Domestic stocks	3,426	–	–	3,426
Foreign bonds	–	2,556	211	2,768
Others	591	1,370	–	1,961
Total assets	4,104	6,935	217	11,258
Derivative financial instruments[*2]	–	(27)	0	(27)
Currency-related	–	(27)	–	(27)
Stock-related	–	–	0	0

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥161,421 million (US$1,066 million) as of March 31, 2024. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,227 million (US$34 million) as of March 31, 2024.

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

i) Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

a) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal years, of the investment trusts which are accounted for in accordance with Paragraph 24-3 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Beginning balance	¥ 134,005	¥ 121,141	$ 885
Gains (losses) and other comprehensive income for the fiscal year:	11,912	642	78
Gains (losses) recorded for the fiscal year*1	1,040	1,926	6
Other comprehensive income recorded for the fiscal year*2	10,871	(1,283)	71
Net amount of purchase, sale, and redemption	15,504	12,221	102
Amount of investment trusts whose NAV is deemed as market value	–	–	–
Amount of investment trusts whose NAV is not deemed as market value	–	–	–
Ending balance	161,421	134,005	1,066
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	1,040	1,926	6

*1 Those amounts are included in investment income and investment expenses in the consolidated statements of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statements of comprehensive income.

b) Breakdown of balance by restriction on cancellation as of the end of fiscal years

As of March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Investment trusts which need more than 1 month to cancel from the notification of cancellation	¥ 41,015	¥ 45,332	$ 270
Other than above	120,406	88,672	795

c) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal years, of the investment trusts which are accounted for in accordance with Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Beginning balance	¥ 5,196	¥ 5,104	$ 34
Gains (losses) and other comprehensive income for the fiscal year:	26	93	0
Gains (losses) recorded for the fiscal year*1	–	–	–
Other comprehensive income recorded for the fiscal year*2	26	93	0
Net amount of purchase, sale, and redemption	4	(0)	0
Amount of investment trusts whose NAV is deemed as market value	–	–	–
Amount of investment trusts whose NAV is not deemed as market value	–	–	–
Ending balance	5,227	5,196	34
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	–	–	–

*1 Those amounts are included in investment income and investment expenses in the consolidated statements of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statements of comprehensive income.

(2) Financial assets and liabilities not recorded at fair values on the consolidated balance sheets

Millions of Yen

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 18,517	¥ 379	¥ 18,897
Held-to-maturity debt securities	–	18,517	379	18,897
Securities	1,737,193	480,660	188,687	2,406,541
Held-to-maturity debt securities	35,500	66,072	188,687	290,260
National government bonds and local government bonds	35,500	–	–	35,500
Corporate bonds	–	66,072	–	66,072
Foreign bonds	–	–	188,687	188,687
Policy-reserve-matching bonds	1,701,692	414,587	–	2,116,280
National government bonds and local government bonds	1,701,692	43,183	–	1,744,876
Corporate bonds	–	371,404	–	371,404
Loans	–	–	329,278	329,278
Policy loans	–	–	28,399	28,399
Industrial and consumer loans	–	–	300,879	300,879
Total assets	1,737,193	499,177	518,346	2,754,717
Bonds payable	–	103,456	–	103,456
Loans payable	–	–	108,167	108,167
Total liabilities	–	103,456	108,167	211,624

Millions of Yen

As of March 31, 2023	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 20,842	¥ 447	¥ 21,290
Held-to-maturity debt securities	–	20,842	447	21,290
Securities	1,715,893	510,901	173,562	2,400,357
Held-to-maturity debt securities	36,263	81,322	173,562	291,147
National government bonds and local government bonds	36,263	–	–	36,263
Corporate bonds	–	81,322	–	81,322
Foreign bonds	–	–	173,562	173,562
Policy-reserve-matching bonds	1,679,630	429,579	–	2,109,209
National government bonds and local government bonds	1,679,630	46,179	–	1,725,809
Corporate bonds	–	383,400	–	383,400
Loans	–	–	310,838	310,838
Policy loans	–	–	30,254	30,254
Industrial and consumer loans	–	–	280,583	280,583
Total assets	1,715,893	531,744	484,848	2,732,485
Bonds payable	–	147,092	–	147,092
Loans payable	–	–	50,490	50,490
Total liabilities	–	147,092	50,490	197,583

Millions of U.S. Dollars

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ –	$ 122	$ 2	$ 124
Held-to-maturity debt securities	–	122	2	124
Securities	11,473	3,174	1,246	15,894
Held-to-maturity debt securities	234	436	1,246	1,917
National government bonds and local government bonds	234	–	–	234
Corporate bonds	–	436	–	436
Foreign bonds	–	–	1,246	1,246
Policy-reserve-matching bonds	11,238	2,738	–	13,977
National government bonds and local government bonds	11,238	285	–	11,524
Corporate bonds	–	2,452	–	2,452
Loans	–	–	2,174	2,174
Policy loans	–	–	187	187
Industrial and consumer loans	–	–	1,987	1,987
Total assets	11,473	3,296	3,423	18,193
Bonds payable	–	683	–	683
Loans payable	–	–	714	714
Total liabilities	–	683	714	1,397

(3) Description of the evaluation methods and inputs used to measure fair value

i) Securities including monetary claims bought which are treated as securities based on "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)

Fair values of securities for which unadjusted quoted market prices in active markets are available are categorized as Level 1, which mainly include listed stocks, listed investment trusts and government bonds. In the case the market is inactive even if the quoted market price is available, those securities are categorized as Level 2, which mainly include corporate bonds and foreign bonds. In the case the quoted market price is not available, fair values are measured by evaluation methods such as discounting future cash flows. In evaluation, the Company maximizes the use of observable inputs including swap rates, interest rate swap spreads, currency basis and others. When significant unobservable inputs are used to measure fair values, those securities are categorized as Level 3.

The fair value of unlisted investment trusts, which have no restriction on cancellation that is significant enough to require compensation for risk from market participants, are based on the quoted prices and others offered by counterparty financial institutions and categorized as level 2.

ii) Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company considers book value as fair value with assumption that fair value approximates book value in light of factors such as projected repayment period and interest terms. Policy loans are categorized as level 3.

As for industrial and consumer loans, the fair value of loans is stated at theoretical prices calculated by discounting the future cash flows to the present value by type of loan, using market interest rates with some adjustments based on internal credit rating. Industrial and consumer loans are categorized as level 3. The fair value of loans to legally bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy is stated at the amounts by deducting estimated losses from the book value before direct write-offs. Loans to legally bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy are categorized as level 3.

iii) Bonds payable

The fair value of bonds payable issued by the Company is stated at fair market value. Bonds payable issued by the Company are categorized as level 2. The fair value of bonds payable for which designated hedge accounting (“Furiate-shori”) for currency swaps are applied is stated at fair market value added by the fair value of currency swaps. The Company adopts prices obtained from external information venders as the fair value of currency swaps.

iv) Loans payable

As for loans payable, the fair value of loans is stated at theoretical prices calculated by discounting the future cash flows to the present value, using market interest rates with some adjustments based on the Company’s credit risk. Loans payable are categorized as level 3.

v) Derivative financial instruments

As for derivative financial instruments, the fair values of foreign currency forward contracts are stated at theoretical prices calculated by the Company based on the TTM at the balance sheet date. The fair values of currency options, equity options and interest rate swaptions are stated at the quoted prices offered by counterparty financial institutions.

In evaluation of derivative financial instruments, the Company maximizes the use of observable inputs. In the case unobservable inputs are not used or impact of unobservable inputs are not material, derivative financial instruments are categorized as level 2. In the case significant unobservable inputs are used, derivative financial instruments are categorized as level 3.

(4) Quantitative information about financial assets and liabilities measured and stated in the consolidated balance sheets at fair value and categorized as Level 3

i) Quantitative information on significant unobservable inputs

Quoted prices obtained from third parties are used for fair values categorized as level 3 without adjustment.

ii) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal year

Millions of Yen

For the year ended March 31, 2024	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for-sale securities	Available-for-sale securities		
	Others (i)	Foreign bonds (ii)		Stock-related
Beginning balance	¥ 897	¥ 64,899	¥ 65,796	¥ 550
Gains (losses) and other comprehensive income for the fiscal year:	(24)	12,396	12,371	1,245
Gains (losses) recorded for the fiscal year*1	(20)	4,535	4,515	1,245
Other comprehensive income recorded for the fiscal year*2	(4)	7,860	7,856	–
Net amount of purchase, sale, issue, and settlement	(16)	(45,233)	(45,249)	(1,794)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	855	32,062	32,918	1
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	(20)	4,535	4,515	(681)

*1 Those amounts are included in investment income and investment expenses in the consolidated statement of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statement of comprehensive income.

Millions of Yen

For the year ended March 31, 2023	Monetary claims bought / Available-for-sale securities / Others (i)	Securities / Available-for-sale securities / Foreign bonds (ii)	Total (i) + (ii)	Derivative financial instruments / Stock-related
Beginning balance	¥ 957	¥ 29,482	¥ 30,440	¥ 270
Gains (losses) and other comprehensive income for the fiscal year:	(39)	(1,498)	(1,538)	(1,981)
Gains (losses) recorded for the fiscal year*1	(20)	298	278	(1,981)
Other comprehensive income recorded for the fiscal year*2	(18)	(1,797)	(1,816)	–
Net amount of purchase, sale, issue, and settlement	(20)	–	(20)	2,262
Transfer to fair values of Level 3*3	–	41,912	41,912	–
Transfer from fair values of Level 3*4	–	(4,997)	(4,997)	–
Ending balance	897	64,899	65,796	550
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	(20)	298	278	(1,981)

*1 Those amounts are included in investment income and investment expenses in the consolidated statement of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statement of comprehensive income.

*3 Those amounts are transferred from level 2 to level 3 because of lack of observable data. Those transfers were made at the end of the fiscal year.

*4 Those amounts are transferred from level 3 to level 2 since it has become possible to obtain observable data. Those transfers were made at the end of the fiscal year.

Millions of U.S. Dollars

For the year ended March 31, 2024	Monetary claims bought / Available-for-sale securities / Others (i)	Securities / Available-for-sale securities / Foreign bonds (ii)	Total (i) + (ii)	Derivative financial instruments / Stock-related
Beginning balance	$ 5	$ 428	$ 434	$ 3
Gains (losses) and other comprehensive income for the fiscal year:	(0)	81	81	8
Gains (losses) recorded for the fiscal year*1	(0)	29	29	8
Other comprehensive income recorded for the fiscal year*2	(0)	51	51	–
Net amount of purchase, sale, issue, and settlement	(0)	(298)	(298)	(11)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	5	211	217	0
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	(0)	29	29	(4)

*1 Those amounts are included in investment income and investment expenses in the consolidated statement of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statement of comprehensive income.

iii) Description of the fair value evaluation process

The Company establishes policies and procedures for measuring the fair value in the actuarial and accounting department and the risk management department. In accordance with these policies and procedures, the risk management department measures the fair value. The validity of the evaluation methods and inputs used to measure fair value and the appropriateness of categorization of fair value are verified in the independent division in the risk management department.

In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used. In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of evaluation method and used inputs and comparison with the fair values of similar financial instruments.

5. Investments and Rental Properties

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 ¥232,502 million (US$1,535 million) and ¥286,956 million (US$1,895 million) as of March 31, 2024 and ¥237,083 million and ¥287,980 million as of March 31, 2023, respectively. The fair value is mainly based on the value (including some adjustments using the reference prices) of real estate appraisal report prepared by the external real-estate appraiser in accordance with real estate appraisal standards.

6. Securities Lent under Lending Agreements

The amounts of securities lent under lending agreements were ¥292,339 million (US$1,930 million) and ¥199,653 million as of March 31, 2024 and 2023, respectively.

7. Claims

The total amounts of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans three or more months past due and restructured loans, which were included in claims, were ¥501 million (US$3 million) and ¥521 million as of March 31, 2024 and 2023, respectively.

i) Claims against bankrupt and quasi-bankrupt obligors were ¥401 million (US$2 million) and ¥386 million as of March 31, 2024 and 2023, respectively.

ii) There were no claims with collection risk as of March 31, 2024. Claims with collection risk were ¥30 million as of March 31, 2023.

iii) Delinquent loans three or more months past due were ¥80 million (US$0 million) and ¥85 million as of March 31, 2024 and 2023, respectively.

iv) Restructured loans were ¥20 million (US$0 million) and ¥20 million as of March 31, 2024 and 2023, respectively.

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

Claims with collection risk are claims to obligors with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the claims will be recovered, excluding those claims classified as claims against bankrupt and quasi-bankrupt obligors.

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

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

The direct write-offs related to claims decreased the amounts of claims against bankrupt and quasi-bankrupt obligors described above by ¥3 million (US$0 million) and ¥5 million as of March 31, 2024 and 2023, respectively.

8. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets totaled ¥278,094 million (US$1,836 million) and ¥282,149 million as of March 31, 2024 and 2023, respectively.

9. Separate Accounts

Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥30,689 million (US$202 million) and ¥26,438 million as of March 31, 2024 and 2023, respectively. The amounts of separate account liabilities were the same as separate account assets.

10. Reserve for Dividends to Policyholders

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Balance at the beginning of the fiscal year	¥ 27,103	¥ 28,644	$ 179
Transfer to reserve from surplus in the previous fiscal year	2,497	2,121	16
Dividends to policyholders paid out during the fiscal year	3,540	3,664	23
Increase in interest	3	3	0
Balance at the end of the fiscal year	¥ 26,064	¥ 27,103	$ 172

11. Stocks of Unconsolidated Subsidiaries and affiliates

The amounts of stocks of unconsolidated subsidiaries and affiliates the Company held as of March 31, 2024 and 2023 were ¥8,232 million (US$54 million) and ¥8,131 million, respectively.

12. Pledged Assets

Assets pledged as collateral as of March 31, 2024 and 2023 were securities in the amount of ¥315,013 million (US$2,080 million) and ¥3,224 million, respectively.

13. Unamortized Ceding Commissions

The amount of unamortized ceding commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Japanese Ministry of Finance Public Notice No. 50, 1996 for the fiscal year ended March 31, 2024 and 2023 were ¥41,821 million (US$276 million) and ¥26,106 million, respectively.

14. Redemption of Foundation Funds

Note for the fiscal year ended March 31, 2023

The Company redeemed ¥40,000 million of foundation funds, which is part of ¥80,000 million of foundation funds offered in August 2015, prior to the redemption date. Accompanying the redemption, the Company transferred the same amount from reserve for fund redemption to reserve for redemption of foundation funds in accordance with Article 56 of the Insurance Business Act.

15. Assets with Rights to Sell

The Company has the legal right to sell or collateralize securities borrowed under loan agreements. The market values of these assets that were not sold or pledged as collateral as of March 31, 2024 and 2023 were ¥37,590 million (US$248 million) and ¥21,882 million, respectively. No assets were pledged as collateral as of March 31, 2024 and 2023.

16. Commitment Line

As of March 31, 2024 and 2023, there were unused commitment line agreements under which the Company is the lender of ¥9,372 million (US$61 million) and ¥10,086 million, respectively.

17. Subordinated Bonds Payable

As of March 31, 2024 and 2023, bonds payable are subordinated bonds payable, for which the repayments are subordinated to other obligations.

18. Subordinated Loans Payable

As of March 31, 2024 and 2023, other liabilities included subordinated loans payable of ¥78,000 million (US$515 million) and ¥49,000 million, respectively, for which the repayments are subordinated to other obligations.

19. Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2024	2023	2024
Deferred tax assets	¥ 69,326	¥ 65,621	$ 457
Valuation allowance for deferred tax assets	13,961	14,960	92
Subtotal	55,364	50,660	365
Deferred tax liabilities	94,516	41,915	624
Net deferred tax assets (liabilities)	¥ (39,151)	¥ 8,745	$ (258)

Major components of deferred tax assets/liabilities were as follows:

	Millions of Yen	Millions of U.S. Dollars
As of March 31	2024	2024
Deferred tax assets		
Additional policy reserves	¥ 12,942	$ 85
Contingency reserves	12,702	83
Reserve for price fluctuation	11,263	74
Net defined benefit liabilities	8,173	53
Impairment losses	6,884	45
IBNR reserves	5,741	37
Deferred tax liabilities		
Net unrealized gains on available-for-sale securities	89,235	589

Millions of Yen

As of March 31		2023
Deferred tax assets		
Contingency reserves	¥	17,930
Reserve for price fluctuation		10,660
Net defined benefit liabilities		8,802
Impairment losses		7,356
IBNR reserves		4,770
Tax loss carried forward		3,526
Deferred tax liabilities		
Net unrealized gains on available-for-sale securities		37,793

Note for the fiscal year ended March 31, 2023

Tax loss carried forward and the deferred tax assets by carry forward period were as follows:

Millions of Yen

As of March 31, 2023	Within 1 year		Over 1 to 5 years		Over 5 years		Total
Tax loss carried forward	¥	–	¥	–	¥	3,526	¥ 3,526
Valuation allowance		–		–		(1,258)	(1,258)
Deferred tax assets		–		–		2,268	2,268*

* The Company considers deferred tax assets recorded for tax loss carried forward to be recoverable as it is expected that there will be taxable income in the future.

(2) The statutory tax rates were 27.9% and 27.9% for the fiscal years ended March 31, 2024 and 2023, respectively. The main factors causing the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

For the year ended March 31	2024
Reserve for dividends to policyholders	(9.8)%
Interest on foundation funds	(9.8)%

For the year ended March 31	2023
Interest on foundation funds	(5.2)%

(3) The Company and part of its subsidiaries have applied the group tax sharing system. As a result, the Company has applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No.42, issued on August 12, 2021) to the accounting and disclosure treatment of corporate tax, local corporate tax and tax effect accounting.

Note for the fiscal year ended March 31, 2023

The Company and part of its subsidiaries have applied the group tax sharing system from the reporting period ended March 31, 2023. As a result, the Company has applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No.42, issued on August 12, 2021) to the accounting and disclosure treatment of corporate tax, local corporate tax and tax effect accounting.

20. Accrued Retirement Benefits and Net Defined Benefit Liabilities

(1) Summary of retirement benefit plans

As defined benefit plan, the Company and its consolidated subsidiaries have defined benefit corporate pension plans, which are funded-type, and lump-sum retirement allowance plans which are non-funded type but resulted in funded type due to setting of employee pension trust.

(2) Defined benefit plan

i) Reconciliation of beginning and ending balance of retirement benefit obligations

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Retirement benefit obligations at the beginning of the fiscal year	¥ 39,538	¥ 40,397	$ 261
Service cost	1,808	1,864	11
Interest cost	389	398	2
Actuarial difference occurred during the fiscal year	78	597	0
Retirement benefit payments	(3,659)	(3,720)	(24)
Retirement benefit obligations at the end of the fiscal year	¥ 38,157	¥ 39,538	$ 252

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

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Pension plan assets at the beginning of the fiscal year	¥ 8,411	¥ 8,069	$ 55
Expected return on pension plan assets	80	79	0
Actuarial difference occurred during the fiscal year	1,163	149	7
Contributions by the employer	245	243	1
Retirement benefit payments	(241)	(131)	(1)
Pension plan assets at the end of the fiscal year	¥ 9,659	¥ 8,411	$ 63

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

As of March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
a. Funded plan retirement benefit obligation	¥ 38,157	¥ 39,538	$ 252
b. Pension plan assets	(9,659)	(8,411)	(63)
c. Net amount of liabilities and assets presented on the consolidated balance sheet	28,497	31,127	188
d. Net defined benefit liabilities	29,297	31,548	193
e. Net defined benefit assets	(799)	(421)	(5)
f. Net amount of liabilities and assets presented on the consolidated balance sheet	¥ 28,497	¥ 31,127	$ 188

iv) Breakdown of retirement benefit expenses

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Service cost	¥ 1,808	¥ 1,864	$ 11
Interest cost	389	398	2
Expected return on pension plan assets	(80)	(79)	(0)
Amortization of actuarial differences	942	409	6
Retirement benefit expenses related to defined benefit plan	¥ 3,060	¥ 2,593	$ 20

v) Breakdown of items included in other comprehensive income

The breakdown of items included in other comprehensive income (before tax effects) was as follows:

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Amortization of actuarial differences	¥ 2,027	¥ (38)	$ 13
Total	¥ 2,027	¥ (38)	$ 13

vi) Breakdown of items included in accumulated other comprehensive income

The breakdown of items included in total accumulated other comprehensive income (before tax effects) was as follows:

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Unrecognized actuarial differences	¥ 896	¥ 2,924	$ 5
Total	¥ 896	¥ 2,924	$ 5

vii) Breakdown of main pension plan assets

The breakdown of main asset categories as a percentage of pension plan assets was as follows:

As of March 31	2024	2023
Stocks	43%	38%
Bonds	17%	19%
Others	40%	43%
Total	100%	100%

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

To determine 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 the diverse range of assets that makes up the pension assets.

ix) Underlying actuarial assumptions

The main underlying actuarial assumptions were as follows:

As of March 31	2024	2023
Discount rate	1.0%	1.0%
Expected long-term rate of return on pension plan assets	0.8%	0.8%
Defined benefit corporate pension plans	1.6%	1.6%

III. Notes to Consolidated Statements of Income

1. Investment Income and Expenses

The major components of gains on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Domestic bonds	¥ 3,283	¥ 6,720	$ 21
Domestic stocks and other securities	38,914	1,492	257
Foreign securities	1,890	7,904	12

The major components of losses on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Domestic bonds	¥ 5,711	¥ 3,752	$ 37
Domestic stocks and other securities	2,210	1,987	14
Foreign securities	33,527	19,785	221

The major components of losses on valuation of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Domestic stocks and other securities	¥ 104	¥ 108	$ 0
Foreign securities	1	5	0

Losses on trading securities were losses on sales of ¥226 million (US$1 million) for the fiscal year ended March 31, 2024.

Losses on derivative financial instruments included net valuation losses of ¥1,824 million (US$12 million) and losses of ¥4,761 million for the fiscal years ended March 31, 2024 and 2023, respectively.

2. Reinsurance Revenue and Reinsurance Premiums

The increased amount of unamortized ceding commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Japanese Ministry of Finance Public Notice No. 50, 1996 for the fiscal year ended March 31, 2024 and 2023 were ¥32,351 million (US$213 million) and ¥25,849 million, respectively, which were included in reinsurance revenue among premium and other income.

The decreased amount of unamortized ceding commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Japanese Ministry of Finance Public Notice No. 50, 1996 for the fiscal year ended March 31, 2024 and 2023 were ¥16,635 million (US$109 million) and ¥6,135 million, respectively, which were included in reinsurance premiums among claims and other payments.

3. Impairment Losses of Fixed Assets

For the fiscal years ended March 31, 2024 and 2023, impairment losses of fixed assets by the Company were as follows:

(1) Method of grouping

The method of grouping is described in "Note 1. (17) Impairment losses of tangible fixed assets" of the consolidated balance sheets.

(2) Background information on recognizing the impairment losses

As the profitability of certain real estate for rent dropped down significantly due to a decrease in the level of rental income and a declining trend in the market prices of land, the Company reduced the book values of such real estate for rent, real estate not in use and real estate scheduled to be sold to their recoverable amounts. The write-downs were recognized as impairment losses and included in the extraordinary losses.

(3) Asset groups for which impairment losses were recognized and losses by classification of fixed assets

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Real estate for rent:			
Land	¥ –	¥ –	$ –
Building	–	–	–
Total real estate for rent (i)	–	–	–
Real estate not in use:			
Land	562	552	3
Building	579	1,683	3
Total real estate not in use (ii)	1,141	2,235	7
Real estate scheduled to be sold:			
Land	–	701	–
Building	–	351	–
Total real estate scheduled to be sold (iii)	–	1,053	–
Total:			
Land	562	1,254	3
Building	579	2,035	3
Total (i) + (ii) + (iii)	¥ 1,141	¥ 3,289	$ 7

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for rent are determined at net realizable value or value in use. The recoverable amounts for real estate not in use and real estate scheduled to be sold are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 3.2% and 3.3% for the fiscal years ended March 31, 2024 and 2023, respectively. Net realizable value is calculated based on the appraisal value in accordance with “Real Estate Appraisal Standards” or the publicly announced appraisal value after deducting expected disposal costs.

IV. Notes to Consolidated Statements of Comprehensive Income

Other Comprehensive Income

The reclassification adjustments and tax effect amounts related to other comprehensive income were as follows:

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Net unrealized gains on available-for-sale securities, net of tax			
Amount incurred during the fiscal year	¥ 193,729	¥ (69,449)	$ 1,279
Reclassification adjustments	(1,368)	8,708	(9)
Before tax adjustment	192,361	(60,740)	1,270
Tax effects	(52,431)	17,470	(346)
Net unrealized gains on available-for-sale securities, net of tax	139,929	(43,270)	924
Accumulated remeasurements of defined benefit plans			
Amount incurred during the fiscal year	1,084	(447)	7
Reclassification adjustments	942	409	6
Before tax adjustment	2,027	(38)	13
Tax effects	(569)	12	(3)
Accumulated remeasurements of defined benefit plans	1,458	(26)	9
Total other comprehensive income	¥ 141,387	¥ (43,296)	$ 933

V. Notes to Consolidated Statements of Cash Flows

Scope of Cash and Cash Equivalents

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

The consolidated financial statements in this annual report have been audited by Ernst & Young ShinNihon LLC, an independent certified public accountant.

13. Non-consolidated Financial Statements

Non-consolidated Balance Sheets

Asahi Mutual Life Insurance Company

As of March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
ASSETS:			
Cash and deposits:			
Cash	¥ 18	¥ 16	$ 0
Deposits	39,375	41,656	260
	39,393	41,673	260
Call loans	73,000	166,000	482
Monetary claims bought	18,811	20,292	124
Securities:			
National government bonds	1,812,423	1,693,184	11,970
Local government bonds	48,037	50,610	317
Corporate bonds	918,496	865,936	6,066
Domestic stocks	599,280	507,674	3,957
Foreign securities	1,027,985	1,088,201	6,789
Other securities	119,584	98,181	789
	4,525,808	4,303,789	29,891
Loans:			
Policy loans	28,399	30,254	187
Industrial and consumer loans	292,946	273,707	1,934
	321,346	303,961	2,122
Tangible fixed assets:			
Land	207,428	212,541	1,369
Buildings	138,556	141,781	915
Lease assets	4,138	1,360	27
Construction in progress	1,188	1,062	7
Other tangible fixed assets	2,414	2,748	15
	353,725	359,493	2,336
Intangible fixed assets:			
Software	28,886	19,813	190
Other intangible fixed assets	6,569	13,683	43
	35,456	33,497	234
Agency accounts receivable	1	6	0
Reinsurance receivables	394	687	2
Other assets:			
Accounts receivable	60,684	14,406	400
Prepaid expenses	4,472	3,385	29
Accrued income	18,389	18,292	121
Money on deposit	3,006	2,791	19
Derivative financial instruments	896	5,879	5
Cash collateral paid for financial instruments	1,417	2,473	9
Suspense payments	756	1,355	4
Other assets	1,358	1,641	8
	90,980	50,226	600
Prepaid pension cost	480	424	3
Deferred tax assets	–	5,690	–
Customers' liabilities under acceptances and guarantees	26,425	600	174
Allowance for possible loan losses	(738)	(648)	(4)
Total assets	¥ 5,485,084	¥ 5,285,695	$ 36,226

As of March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
LIABILITIES:			
Policy reserves and other reserves:			
Reserve for outstanding claims	¥ 36,748	¥ 34,513	$ 242
Policy reserves	4,206,149	4,269,904	27,779
Reserve for dividends to policyholders	26,064	27,103	172
	4,268,961	4,331,522	28,194
Reinsurance payables	670	700	4
Bonds payable	102,609	150,555	677
Other liabilities:			
Payables under securities borrowing transactions	248,836	182,247	1,643
Loans payable	78,000	49,000	515
Income taxes payable	3,797	133	25
Accounts payable	8,974	6,048	59
Accrued expenses	8,053	8,202	53
Deferred income	196	366	1
Deposits received	421	494	2
Guarantee deposits received	17,081	17,473	112
Derivative financial instruments	5,004	15,084	33
Cash collateral received for financial instruments	6,359	9,039	41
Lease obligations	4,138	1,360	27
Asset retirement obligations	1,087	967	7
Suspense receipts	101	148	0
	382,052	290,565	2,523
Reserve for employees' retirement benefits	28,195	28,727	186
Reserve for price fluctuation	40,370	38,210	266
Deferred tax liabilities	41,386	–	273
Deferred tax liabilities for land revaluation	14,301	15,062	94
Acceptances and guarantees	26,425	600	174
Total liabilities	4,904,972	4,855,944	32,395
NET ASSETS:			
Foundation funds	51,000	51,000	336
Reserve for redemption of foundation funds	206,000	206,000	1,360
Reserve for revaluation	281	281	1
Surplus:			
Reserve for future losses	381	366	2
Other surplus:			
Reserve for fund redemption	31,700	22,600	209
Equalized reserve for dividends to policyholders	6,893	7,093	45
Unappropriated surplus (loss)	63,629	60,148	420
Subtotal	102,223	89,841	675
	102,604	90,207	677
Total foundation funds and others	359,886	347,489	2,376
Net unrealized gains (losses) on available-for-sale securities, net of tax	270,597	130,668	1,787
Land revaluation differences	(50,371)	(48,406)	(332)
Total valuation and translation adjustments	220,226	82,261	1,454
Total net assets	580,112	429,751	3,831
Total liabilities and net assets	¥ 5,485,084	¥ 5,285,695	$ 36,226

Non-consolidated Statements of Income

Asahi Mutual Life Insurance Company

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Ordinary income:			
Premium and other income:			
Insurance premiums	¥ 366,054	¥ 377,409	$ 2,417
Reinsurance revenue	1,225	1,813	8
	367,279	379,223	2,425
Investment income:			
Interest, dividends and other income:			
Interest and dividends on securities	97,390	96,416	643
Interest on loans	6,068	4,964	40
Rent revenue from real estate	16,102	16,180	106
Other interest and dividends	1,317	868	8
	120,879	118,430	798
Gains on sales of securities	44,086	16,115	291
Gains on redemption of securities	–	98	–
Foreign exchange gains	4,528	1,912	29
Other investment income	7,159	7,167	47
Investment gains on separate accounts	6,583	429	43
	183,237	144,154	1,210
Other ordinary income:			
Fund receipt from deposit of claims paid	5,082	7,536	33
Reversal of reserve for employees' retirement benefits	532	1,119	3
Reversal of policy reserves	63,755	95,163	421
Other ordinary income	2,505	2,314	16
	71,876	106,134	474
Total ordinary income	622,393	629,512	4,110
Ordinary expenses:			
Claims and other payments:			
Claims	105,474	110,749	696
Annuities	109,610	112,411	723
Benefits	74,480	94,530	491
Surrender benefits	87,320	81,755	576
Other payments	4,593	2,426	30
Reinsurance premiums	2,449	2,522	16
	383,929	404,395	2,535
Provision for policy reserves and other reserves:			
Provision for reserve for outstanding claims	2,234	2,494	14
Provision for interest on policyholders' dividend reserves	3	3	0
	2,237	2,498	14
Investment expenses:			
Interest expenses	4,392	3,986	29
Losses on trading securities	226	–	1
Losses on sales of securities	41,448	25,525	273
Losses on valuation of securities	105	114	0
Losses on redemption of securities	275	466	1
Losses on derivative financial instruments	14,508	18,826	95
Provision for allowance for possible loan losses	92	99	0
Depreciation of rental real estate and other assets	5,337	5,565	35
Other investment expenses	10,298	10,313	68
	76,685	64,899	506
Operating expenses	108,533	106,088	716
Other ordinary expenses:			
Claim deposit payments	8,961	10,019	59
Taxes	9,060	9,197	59
Depreciation	11,846	12,299	78
Other ordinary expenses	3,024	2,466	19
	32,892	33,982	217
Total ordinary expenses	604,278	611,863	3,991

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Ordinary profit	18,115	17,648	119
Extraordinary gains:			
Gains on disposal of fixed assets	5,542	1,889	36
Reversal of reserve for price fluctuation	–	10,000	–
	5,542	11,889	36
Extraordinary losses:			
Losses on disposal of fixed assets	905	2,738	5
Impairment losses	1,141	3,289	7
Provision for reserve for price fluctuation	2,160	–	14
Losses on reduction entry of real estate	96	–	0
Other extraordinary losses	5	44	0
	4,308	6,072	28
Surplus before income taxes	19,348	23,464	127
Income taxes:			
Current	10,212	(1,300)	67
Deferred	(6,115)	7,507	(40)
Total income taxes	4,097	6,207	27
Net surplus	¥ 15,251	¥ 17,257	$ 100

Non-consolidated Statements of Changes in Net Assets

Asahi Mutual Life Insurance Company

Millions of Yen

For the year ended March 31, 2024	Foundation funds and others								
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus					Total foundation funds and others
				Reserve for future losses	Other surplus			Total surplus	
					Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)		
Beginning balance	¥ 51,000	¥ 206,000	¥ 281	¥ 366	¥ 22,600	¥ 7,093	¥ 60,148	¥ 90,207	¥347,489
Changes in the fiscal year:									
Additions to reserve for dividends to policyholders							(2,497)	(2,497)	(2,497)
Additions to reserve for future losses				15			(15)		
Payment of interest on foundation funds							(2,323)	(2,323)	(2,323)
Net surplus							15,251	15,251	15,251
Additions to reserve for fund redemption					9,100		(9,100)		
Reversal of equalized reserve for dividends to policyholders						(199)	199		
Reversal of land revaluation differences							1,965	1,965	1,965
Net changes, excluding foundation funds and others									
Net changes in the fiscal year	–	–	–	15	9,100	(199)	3,481	12,396	12,396
Ending balance	¥ 51,000	¥206,000	¥ 281	¥ 381	¥ 31,700	¥ 6,893	¥ 63,629	¥102,604	¥359,886

Millions of Yen

For the year ended March 31, 2024	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Total valuation and translation adjustments	
Beginning balance	¥ 130,668	¥ (48,406)	¥ 82,261	¥ 429,751
Changes in the fiscal year:				
Additions to reserve for dividends to policyholders				(2,497)
Additions to reserve for future losses				
Payment of interest on foundation funds				(2,323)
Net surplus				15,251
Additions to reserve for fund redemption				
Reversal of equalized reserve for dividends to policyholders				
Reversal of land revaluation differences				1,965
Net changes, excluding foundation funds and others	139,929	(1,965)	137,964	137,964
Net changes in the fiscal year	139,929	(1,965)	137,964	150,361
Ending balance	¥ 270,597	¥ (50,371)	¥ 220,226	¥ 580,112

13. Non-consolidated Financial Statements

Millions of Yen

For the year ended March 31, 2023	Foundation funds and others								
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus					Total foundation funds and others
				Reserve for future losses	Other surplus			Total surplus	
					Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)		
Beginning balance	¥ 91,000	¥ 166,000	¥ 281	¥ 347	¥ 53,500	¥ 6,983	¥ 56,614	¥117,444	¥374,726
Changes in the fiscal year:									
Additions to reserve for dividends to policyholders							(2,121)	(2,121)	(2,121)
Additions to reserve for future losses				19			(19)		
Additions to reserve for redemption of foundation funds		40,000			(40,000)			(40,000)	
Payment of interest on foundation funds							(4,040)	(4,040)	(4,040)
Net surplus							17,257	17,257	17,257
Redemption of foundation funds	(40,000)								(40,000)
Additions to reserve for fund redemption					9,100		(9,100)		
Additions to equalized reserve for dividends to policyholders						110	(110)		
Reversal of land revaluation differences							1,666	1,666	1,666
Net changes, excluding foundation funds and others									
Net changes in the fiscal year	(40,000)	40,000	–	19	(30,900)	110	3,533	(27,237)	(27,237)
Ending balance	¥ 51,000	¥206,000	¥ 281	¥ 366	¥ 22,600	¥ 7,093	¥ 60,148	¥ 90,207	¥347,489

Millions of Yen

For the year ended March 31, 2023	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Total valuation and translation adjustments	
Beginning balance	¥ 173,936	¥ (46,739)	¥ 127,197	¥ 501,923
Changes in the fiscal year:				
Additions to reserve for dividends to policyholders				(2,121)
Additions to reserve for future losses				
Additions to reserve for redemption of foundation funds				
Payment of interest on foundation funds				(4,040)
Net surplus				17,257
Redemption of foundation funds				(40,000)
Additions to reserve for fund redemption				
Additions to equalized reserve for dividends to policyholders				
Reversal of land revaluation differences				1,666
Net changes, excluding foundation funds and others	(43,268)	(1,666)	(44,935)	(44,935)
Net changes in the fiscal year	(43,268)	(1,666)	(44,935)	(72,172)
Ending balance	¥ 130,668	¥ (48,406)	¥ 82,261	¥ 429,751

Millions of U.S. Dollars

For the year ended March 31, 2024	Foundation funds and others								
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus					Total foundation funds and others
				Reserve for future losses	Other surplus			Total surplus	
					Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)		
Beginning balance	$ 336	$ 1,360	$ 1	$ 2	$ 149	$ 46	$ 397	$ 595	$ 2,295
Changes in the fiscal year:									
Additions to reserve for dividends to policyholders							(16)	(16)	(16)
Additions to reserve for future losses				0			(0)		
Payment of interest on foundation funds							(15)	(15)	(15)
Net surplus							100	100	100
Additions to reserve for fund redemption					60		(60)		
Reversal of equalized reserve for dividends to policyholders						(1)	1		
Reversal of land revaluation differences							12	12	12
Net changes, excluding foundation funds and others									
Net changes in the fiscal year	–	–	–	0	60	(1)	22	81	81
Ending balance	$ 336	$ 1,360	$ 1	$ 2	$ 209	$ 45	$ 420	$ 677	$ 2,376

Millions of U.S. Dollars

For the year ended March 31, 2024	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Total valuation and translation adjustments	
Beginning balance	$ 863	$ (319)	$ 543	$ 2,838
Changes in the fiscal year:				
Additions to reserve for dividends to policyholders				(16)
Additions to reserve for future losses				
Payment of interest on foundation funds				(15)
Net surplus				100
Additions to reserve for fund redemption				
Reversal of equalized reserve for dividends to policyholders				
Reversal of land revaluation differences				12
Net changes, excluding foundation funds and others	924	(12)	911	911
Net changes in the fiscal year	924	(12)	911	993
Ending balance	$ 1,787	$ (332)	$ 1,454	$ 3,831

Non-consolidated Statements of Proposed Appropriation of Surplus (Loss)

Asahi Mutual Life Insurance Company

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Unappropriated surplus (loss)	¥ 63,629	¥ 60,148	$ 420
Reversal of Voluntary surplus reserves:	947	199	6
Reversal of equalized reserve for dividends to policyholders	947	199	6
Total	64,577	60,348	426
Appropriation of surplus (loss):	14,367	13,935	94
Reserve for dividends to policyholders	2,896	2,497	19
Net surplus (loss):	11,470	11,438	75
Reserve for future losses	16	15	0
Interest on foundation funds	2,354	2,323	15
Voluntary surplus reserves:	9,100	9,100	60
Reserve for fund redemption	9,100	9,100	60
Surplus (loss) carried forward	¥ 50,210	¥ 46,412	$ 331

Notes to Non-consolidated Financial Statements

Asahi Mutual Life Insurance Company

I. Presentation of Non-consolidated Financial Statements

1. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by Asahi 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 applicable to the mutual life insurance industry 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 eliminated. As a result, total amounts in yen shown herein do not necessarily agree with the sum of the individual amounts.

The Insurance Business Act shall prescribe the disclosure of a single fiscal year. The Company provides the disclosure of comparative financial information corresponding to each comparative fiscal year in the presented financial statements for use by readers outside Japan.

In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

2. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥151.41 = US$1.00, the effective rate of exchange at the balance sheet date of March 31, 2024.

The translations should not be construed as representations that such yen amounts have been or could in the future be, converted into U.S. dollars at that or any other rate.

II. Notes to Non-consolidated Balance Sheets

1. Significant Accounting Policies

(1) Valuation methods of securities

The valuation of securities, including deposits and monetary claims bought which are equivalent to securities is as follows:

i) Trading securities are stated at fair market value. Costs of sales are determined by the moving average method.

ii) Held-to-maturity debt securities are stated at amortized cost (straight-line method) determined by the moving average method.

iii) Policy-reserve-matching bonds, which are in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No. 21 issued by the Japanese Institute of Certified Public Accountants

("JICPA")), are stated at amortized cost (straight-line method) determined by the moving average method.

iv) Investments in subsidiaries and affiliates are stated at cost.

v) Available-for-sale securities except for the following are stated at fair market value based on the market prices at the balance sheet date, of which costs of sales are determined by the moving average method. Available-for-sale securities, of which public and corporate bonds including foreign bonds with the difference between acquisition cost and face value considered as an adjustment of interest, are stated at amortized cost (straight-line method) determined by the moving average method. Stocks and others without a market price are stated at cost determined by the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of tax, are recorded as a separate component of net assets.

(2) Policy-reserve-matching bonds

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

(3) Valuation methods of derivative financial instruments

Derivative financial instruments are stated at fair market value.

(4) Revaluation of land

The Company revalued the land for business purposes based on the Act on 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 land revaluation differences as a separate component of net assets and the related tax is recorded as deferred tax liabilities for revaluation.

■ Date of revaluation: March 31, 2001

■ Method of revaluation as prescribed for in Article 3, Paragraph 3 of the said Act:

The calculation is based on the publicly announced appraisal value with certain adjustments set forth in Article 2, Item 1 of the Enforcement Ordinance of the Act on Revaluation of Land (Government Ordinance No. 119 promulgated on March 31, 1998) or the appraisal value determined by the real-estate appraiser set forth in Article 2, Item 5 of the said Ordinance with certain reasonable adjustments.

(5) Depreciation of tangible fixed assets

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 are depreciated using the 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

(6) Foreign currency translation

Foreign currency-denominated assets and liabilities (excluding the shares of subsidiaries and affiliates) are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. The shares of subsidiaries and affiliates are translated into Japanese yen at the exchange rate at the acquisition date.

Note for the fiscal year ended March 31, 2023

Foreign currency-denominated assets and liabilities are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date.

(7) Allowance for possible loan losses

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 credit to borrowers who are legally bankrupt such as being in bankruptcy proceedings or civil rehabilitation (hereinafter "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter "substantially bankrupt borrowers"), the Company provides the remaining amount 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 credit to borrowers who are not currently bankrupt but have a high risk of bankruptcy (hereinafter "borrowers with high possibility of bankruptcy"), the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.

iii) For credit to borrowers other than the above, the Company provides the amounts calculated by multiplying the book value by the actual ratio of bad debt losses on defaults during a certain past period.

All credit is 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, allowance for possible loan losses is provided based on the results of these assessments.

For credit to 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 book value as the estimated uncollectible amounts. The amounts written-off were ¥3 million (US$0 million) and ¥5 million as of March 31, 2024 and 2023, respectively.

(8) Accounting for employees' retirement benefits and method of amortizing retirement benefit expenses

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

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

- The retirement benefit obligation is attributed to each period by the benefit formula method.
- Actuarial differences are amortized under the straight-line method over a period of six years starting the following year.
- Prior service cost is charged to income when incurred.

Note for the fiscal year ended March 31, 2023

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

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

- The retirement benefit obligation is attributed to each period by the benefit formula method.
- Actuarial differences are amortized under the straight-line method over a period of six years starting the following year.
- Prior service cost is charged to income when incurred.

Previously, actuarial differences were amortized under the straight-line method over a period of seven years. This period has been shortened to six years effective from the fiscal year ended March 31, 2023, since the average remaining working lives of the employees have fallen below seven years.

The impact of this change on ordinary profit and surplus before income taxes for the fiscal year ended March 31, 2023 is immaterial.

(9) Reserve for price fluctuation

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

(10) Accounting for hedging activities

Hedging activities are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

The Company mainly applies the following hedging activities:

The Company applies deferred hedge accounting and the exceptional accounting treatment ("Tokurei-shori") for interest rate swaps used to hedge the cash flow volatility of certain loans.

The Company also applies fair value hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds, investment trusts and others denominated in foreign currencies.

The Company also applies designated hedge accounting ("Furiate-shori") for currency swaps used to hedge foreign exchange rate fluctuation exposures on the foreign currency-denominated bonds issued by the Company.

The Company also applies designated hedge accounting ("Furiate-shori") for the foreign currency-denominated transactions other than the above.

The effectiveness of a hedge is mostly assessed by a ratio analysis, comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments.

(11) Accounting for consumption taxes

The Company accounts for consumption tax and local consumption tax 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 Corporation Tax Act of Japan, 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) Premium and other income (excluding reinsurance revenue)

Premium and other income (excluding reinsurance revenue) are recorded in principle for insurance policies for which insurance premium has been received and the insurer's liability under the insurance policies or insurance coverage period has commenced by the relevant amounts received.

Of insurance premiums, the portion corresponding to the period that has yet to pass as of the end of the fiscal year is set aside as policy reserves 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.

(13) Claims and other payments (excluding reinsurance premiums)

Claims and other payments (excluding reinsurance premiums) are recorded for insurance policies for which amounts calculated under policy conditions have been paid in the occurrence of insured events under 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 is set aside for claims, etc. which is not recorded as payment of claims, etc. but for which the Company has payment obligation or the occurrence of insured events has not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred; hereinafter the same), the special treatment of the payment of hospitalization benefits with regard to people with diagnoses of COVID-19 given and under the care of a doctor and the like at an accommodation facility or at home ("deemed hospitalizations") was terminated 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 Japanese Ministry of Finance Public Notice No.234, 1998 ("IBNR Notice"). 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 Notice (the "Proviso").

(Overview of the calculation method)

The Company calculates the amount of reserve for outstanding claims incurred but not reported events using the same manner as that set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events 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 Notice.

In the fiscal year ended March 31, 2023, the Company calculated the reserve for outstanding claims incurred but not reported events for deemed hospitalizations and the others separately; however, the special treatment of the payment of hospitalization benefits with regard to deemed hospitalization was terminated for the fiscal year ended March 31, 2024. Therefore, the Company revised its methodology to calculate the amount of reserve for outstanding claims incurred but not reported events for deemed hospitalizations as zero.

Note for the fiscal year ended March 31, 2023

Claims and other payments (excluding reinsurance premiums) are recorded for insurance policies for which amounts calculated under policy conditions have been paid in the occurrence of insured events under 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 is set aside for claims, etc. which is not recorded as payment of claims, etc. but for which the Company has payment obligation or the occurrence of insured events has not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred; hereinafter the same), the scope of payment of hospitalization benefits was changed in the fiscal year ended March 31, 2023 with regard to people with deemed hospitalizations. 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 IBNR Notice. The Company therefore records the amount that was calculated using the following method, pursuant to provisions in the Proviso.

(Overview of the calculation method)

The Company calculates the reserve for outstanding claims incurred but not reported events for deemed hospitalizations and the others separately.

The amount of reserve for outstanding claims incurred but not reported events other than deemed hospitalizations is calculated using the same manner as that set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events 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 Notice.

The amount of reserve for outstanding claims incurred but not reported events for deemed hospitalizations is calculated based on the amount for deemed hospitalizations of those at high risk of serious illness after September 26, 2022, the number of new infections and the number of new infections over the last three months, considering the average days it takes from the occurrence of the insured events to the filing of claims.

(14) Policy reserves

Policy reserves are calculated as stated 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, for insurance policies under which the insurer's liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance policies.

Of policy reserves, the premium reserves at the end of the fiscal year are calculated by the following method:

In regard to the policies subject to the standard policy reserves, the method as prescribed by the Commissioner of Financial Services Agency (Japanese Ministry of Finance Public Notice No. 48, 1996) is applied.

In regard to the policies not subject to the standard policy reserves, the net level premium method is applied.

As of March 31, 2024, the Company accumulated additional policy reserves for individual annuity insurance policies with an assumed rate of 3.75% or higher for which annuity payment commenced on or before March 31, 2024, in accordance with the provision of Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act.

As a result, policy reserves increased by ¥46,388 million (US$306 million) and ordinary profits and surplus before income taxes decreased by ¥46,388 million (US$306 million) compared with if the additional reserves had not been accumulated.

Regarding policy reserves, the chief actuary checks that policy reserves are appropriately accumulated in each fiscal year, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure the performance of future obligations under insurance policies.

(15) Impairment losses of tangible fixed assets

Impairment losses of the Company's tangible fixed assets are calculated by the following method.

i) Calculation method

Real estate and other assets used for insurance business operations are classified as one asset group as a whole. Other assets such as real estate for rent, real estate not in use and real estate scheduled to be sold are classified as one group individually. As for real estate used for multiple purposes, the asset group to which the real estate belongs is decided depending on usage rate and others.

The Company identifies indications of impairment on each asset group when earnings from business operations using the asset group continuously become negative.

As for asset groups for which indications of impairment are identified, when total amounts of undiscounted net future cash flows from the asset groups are less than their book values, the Company recognizes impairment losses and reduces the book values to their recoverable amounts.

The recoverable amounts of real estate and other assets for insurance business operation and real estate for rent are determined at value in use or net realizable value. The recoverable amounts of real estate not in use and real estate scheduled to be sold are determined at net realizable value. Value in use is determined as the discounted present value of estimated net future cash flows and discount rate used in the calculation is based on the cost of capital of the Company.

Net realizable value is calculated based on the appraisal value in accordance with "Real Estate Appraisal Standards" or the publicly announced appraisal value after deducting expected disposal costs.

ii) Key assumptions

Key assumptions for the estimated net future cash flows which are used in recognizing impairment losses and calculating value in use are usage plans considering current status of use of asset groups, including tenancy rates, rents and others. These assumptions may be affected by economic condition and changes specific to asset groups.

iii) Effects on non-consolidated financial statements for the following fiscal year

While the Company considers key assumptions for the estimated net future cash flows which are used in recognizing impairment losses and calculating value in use are best estimate based on available information including external information, impairment losses may occur in the following fiscal year due to future uncertainties.

Furthermore, the appraisal value in accordance with "Real Estate Appraisal Standards" may be affected by future real estate market trends. In case that net realizable value decreases as a result, impairment losses may occur in the following fiscal year.

(16) Software

Capitalized software for internal use owned by the Company is amortized using the straight-line method over the estimated useful lives.

2. Accounting Changes

Note for the fiscal year ended March 31, 2023

The Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021) from the fiscal year ended March 31, 2023.

In accordance with the transitional treatment set forth in Paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has applied new accounting policies prospectively. Following this, some investment trusts are categorized into some levels in the following "Note 4. Matters Concerning Fair Value of Major Financial Instruments and Breakdown by Input Level".

3. Financial Instruments

Asset management of the general accounts other than the separate accounts stipulated in Article 118, Paragraph 1 of the Insurance Business Act is conducted based on the following principles.

- For accumulation whole life with variable interest rates, accumulation insurance with variable interest rates and new single premium individual annuities which have an effective date on or after

April 2, 2012, the Company mainly invests in domestic bonds, engaging in matching asset liability management, or Matching ALM, which aims at matching the duration to outstanding insurance liabilities to avoid interest rate fluctuation risks.

- For individual life insurance and individual annuities other than above, the Company holds yen-denominated fixed income investments, including bonds and loans, as the core of its asset portfolio. The Company also holds domestic stocks, foreign securities and real estate assets to enhance its profitability.

Derivatives are mainly used to hedge market price fluctuation risk and exchange rate fluctuation risk regarding securities and exchange rate fluctuation risk related to the foreign currency-denominated bonds issued by the Company. As the major financial instruments, securities are exposed to market risk and credit risk, loans are exposed to credit risk and exchange rate fluctuation risk, and derivatives are exposed to market risk and credit risk.

In managing market risks, the following two methods are used. One is the quantitative risk management of securities etc. using the Value at Risk ("VaR") method and the other is the risk management by stress test and sensitivity analysis which analyze the effect on the Company's whole portfolio, simulating scenarios of deteriorating market environments. This is for the purpose of managing an appropriate asset allocation within the ranges of acceptable risks.

In managing credit risks, the Company quantifies the credit risks of entire portfolio through VaR method and controls the amount of risks within an acceptable range. Furthermore, the Company assigns in-house credit ratings to our borrowers in accordance with the creditworthiness of each borrower. Strict credit research of each borrower before lending as well as following up on any changes of creditworthiness of each borrower after lending are implemented by Risk Management Department, which is independent of the departments executing investments and lending. Maximum limits of credit are set up for each borrower in accordance with its credit risks to avoid the concentration of credit risks on specific corporations and specific corporation groups. Through all these measures, the Company endeavors to develop high quality portfolio.

The balance sheet amounts, fair values and the differences between those of major financial assets and liabilities as of March 31, 2024 and 2023 were as follows. The following tables do not include cash and deposits, call loans and payables under securities borrowing transactions which are mostly settled in a short term and their fair values approximate their book values.

Millions of Yen

As of March 31, 2024	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	¥ 18,811	¥ 19,753	¥ 941
Held-to-maturity debt securities	17,956	18,897	941
Available-for-sale securities	855	855	–
Securities	4,385,592	4,276,909	(108,683)
Trading securities	30,399	30,399	–
Held-to-maturity debt securities	274,840	290,260	15,419
Policy-reserve-matching bonds	2,240,383	2,116,280	(124,103)
Available-for-sale securities	1,839,968	1,839,968	–
Loans	321,346	329,278	7,932
Policy loans	28,399	28,399	–
Industrial and consumer loans	292,946	300,879	7,932
Total assets	4,725,750	4,625,940	(99,809)
Bonds payable	102,609	103,456	847
Loans payable	78,000	82,387	4,387
Total liabilities	180,609	185,843	5,234
Derivative financial instruments	(4,107)	(4,107)	–
Hedge accounting not applied	(876)	(876)	–
Hedge accounting applied	(3,231)	(3,231)	–

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

Millions of Yen

As of March 31, 2023	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	¥ 20,292	¥ 22,187	¥ 1,894
Held-to-maturity debt securities	19,395	21,290	1,894
Available-for-sale securities	897	897	–
Securities	4,175,083	4,212,239	37,156
Trading securities	26,198	26,198	–
Held-to-maturity debt securities	269,436	291,147	21,711
Policy-reserve-matching bonds	2,093,763	2,109,209	15,445
Available-for-sale securities	1,785,683	1,785,683	–
Loans	303,961	310,838	6,876
Policy loans	30,254	30,254	–
Industrial and consumer loans	273,707	280,583	6,876
Total assets	4,499,337	4,545,265	45,927
Bonds payable	150,555	147,092	(3,462)
Loans payable	49,000	50,490	1,490
Total liabilities	199,555	197,583	(1,972)
Derivative financial instruments	(9,204)	(9,204)	–
Hedge accounting not applied	(1,807)	(1,807)	–
Hedge accounting applied	(7,397)	(7,397)	–

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

Millions of U.S. Dollars

As of March 31, 2024	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	$ 124	$ 130	$ 6
Held-to-maturity debt securities	118	124	6
Available-for-sale securities	5	5	–
Securities	28,965	28,247	(717)
Trading securities	200	200	–
Held-to-maturity debt securities	1,815	1,917	101
Policy-reserve-matching bonds	14,796	13,977	(819)
Available-for-sale securities	12,152	12,152	–
Loans	2,122	2,174	52
Policy loans	187	187	–
Industrial and consumer loans	1,934	1,987	52
Total assets	31,211	30,552	(659)
Bonds payable	677	683	5
Loans payable	515	544	28
Total liabilities	1,192	1,227	34
Derivative financial instruments	(27)	(27)	–
Hedge accounting not applied	(5)	(5)	–
Hedge accounting applied	(21)	(21)	–

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

Unlisted stocks and others, including investments in subsidiaries and affiliates, without market prices are not included in the tables above. The amounts of the unlisted stocks and others, including investments in subsidiaries and affiliates, reported in the non-consolidated balance sheets were ¥80,570 million (US$532 million) and ¥75,767 million as of March 31, 2024 and 2023, respectively.

Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021) are included in the tables above.

Investments in partnerships and others which are accounted for in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the tables above. The amounts of the investments in partnerships and others, reported in the non-consolidated balance sheets were ¥59,645 million (US$393 million) and ¥52,939 million as of March 31, 2024 and 2023, respectively.

4. Matters Concerning Fair Value of Major Financial Instruments and Breakdown by Input Level

Fair values of financial instruments are categorized into the following three levels in accordance with the observability and significance of the inputs used to measure the fair value.

Level 1: Fair values measured by unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair values measured by inputs which are directly or indirectly observable other than Level 1 inputs

Level 3: Fair values measured by significant unobservable inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels to which each of the inputs belongs.

(1) Financial assets and liabilities recorded at fair values on the non-consolidated balance sheets

Millions of Yen

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ –	¥ 855	¥ 855
Available-for-sale securities	–	–	855	855
Securities*1	621,493	1,050,162	32,062	1,703,718
Trading securities	–	30,399	–	30,399
Others	–	30,399	–	30,399
Available-for-sale securities	621,493	1,019,762	32,062	1,673,319
National government bonds and local government bonds	13,196	650	–	13,847
Corporate bonds	–	424,486	–	424,486
Domestic stocks	518,771	–	–	518,771
Foreign bonds	–	387,089	32,062	419,152
Others	89,525	207,536	–	297,061
Total assets	621,493	1,050,162	32,918	1,704,574
Derivative financial instruments*2	–	(4,109)	1	(4,107)
Currency-related	–	(4,109)	–	(4,109)
Stock-related	–	–	1	1

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥161,421 million (US$1,066 million) as of March 31, 2024. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,227 million (US$34 million) as of March 31, 2024.

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

Millions of Yen

As of March 31, 2023	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ –	¥ 897	¥ 897
Available-for-sale securities	–	–	897	897
Securities*1	547,776	1,060,004	64,899	1,672,680
Trading securities	–	26,198	–	26,198
Others	–	26,198	–	26,198
Available-for-sale securities	547,776	1,033,805	64,899	1,646,481
National government bonds and local government bonds	24,700	2,683	–	27,383
Corporate bonds	–	374,147	–	374,147
Domestic stocks	431,919	–	–	431,919
Foreign bonds	8,310	477,007	64,899	550,216
Others	82,846	179,968	–	262,814
Total assets	547,776	1,060,004	65,796	1,673,577
Derivative financial instruments*2	0	(9,755)	549	(9,204)
Currency-related	–	(9,755)	–	(9,755)
Stock-related	0	–	549	550

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥134,005 million as of March 31, 2023. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,196 million as of March 31, 2023.

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

Millions of U.S. Dollars

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ –	$ –	$ 5	$ 5
Available-for-sale securities	–	–	5	5
Securities*1	4,104	6,935	211	11,252
Trading securities	–	200	–	200
Others	–	200	–	200
Available-for-sale securities	4,104	6,735	211	11,051
National government bonds and local government bonds	87	4	–	91
Corporate bonds	–	2,803	–	2,803
Domestic stocks	3,426	–	–	3,426
Foreign bonds	–	2,556	211	2,768
Others	591	1,370	–	1,961
Total assets	4,104	6,935	217	11,258
Derivative financial instruments*2	–	(27)	0	(27)
Currency-related	–	(27)	–	(27)
Stock-related	–	–	0	0

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥161,421 million (US$1,066 million) as of March 31, 2024. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,227 million (US$34 million) as of March 31, 2024.

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

i) Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

a) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal years, of the investment trusts which are accounted for in accordance with Paragraph 24-3 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Beginning balance	¥ 134,005	¥ 121,141	$ 885
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	11,912	642	78
Gains (losses) recorded for the fiscal year *	1,040	1,926	6
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	10,871	(1,283)	71
Net amount of purchase, sale, and redemption	15,504	12,221	102
Amount of investment trusts whose NAV is deemed as market value	–	–	–
Amount of investment trusts whose NAV is not deemed as market value	–	–	–
Ending balance	161,421	134,005	1,066
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year *	1,040	1,926	6

* Those amounts are included in investment income and investment expenses in the non-consolidated statements of income.

b) Breakdown of balance by restriction on cancellation as of the end of fiscal years

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2024	2023	2024
Investment trusts which need more than 1 month to cancel from the notification of cancellation	¥ 41,015	¥ 45,332	$ 270
Other than above	120,406	88,672	795

c) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal years, of the investment trusts which are accounted for in accordance with Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Beginning balance	¥ 5,196	¥ 5,104	$ 34
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	26	93	0
Gains (losses) recorded for the fiscal year*	–	–	–
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	26	93	0
Net amount of purchase, sale, and redemption	4	(0)	0
Amount of investment trusts whose NAV is deemed as market value	–	–	–
Amount of investment trusts whose NAV is not deemed as market value	–	–	–
Ending balance	5,227	5,196	34
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*	–	–	–

* Those amounts are included in investment income and investment expenses in the non-consolidated statements of income.

(2) Financial assets and liabilities not recorded at fair values on the non-consolidated balance sheets

Millions of Yen

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 18,517	¥ 379	¥ 18,897
Held-to-maturity debt securities	–	18,517	379	18,897
Securities	1,737,193	480,660	188,687	2,406,541
Held-to-maturity debt securities	35,500	66,072	188,687	290,260
National government bonds and local government bonds	35,500	–	–	35,500
Corporate bonds	–	66,072	–	66,072
Foreign bonds	–	–	188,687	188,687
Policy-reserve-matching bonds	1,701,692	414,587	–	2,116,280
National government bonds and local government bonds	1,701,692	43,183	–	1,744,876
Corporate bonds	–	371,404	–	371,404
Loans	–	–	329,278	329,278
Policy loans	–	–	28,399	28,399
Industrial and consumer loans	–	–	300,879	300,879
Total assets	1,737,193	499,177	518,346	2,754,717
Bonds payable	–	103,456	–	103,456
Loans payable	–	–	82,387	82,387
Total liabilities	–	103,456	82,387	185,843

Millions of Yen

As of March 31, 2023	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 20,842	¥ 447	¥ 21,290
Held-to-maturity debt securities	–	20,842	447	21,290
Securities	1,715,893	510,901	173,562	2,400,357
Held-to-maturity debt securities	36,263	81,322	173,562	291,147
National government bonds and local government bonds	36,263	–	–	36,263
Corporate bonds	–	81,322	–	81,322
Foreign bonds	–	–	173,562	173,562
Policy-reserve-matching bonds	1,679,630	429,579	–	2,109,209
National government bonds and local government bonds	1,679,630	46,179	–	1,725,809
Corporate bonds	–	383,400	–	383,400
Loans	–	–	310,838	310,838
Policy loans	–	–	30,254	30,254
Industrial and consumer loans	–	–	280,583	280,583
Total assets	1,715,893	531,744	484,848	2,732,485
Bonds payable	–	147,092	–	147,092
Loans payable	–	–	50,490	50,490
Total liabilities	–	147,092	50,490	197,583

Millions of U.S. Dollars

As of March 31 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ –	$ 122	$ 2	$ 124
Held-to-maturity debt securities	–	122	2	124
Securities	11,473	3,174	1,246	15,894
Held-to-maturity debt securities	234	436	1,246	1,917
National government bonds and local government bonds	234	–	–	234
Corporate bonds	–	436	–	436
Foreign bonds	–	–	1,246	1,246
Policy-reserve-matching bonds	11,238	2,738	–	13,977
National government bonds and local government bonds	11,238	285	–	11,524
Corporate bonds	–	2,452	–	2,452
Loans	–	–	2,174	2,174
Policy loans	–	–	187	187
Industrial and consumer loans	–	–	1,987	1,987
Total assets	11,473	3,296	3,423	18,193
Bonds payable	–	683	–	683
Loans payable	–	–	544	544
Total liabilities	–	683	544	1,227

(3) Description of the evaluation methods and inputs used to measure fair value

i) Securities including monetary claims bought which are treated as securities based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

Fair values of securities for which unadjusted quoted market prices in active markets are available are categorized as Level 1, which mainly include listed stocks, listed investment trusts and government bonds. In the case the market is inactive even if the quoted market price is available, those securities are categorized as Level 2, which mainly include corporate bonds and foreign bonds. In the case the quoted market price is not available, fair values are measured by evaluation methods such as discounting future cash flows. In evaluation, the Company maximizes the use of observable inputs including swap rates, interest rate swap spreads, currency basis and others. When significant unobservable inputs are used to measure fair values, those securities are categorized as Level 3.

The fair value of unlisted investment trusts, which have no restriction on cancellation that is significant enough to require compensation for risk from market participants, are based on the quoted prices and others offered by counterparty financial institutions and categorized as level 2.

ii) Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company considers book value as fair value with assumption that fair value approximates book value in light of factors such as projected repayment period and interest terms. Policy loans are categorized as level 3.

As for industrial and consumer loans, the fair value of loans is stated at theoretical prices calculated by discounting the future cash flows to the present value by type of loan, using market interest rates with some adjustments based on internal credit rating. Industrial and consumer loans are categorized as level 3. The fair value of loans to legally bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy is stated at the amounts by deducting estimated losses from the book value before direct write-offs. Loans to legally bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy are categorized as level 3.

iii) Bonds payable

The fair value of bonds payable issued by the Company is stated at fair market value. Bonds payable issued by the Company are categorized as level 2. The fair value of bonds payable for which designated hedge accounting ("Furiate-shori") for currency swaps are applied is stated at fair market value added by the fair value of currency swaps. The Company adopts prices obtained from external information venders as the fair value of currency swaps.

iv) Loans payable

As for loans payable, the fair value of loans is stated at theoretical prices calculated by discounting the future cash flows to the present value, using market interest rates with some adjustments based on the Company's credit risk. Loans payable are categorized as level 3.

v) Derivative financial instruments

As for derivative financial instruments, the fair values of foreign currency forward contracts are stated at theoretical prices calculated by the Company based on the TTM at the balance sheet date. The fair values of currency options, equity options and interest rate swaptions are stated at the quoted prices offered by counterparty financial institutions.

In evaluation of derivative financial instruments, the Company maximizes the use of observable inputs. In the case unobservable inputs are not used or impact of unobservable inputs are not material, derivative financial instruments are categorized as level 2. In the case significant unobservable inputs are used, derivative financial instruments are categorized as level 3.

(4) Quantitative information about financial assets and liabilities measured and stated in the non-consolidated balance sheets at fair value and categorized as Level 3

i) Quantitative information on significant unobservable inputs

Quoted prices obtained from third parties are used for fair values categorized as level 3 without adjustment.

ii) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal year

Millions of Yen

For the year ended March 31, 2024	Monetary claims bought Available-for-sale securities Others (i)	Securities Available-for-sale securities Foreign bonds (ii)	Total (i) + (ii)	Derivative financial instruments Stock-related
Beginning balance	¥ 897	¥ 64,899	¥ 65,796	¥ 550
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	(24)	12,396	12,371	1,245
Gains (losses) recorded for the fiscal year*	(20)	4,535	4,515	1,245
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	(4)	7,860	7,856	–
Net amount of purchase, sale, issue, and settlement	(16)	(45,233)	(45,249)	(1,794)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	855	32,062	32,918	1
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*	(20)	4,535	4,515	(681)

* Those amounts are included in investment income and investment expenses in the non-consolidated statement of income.

Millions of Yen

For the year ended March 31, 2023	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for-sale securities	Available-for-sale securities		
	Others (i)	Foreign bonds (ii)		Stock-related
Beginning balance	¥ 957	¥ 29,482	¥ 30,440	¥ 270
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	(39)	(1,498)	(1,538)	(1,981)
Gains (losses) recorded for the fiscal year*1	(20)	298	278	(1,981)
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	(18)	(1,797)	(1,816)	–
Net amount of purchase, sale, issue, and settlement	(20)	–	(20)	2,262
Transfer to fair values of Level 3*2	–	41,912	41,912	–
Transfer from fair values of Level 3*3	–	(4,997)	(4,997)	–
Ending balance	897	64,899	65,796	550
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	(20)	298	278	(1,981)

*1 Those amounts are included in investment income and investment expenses in the non-consolidated statement of income.

*2 Those amounts are transferred from level 2 to level 3 because of lack of observable data. Those transfers were made at the end of the fiscal year.

*3 Those amounts are transferred from level 3 to level 2 since it has become possible to obtain observable data. Those transfers were made at the end of the fiscal year.

Millions of U.S. Dollars

For the year ended March 31, 2024	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for-sale securities	Available-for-sale securities		
	Others (i)	Foreign bonds (ii)		Stock-related
Beginning balance	$ 5	$ 428	$ 434	$ 3
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	(0)	81	81	8
Gains (losses) recorded for the fiscal year*	(0)	29	29	8
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	(0)	51	51	–
Net amount of purchase, sale, issue, and settlement	(0)	(298)	(298)	(11)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	5	211	217	0
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*	(0)	29	29	(4)

* Those amounts are included in investment income and investment expenses in the non-consolidated statement of income.

iii) Description of the fair value evaluation process

The Company establishes policies and procedures for measuring the fair value in the actuarial and accounting department and the risk management department. In accordance with these policies and procedures, the risk management department measures the fair value. The validity of the evaluation methods and inputs used to measure fair value and the appropriateness of categorization of fair value are verified in the independent division in the risk management department.

In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used. In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of evaluation method and used inputs and comparison with the fair values of similar financial instruments.

5. Investments and Rental Properties

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 ¥235,406 million (US$1,554 million) and ¥289,417 million (US$1,911 million) as of March 31, 2024 and ¥240,015 million and ¥290,414 million as of March 31, 2023, respectively. The fair value is mainly based on the value (including some adjustments using the reference prices) of real estate appraisal report prepared by the external real-estate appraiser in accordance with real estate appraisal standards.

6. Securities Lent under Lending Agreements

The amounts of securities lent under lending agreements were ¥292,339 million (US$1,930 million) and ¥199,653 million as of March 31, 2024 and 2023, respectively.

7. Claims

The total amounts of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans three or more months past due and restructured loans, which were included in claims, were ¥501 million (US$3 million) and ¥521 million as of March 31, 2024 and 2023, respectively.

i) Claims against bankrupt and quasi-bankrupt obligors were ¥401 million (US$2 million) and ¥386 million as of March 31, 2024 and 2023, respectively.

ii) There were no claims with collection risk as of March 31, 2024. Claims with collection risk were ¥30 million as of March 31, 2023.

iii) Delinquent loans three or more months past due were ¥80 million (US$0 million) and ¥85 million as of March 31, 2024 and 2023, respectively.

iv) Restructured loans were ¥20 million (US$0 million) and ¥20 million as of March 31, 2024 and 2023, respectively.

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

Claims with collection risk are claims to obligors with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the claims will be recovered, excluding those claims classified as claims against bankrupt and quasi-bankrupt obligors.

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

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

The direct write-offs related to claims decreased the amounts of claims against bankrupt and quasi-bankrupt obligors described above by ¥3 million (US$0 million) and ¥5 million as of March 31, 2024 and 2023, respectively.

8. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets totaled ¥277,659 million (US$1,833 million) and ¥281,800 million as of March 31, 2024 and 2023, respectively.

9. Separate Accounts

Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥30,689 million (US$202 million) and ¥26,438 million as of March 31, 2024 and 2023, respectively. The amounts of separate account liabilities were the same as separate account assets.

10. Receivables from/Payables to Subsidiaries

The total amounts of receivables from/payables to subsidiaries were ¥523 million (US$3 million) and ¥5,487 million (US$36 million) as of March 31, 2024 and ¥411 million and ¥2,744 million as of March 31, 2023, respectively.

11. Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2024	2023	2024
Deferred tax assets	¥ 65,384	¥ 61,132	$ 431
Valuation allowance for deferred tax assets	12,382	13,580	81
Subtotal	53,001	47,551	350
Deferred tax liabilities	94,388	41,861	623
Net deferred tax assets (liabilities)	¥ (41,386)	¥ 5,690	$ (273)

Major components of deferred tax assets/liabilities were as follows:

	Millions of Yen	Millions of U.S. Dollars
As of March 31	2024	2024
Deferred tax assets		
Additional policy reserves	¥ 12,942	$ 85
Contingency reserves	12,047	79
Reserve for price fluctuation	11,263	74
Reserve for employees' retirement benefits	7,866	51
Impairment losses	6,884	45
IBNR reserves	4,570	30
Deferred tax liabilities		
Net unrealized gains on available-for-sale securities	89,235	589

As of March 31	Millions of Yen 2023
Deferred tax assets	
Contingency reserves	¥ 17,607
Reserve for price fluctuation	10,660
Reserve for employees' retirement benefits	8,015
Impairment losses	7,356
IBNR reserves	4,260
Losses on valuation of securities	3,489
Deferred tax liabilities	
Net unrealized gains on available-for-sale securities	37,793

Note for the fiscal year ended March 31, 2023

Tax loss carried forward and the deferred tax assets by carry forward period were as follows:

Millions of Yen

As of March 31, 2023	Within 1 year	Over 1 to 5 years	Over 5 years	Total
Tax loss carried forward	¥ –	¥ –	¥ 1,001	¥ 1,001
Valuation allowance	–	–	–	–
Deferred tax assets	–	–	1,001	1,001*

* The Company considers deferred tax assets recorded for tax loss carried forward to be recoverable as it is expected that there will be taxable income in the future.

(2) The statutory tax rates were 27.9% and 27.9% for the fiscal years ended March 31, 2024 and 2023, respectively. The main factors causing the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

For the year ended March 31	2024
Reserve for dividends to policyholders	(3.4)%
Interest on foundation funds	(3.4)%

For the year ended March 31	2023
Interest on foundation funds	(3.5)%

(3) The Company has applied the group tax sharing system. As a result, the Company has applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No.42, issued on August 12, 2021) to the accounting and disclosure treatment of corporate tax, local corporate tax and tax effect accounting.

Note for the fiscal year ended March 31, 2023

The Company has applied the group tax sharing system from the fiscal year ended March 31, 2023. As a result, the Company has applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No.42, issued on August 12, 2021) to the accounting and disclosure treatment of corporate tax, local corporate tax and tax effect accounting.

12. Reserve for Dividends to Policyholders

For the years ended March 31	Millions of Yen 2024	2023	Millions of U.S. Dollars 2024
Balance at the beginning of the fiscal year	¥ 27,103	¥ 28,644	$ 179
Transfer to reserve from surplus in the previous fiscal year	2,497	2,121	16
Dividends to policyholders paid out during the fiscal year	3,540	3,664	23
Increase in interest	3	3	0
Balance at the end of the fiscal year	¥ 26,064	¥ 27,103	$ 172

13. Stocks of Subsidiaries and Affiliates

The amounts of stocks of subsidiaries and affiliates the Company held as of March 31, 2024 and 2023 were ¥67,671 million (US$446 million) and ¥62,621 million, respectively.

Note for the fiscal year ended March 31, 2023

The Company provided capital of ¥5,000 million to Nanairo Life Insurance Co., Ltd. on April 14, 2023.

14. Pledged Assets

Assets pledged as collateral as of March 31, 2024 and 2023 were securities in the amount of ¥315,013 million (US$2,080 million) and ¥3,224 million, respectively.

15. Policy Reserves for the Reinsurance Contracts

Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 73, Paragraph 3 of the Enforcement Regulation of the Insurance Business Act which applies mutatis mutandis to Article 71, Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter "reserve for outstanding claims for ceded reinsurance") was ¥5 million (US$0 million) and ¥17 million as of March 31, 2024 and 2023, respectively.

Policy reserves for the reinsurance contracts provided in accordance with Article 71, Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter "policy reserves for ceded reinsurance") were ¥335 million (US$2 million) and ¥357 million as of March 31, 2024 and 2023, respectively.

16. Adjustment to Redemption of Foundation Funds and Appropriation of Net Surplus

The total amounts of adjustment to redemption of foundation funds and appropriation of net surplus defined in Article 30, Paragraph 2 of the Enforcement Regulation of the Insurance Business Act were ¥270,879 million (US$1,789 million) and ¥130,950 million as of March 31, 2024 and 2023, respectively.

17. Redemption of Foundation Funds

Note for the fiscal year ended March 31, 2023

The Company redeemed ¥40,000 million of foundation funds, which is part of ¥80,000 million of foundation funds offered in August 2015, prior to the redemption date. Accompanying the redemption, the Company transferred the same amount from reserve for fund redemption to reserve for redemption of foundation funds in accordance with Article 56 of the Insurance Business Act.

18. Assets with Rights to Sell

The Company has the legal right to sell or collateralize securities borrowed under loan agreements. The market values of these assets that were not sold or pledged as collateral as of March 31, 2024 and 2023 were ¥37,590 million (US$248 million) and ¥21,882 million, respectively. No assets were pledged as collateral as of March 31, 2024 and 2023.

19. Commitment Line

As of March 31, 2024 and 2023, there were unused commitment line agreements under which the Company is the lender of ¥9,372 million (US$61 million) and ¥10,086 million, respectively.

20. Subordinated Bonds Payable

As of March 31, 2024 and 2023, bonds payable are subordinated bonds payable, for which the repayments are subordinated to other obligations.

21. Subordinated Loans Payable

As of March 31, 2024 and 2023, loans payable are subordinated loans payable, for which the repayments are subordinated to other obligations.

22. Reserve for Employees' Retirement Benefits

(1) Summary of retirement benefit plans

As defined benefit plan, the Company has defined benefit corporate pension plans, which are funded-type, and lump-sum retirement allowance plans which are non-funded type but resulted in funded type due to setting of employee pension trust.

(2) Defined benefit plan

i) Reconciliation of beginning and ending balance of retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Retirement benefit obligations at the beginning of the fiscal year	¥ 38,558	¥ 39,489	$ 254
Service cost	1,718	1,779	11
Interest cost	385	394	2
Actuarial difference occurred during the fiscal year	85	601	0
Retirement benefit payments	(3,624)	(3,706)	(23)
Retirement benefit obligations at the end of the fiscal year	¥ 37,123	¥ 38,558	$ 245

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

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Pension plan assets at the beginning of the fiscal year	¥ 7,399	¥ 7,123	$ 48
Expected return on pension plan assets	60	60	0
Actuarial difference occurred during the fiscal year	1,117	181	7
Contributions by the employer	150	152	0
Retirement benefit payments	(206)	(117)	(1)
Pension plan assets at the end of the fiscal year	¥ 8,521	¥ 7,399	$ 56

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 sheets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2024	2023	2024
a. Funded plan retirement benefit obligation	¥ 37,123	¥ 38,558	$ 245
b. Pension plan assets	(8,521)	(7,399)	(56)
c. a + b	28,602	31,158	188
d. Unrecognized actuarial differences	(886)	(2,854)	(5)
e. Net amount of liabilities and assets presented on the non-consolidated balance sheet	27,715	28,303	183
f. Reserve for employees' retirement benefits	28,195	28,727	186
g. Prepaid pension cost	(480)	(424)	(3)
h. Net amount of liabilities and assets presented on the non-consolidated balance sheet	¥ 27,715	¥ 28,303	$ 183

iv) Breakdown of retirement benefit expenses

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Service cost	¥ 1,718	¥ 1,779	$ 11
Interest cost	385	394	2
Expected return on pension plan assets	(60)	(60)	(0)
Amortization of actuarial differences	936	401	6
Retirement benefit expenses related to defined benefit plan	¥ 2,980	¥ 2,515	$ 19

v) Breakdown of main pension plan assets

The breakdown of main asset categories as a percentage of pension plan assets was as follows:

As of March 31	2024	2023
Stocks	46%	40%
Bonds	9%	11%
Others	45%	49%
Total	100%	100%

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

To determine 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 the diverse range of assets that makes up the pension assets.

vii) Underlying actuarial assumptions

The main underlying actuarial assumptions were as follows:

As of March 31	2024	2023
Discount rate	1.0%	1.0%
Expected long-term rate of return on pension plan assets	0.8%	0.8%
Defined benefit corporate pension plans	1.6%	1.6%

III. Notes to Non-consolidated Statements of Income

1. Transactions with Subsidiaries and Affiliates

The total amounts of revenues and expenditures in connection with subsidiaries and affiliates were ¥705 million (US$4 million) and ¥10,075 million (US$66 million) for the fiscal year ended March 31, 2024 and ¥803 million and ¥10,061 million for the fiscal year ended March 31, 2023, respectively.

2. Investment Income and Expenses

The major components of gains on sales of securities were as follows:

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Domestic bonds	¥ 3,283	¥ 6,720	$ 21
Domestic stocks and other securities	38,913	1,490	257
Foreign securities	1,890	7,904	12

The major components of losses on sales of securities were as follows:

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Domestic bonds	¥ 5,711	¥ 3,752	$ 37
Domestic stocks and other securities	2,209	1,987	14
Foreign securities	33,527	19,785	221

The major components of losses on valuation of securities were as follows:

For the years ended March 31	Millions of Yen 2024	Millions of Yen 2023	Millions of U.S. Dollars 2024
Domestic stocks and other securities	¥ 104	¥ 108	$ 0
Foreign securities	1	5	0

Losses on trading securities were losses on sales of ¥226 million (US$1 million) for the fiscal year ended March 31, 2024.

Losses on derivative financial instruments included net valuation losses of ¥1,824 million (US$12 million) and losses of ¥4,761 million for the fiscal years ended March 31, 2024 and 2023, respectively.

3. Policy Reserves for the Reinsurance Contracts

Reversal of reserve for outstanding claims for ceded reinsurance, which was deducted in calculating provision for reserve for outstanding claims for the fiscal year ended March 31, 2024 was ¥11 million (US$0 million).

Provision for reserve for outstanding claims for ceded reinsurance, which was deducted in calculating provision for reserve for outstanding claims for the fiscal years ended March 31, 2023 was ¥7 million.

Reversals of policy reserves for ceded reinsurance, which were deducted in calculating reversal of policy reserves for the fiscal years ended March 31, 2024 and 2023 were ¥22 million (US$0 million) and ¥15 million, respectively.

4. Impairment Losses of Fixed Assets

For the fiscal years ended March 31, 2024 and 2023, impairment losses of fixed assets by the Company were as follows:

(1) Method of grouping

The method of grouping is described in “Note 1. (15) Impairment losses of tangible fixed assets” of the non-consolidated balance sheets.

(2) Background information on recognizing the impairment losses

As the profitability of certain real estate for rent dropped down significantly due to a decrease in the level of rental income and a declining trend in the market prices of land, the Company reduced the book values of such real estate for rent, real estate not in use and real estate scheduled to be sold to their recoverable amounts. The write-downs were recognized as impairment losses and included in the extraordinary losses.

(3) Asset groups for which impairment losses were recognized and losses by classification of fixed assets

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2024	2023	2024
Real estate for rent:			
Land	¥ –	¥ –	$ –
Building	–	–	–
Total real estate for rent (i)	–	–	–
Real estate not in use:			
Land	562	552	3
Building	579	1,683	3
Total real estate not in use (ii)	1,141	2,235	7
Real estate scheduled to be sold:			
Land	–	701	–
Building	–	351	–
Total real estate scheduled to be sold (iii)	–	1,053	–
Total:			
Land	562	1,254	3
Building	579	2,035	3
Total (i) + (ii) + (iii)	¥ 1,141	¥ 3,289	$ 7

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for rent are determined at net realizable value or value in use. The recoverable amounts for real estate not in use and real estate scheduled to be sold are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 3.2% and 3.3% for the fiscal years ended March 31, 2024 and 2023, respectively. Net realizable value is calculated based on the appraisal value in accordance with "Real Estate Appraisal Standards" or the publicly announced appraisal value after deducting expected disposal costs.

The non-consolidated financial statements in this annual report have been audited by Ernst & Young ShinNihon LLC, an independent certified public accountant.

14. Company Overview (as of March 31, 2024)

Tokyo Head Office

Tama Head Office

Company Name:	Asahi Mutual Life Insurance Company
Founded:	March 1, 1888
Total Assets:	5.4850 trillion yen
Number of Offices:	58 branches; 560 sales offices (as of April 1, 2024)
Number of Employees:	18,724 (office staff: 4,137; sales representatives: 14,587)
Location of Tokyo Head Office:	6-1, Yotsuya 1-chome, Shinjuku-ku, Tokyo 160-8570, Japan Tel: 81-3-4214-3111