



Consolidated Financial Statements 2024

T&D Insurance Group

Consolidated Financial Statements

Consolidated Balance Sheet

Millions of yen

As of March 31,	2023	2024
Assets:		
Cash and deposits	¥ 1,140,802	¥ 1,137,609
Call loans	543	797
Monetary claims purchased	158,873	165,643
Monetary trusts	1,217,451	1,155,716
Securities (Notes 8, 12 and 13)	11,784,186	12,280,990
Loans (Notes 3 and 7)	1,757,818	1,743,364
Tangible fixed assets (Note 4)	382,430	378,019
Land (Note 2 (13))	216,508	210,498
Buildings	154,701	152,636
Lease assets	726	462
Construction in progress	6,671	10,369
Other tangible fixed assets	3,822	4,052
Intangible fixed assets	34,386	43,378
Software	33,162	42,180
Lease assets	64	40
Other intangible fixed assets	1,159	1,158
Due from agencies	424	325
Reinsurance receivable	44,504	78,915
Other assets (Note 13)	181,432	217,487
Retirement benefit asset	2,744	10,736
Deferred tax assets	71,282	256
Reserve for possible loan losses	(3,003)	(6,130)
Total assets	¥16,773,877	¥17,207,110

Millions of yen

As of March 31,	2023	2024
Liabilities:		
Policy reserves	¥14,055,870	¥14,301,729
Reserve for outstanding claims	75,569	84,581
Policy reserve	13,910,695	14,148,395
Reserve for policyholder dividends (Note 6)	69,605	68,752
Due to agencies	2,355	1,584
Reinsurance payable	27,605	29,557
Short-term debentures	5,999	7,994
Bonds (Note 9)	120,000	120,000
Other liabilities (Notes 10 and 13)	1,253,626	939,120
Provision for bonuses to directors and audit and supervisory committee members	302	269
Provision for share-based remuneration	1,425	1,403
Retirement benefit liability	40,818	35,455
Provision for directors' and audit and supervisory committee members' retirement benefits	62	23
Reserves under the special laws	267,329	274,447
Reserve for price fluctuations	267,329	274,447
Deferred tax liabilities	342	81,241
Deferred tax liabilities on land revaluation (Note 2 (13))	4,456	4,356
Total liabilities	15,780,196	15,797,184
Net assets:		
Capital stock	207,111	207,111
Capital surplus	64,040	—
Retained earnings	504,160	533,841
Treasury shares	(68,361)	(26,610)
Total shareholders' equity	706,952	714,342
Valuation difference on available-for-sale securities	274,861	668,135
Deferred gains (losses) on hedging instruments	161	(2,221)
Revaluation reserve for land (Note 2 (13))	(34,256)	(19,410)
Foreign currency translation adjustments	35,070	38,906
Debt value adjustments of foreign subsidiaries and affiliates	3,810	3,810
Total accumulated other comprehensive income	279,647	689,220
Subscription rights to shares	570	343
Non-controlling interests	6,511	6,020
Total net assets	993,681	1,409,926
Total liabilities and net assets	¥16,773,877	¥ 17,207,110

See notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Operations

Millions of yen

Years ended March 31,	2023	2024
Ordinary revenues	¥3,214,110	¥3,207,991
Income from insurance premiums	2,178,203	2,474,555
Investment income	500,793	642,076
Interest, dividends and income from real estate for rent	324,219	327,694
Gains from monetary trusts, net	17,885	77,414
Gains on investments in trading securities, net	—	153
Gains on sales of securities	125,014	142,662
Gains on redemption of securities	369	—
Foreign exchange gains, net	29,599	67,480
Reversal of reserve for possible loan losses	268	—
Other investment income	3,437	5,456
Gains on separate accounts, net	—	21,216
Other ordinary revenues	535,113	91,359
Ordinary expenses	3,288,255	3,048,182
Insurance claims and other payments	2,547,969	2,165,126
Insurance claims	411,269	314,664
Annuity payments	311,365	320,873
Insurance benefits	194,533	169,197
Surrender payments	620,847	675,485
Other payments	106,522	73,966
Reinsurance premiums	903,432	610,938
Provision for policy reserves	2,902	246,726
Provision for reserve for outstanding claims	2,886	9,011
Provision for policy reserve	—	237,700
Interest portion of reserve for policyholder dividends	15	15
Investment expenses	191,076	305,210
Interest expenses	1,723	1,434
Losses on investments in trading securities, net	369	—
Losses on sales of securities	51,980	99,536
Devaluation losses on securities	3,920	5,317
Losses from derivatives, net	85,195	151,641
Provision for reserve for possible loan losses	—	4,468
Write-off of loans	2	—
Depreciation of real estate for rent	5,750	6,127
Other investment expenses	41,557	36,684
Losses on separate accounts, net	577	—
Operating expenses	251,301	250,726
Other ordinary expenses	77,621	77,994
Equity in losses of affiliates	217,383	2,397
Ordinary profit (loss)	¥ (74,144)	¥ 159,809

(continued)

Millions of yen

Years ended March 31,	2023	2024
Extraordinary gains	¥ 1,425	¥ 10,623
Gains on disposal of fixed assets	1,271	9,804
State subsidy	151	819
Other extraordinary gains	2	—
Extraordinary losses	8,875	10,302
Losses on disposal of fixed assets	1,164	634
Impairment losses (Note 14)	87	1,730
Provision for reserve for price fluctuations	7,350	7,118
Other extraordinary losses	272	819
Provision for reserve for policyholder dividends	22,378	25,050
Profit (loss) before income taxes	(103,972)	135,080
Income taxes (current)	34,605	34,048
Income taxes (deferred)	(6,806)	990
Total income taxes	27,799	35,038
Profit (loss)	(131,771)	100,041
Profit attributable to non-controlling interests	378	1,264
Profit (loss) attributable to owners of parent	¥(132,150)	¥ 98,777

Consolidated Statement of Comprehensive Income

Millions of yen

Years ended March 31,	2023	2024
Profit (loss)	¥(131,771)	¥100,041
Other comprehensive income:		
Valuation difference on available-for-sale securities	(219,166)	391,860
Deferred gains (losses) on hedging instruments	2,688	(2,382)
Foreign currency translation adjustments	13	26
Share of other comprehensive income of companies accounted for under the equity method	12,292	3,812
Total other comprehensive income (Note 15)	(204,171)	393,316
Comprehensive income	¥(335,943)	¥493,358
(Breakdown)		
Comprehensive income attributable to owners of parent	(336,257)	492,306
Comprehensive income attributable to non-controlling interests	314	1,051

See notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

Millions of yen

Year ended March 31, 2023	Shareholders' equity					Accumulated other comprehensive income								Subscription rights to shares	Non- controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available- for-sale securities	Deferred gains (losses) on hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehen- sive income					
Balance at the beginning of the year	¥207,111	¥64,000	¥ 670,203	¥(43,013)	¥ 898,301	¥ 509,632	¥(2,527)	¥(35,062)	¥10,906	¥ —	¥ 482,949	¥659	¥ 7,596	¥1,389,506		
Changes in the period																
Dividends			(33,086)		(33,086)									(33,086)		
Loss attributable to owners of parent			(132,150)		(132,150)									(132,150)		
Purchase of treasury shares				(25,619)	(25,619)									(25,619)		
Disposal of treasury shares		(33)		271	237									237		
Change in ownership interest of parent due to transactions with non-controlling interests		74			74									74		
Reversal of revaluation reserve for land			(805)		(805)									(805)		
Net changes of items other than shareholders' equity						(234,771)	2,688	805	24,164	3,810	(203,301)	(89)	(1,084)	(204,476)		
Total changes in the period	—	40	(166,042)	(25,348)	(191,349)	(234,771)	2,688	805	24,164	3,810	(203,301)	(89)	(1,084)	(395,825)		
Balance at the end of the year	¥207,111	¥64,040	¥ 504,160	¥(68,361)	¥ 706,952	¥ 274,861	¥ 161	¥(34,256)	¥35,070	¥3,810	¥ 279,647	¥570	¥ 6,511	¥ 993,681		

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income											
					Total	Valuation	Deferred										
Year ended March 31, 2024	Capital stock	Capital surplus	Retained earnings	Treasury shares	shareholders' equity	difference on available-for-sale securities	gains (losses) on hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets			
Balance at the beginning of the year	¥207,111	¥ 64,040	¥504,160	¥(68,361)	¥706,952	¥274,861	¥ 161	¥(34,256)	¥35,070	¥3,810	¥279,647	¥570	¥6,511	¥ 993,681			
Cumulative effects of revision in accounting standards for foreign subsidiaries and affiliates			(1,198)		(1,198)	1,198					1,198			—			
Restated balance	207,111	64,040	502,962	(68,361)	705,754	276,059	161	(34,256)	35,070	3,810	280,845	570	6,511	993,681			
Changes in the period																	
Dividends			(35,895)		(35,895)									(35,895)			
Profit attributable to owners of parent			98,777		98,777									98,777			
Purchase of treasury shares				(40,049)	(40,049)									(40,049)			
Disposal of treasury shares		(104)		705	601									601			
Retirement of treasury shares		(81,094)		81,094	—									—			
Reversal of revaluation reserve for land			(14,846)		(14,846)									(14,846)			
Change of scope of consolidation			0		0									0			
Transfer to capital surplus from retained earnings		17,157	(17,157)		—									—			
Net changes of items other than shareholders' equity						392,076	(2,382)	14,846	3,835	—	408,375	(226)	(491)	407,656			
Total changes in the period	—	(64,040)	30,878	41,750	8,587	392,076	(2,382)	14,846	3,835	—	408,375	(226)	(491)	416,244			
Balance at the end of the year	¥207,111	¥ —	¥533,841	¥(26,610)	¥714,342	¥668,135	¥(2,221)	¥(19,410)	¥38,906	¥3,810	¥689,220	¥343	¥6,020	¥1,409,926			

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Millions of yen

Years ended March 31,	2023	2024
Cash flows from operating activities:		
Profit (loss) before income taxes	¥(103,972)	¥135,080
Depreciation of real estate for rent	5,750	6,127
Depreciation	15,434	14,900
Impairment losses	87	1,730
Increase (decrease) in reserve for outstanding claims	2,886	9,011
Increase (decrease) in policy reserve	(449,156)	237,700
Interest portion of reserve for policyholder dividends	15	15
Provision for reserve for (reversal of) policyholder dividends	22,378	25,050
Increase (decrease) in reserve for possible loan losses	(312)	4,465
Increase (decrease) in provision for bonuses to directors and audit and supervisory committee members	(3)	(33)
Increase (decrease) in provision for share-based remuneration	203	(21)
Decrease (increase) in retirement benefit asset	107	(7,992)
Increase (decrease) in retirement benefit liability	(1,326)	(5,363)
Increase (decrease) in provision for directors' and audit and supervisory committee members' retirement benefits	14	(38)
Increase (decrease) in reserve for price fluctuations	7,350	7,118
Interest, dividends and income from real estate for rent	(324,219)	(327,694)
Losses (gains) on investment securities	(68,536)	(59,177)
Interest expenses	1,723	1,434
Foreign exchange losses (gains), net	(24,403)	(67,464)
Losses (gains) on disposal of tangible fixed assets	(228)	(9,409)
Equity in losses (earnings) of affiliates	217,383	2,397
Decrease (increase) in amount due from agencies	(28)	99
Decrease (increase) in amount reinsurance receivable	(9,545)	(32,810)
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(11,189)	(24,293)
Increase (decrease) in amount due to agencies	679	(771)
Increase (decrease) in amount reinsurance payable	13,687	1,952
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	4,701	9,250
Others, net	105,542	105,540
Subtotal	(594,976)	26,804
Interest, dividends and income from real estate for rent received	313,474	306,437
Interest paid	(1,809)	(1,432)
Policyholder dividends	(25,613)	(25,898)
Others, net	(4,447)	3,905
Income taxes (paid) refunded	5,740	(47,062)
Net cash provided by (used in) operating activities	¥(307,631)	¥262,754

(continued)

Consolidated Financial Statements

Millions of yen

Years ended March 31,	2023	2024
Cash flows from investing activities:		
Net decrease (increase) in cash and deposits	¥ 19,800	¥ 1,200
Investments in monetary claims purchased	(13,575)	(6,807)
Proceeds from sales and redemption of monetary claims purchased	10,301	7,962
Investments in monetary trusts	(67,606)	(82,050)
Proceeds from monetary trusts	185,000	219,000
Purchase of securities	(1,721,677)	(1,864,639)
Proceeds from sales and redemption of securities	2,825,143	2,198,230
Investments in loans	(377,178)	(297,165)
Collection of loans	318,532	341,556
Others, net	(492,118)	(699,320)
Subtotal	686,621	(182,034)
Total of net cash provided by (used in) operating activities and investment transactions as above	378,990	80,719
Purchase of tangible fixed assets	(22,291)	(15,507)
Proceeds from disposal of tangible fixed assets	2,215	17,454
Others, net	(585)	(158)
Net cash provided by (used in) investing activities	665,960	(180,245)
Cash flows from financing activities:		
Net increase (decrease) in short-term debentures	999	1,995
Proceeds from issuance of debt	14,900	9,000
Repayments of debt	(24,900)	(12,541)
Redemption of bonds	(37,000)	—
Proceeds from share issuance to non-controlling shareholders	154	149
Repayments to non-controlling shareholders	(668)	(1,669)
Payment of lease obligations	(644)	(633)
Purchase of treasury shares	(25,619)	(40,049)
Disposal of treasury shares	147	374
Dividends paid	(33,139)	(35,829)
Dividends paid to non-controlling interests	(34)	(23)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(775)	—
Others, net	0	0
Net cash provided by (used in) financing activities	(106,580)	(79,227)
Effect of exchange rate changes on cash and cash equivalents	(1,455)	3,157
Net increase (decrease) in cash and cash equivalents	250,292	6,438
Cash and cash equivalents at the beginning of the year	915,275	1,165,567
Cash and cash equivalents at the end of the year (Note 17)	¥ 1,165,567	¥ 1,172,006

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 Notes on Going-Concern Assumption

Not applicable.

Note 2 Summary of Significant Accounting Policies

(1) Basis of presentation

On April 1, 2004, T&D Holdings, Inc. (the "Company") was established as a life insurance holding company, of which Taiyo Life Insurance Company ("Taiyo Life"), Daido Life Insurance Company ("Daido Life") and T&D Financial Life Insurance Company ("T&D Financial Life") (hereafter, the "Three Life Insurance Companies") became wholly owned subsidiaries through share transfers. The business combination was accounted for as a pooling of interests.

The Company, including its domestic consolidated subsidiaries (the "T&D Insurance Group"), maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the provisions of the Insurance Business Act of Japan (the "Insurance Business Act") and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying consolidated financial statements are compiled from the financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In preparing the consolidated financial statements, certain items presented in the original financial statements have been reclassified and summarized for readers outside Japan. These consolidated financial statements have been prepared on the basis of generally accepted accounting principles and practices in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the accompanying footnotes include information that is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information to the consolidated financial statements.

Amounts of less than one million Japanese yen have been eliminated. As a result, Japanese yen totals shown herein do not necessarily agree with the sum of the individual amounts.

(2) Principles of consolidation

a. Matters related to the scope of consolidation

(i) Number of consolidated subsidiaries: 20

The names of the consolidated subsidiaries:

Taiyo Life Insurance Company
Daido Life Insurance Company
T&D Financial Life Insurance Company
T&D United Capital Co., Ltd.
T&D Asset Management Co., Ltd.

Pet & Family Insurance Co., Ltd.
All Right Co., Ltd.
T&D United Capital North America Inc.
T&D Risk Solutions Co., Ltd.
T&D Confirm Ltd.
T&D Information System, Ltd.
T&D Lease Co., Ltd.
Taiyo Credit Guarantee Co., Ltd.
Toyo Insurance Agency Co., Ltd.
Taiyo Life Aging Society Institute
Daido Management Service Co., Ltd.
Nihon System Shuno Inc.
Zenkoku Business Center Co., Ltd.
and 2 other companies

T&D Risk Solutions Co., Ltd. is included within the scope of consolidation, since it was established by T&D United Capital Co., Ltd. during the first quarter accounting period in the consolidated fiscal year ended March 31, 2024.

T&D Customer Services Co., Ltd. is excluded from the scope of consolidation, since its liquidation was completed during the second quarter accounting period in the consolidated fiscal year ended March 31, 2024.

(ii) Names of main non-consolidated subsidiaries, etc.: none

b. Matters related to the application of the equity method

(i) Number of non-consolidated subsidiaries accounted for under the equity method: none

(ii) Number of affiliates accounted for under the equity method: 5

The affiliates accounted for under the equity method are Capital Taiyo Life Insurance, Ltd., Thuriya Ace Technology Co., Ltd., Alternative Investment Capital Ltd., FGH Parent, L.P., and 1 other company.

(iii) Names of non-consolidated subsidiaries and affiliates not accounted for under the equity method, etc.: none

(iv) For the companies accounted for under the equity method for which the closing date is different from the consolidated closing date, the financial statements of each company's fiscal year are used. In addition, for some of the companies accounted for under the equity method, financial statements, based on provisional settlement of accounts implemented on other record date, are used.

Notes to Consolidated Financial Statements

c. Matters related to the fiscal year of consolidated subsidiaries, etc.

The closing dates of some consolidated subsidiaries are December 31 and their financial statements as of the same date are used for preparing the consolidated financial statements. The necessary adjustments for consolidation are made when important transactions occur between the closing dates and the consolidated closing date.

(3) Foreign currency translation

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

Assets, liabilities, revenues and expenses of the Company's affiliates located outside Japan are translated into Japanese yen at the exchange rates in effect at the respective balance sheet date. Translation differences of foreign currencies are included in net assets as foreign currency translation adjustments.

(4) Accounting policy for measuring significant assets

a. Evaluation criteria and evaluation method for securities (including cash and deposits/monetary claims purchased which are equivalent to securities and securities invested as trust properties in monetary trusts)

(i) Trading securities

- Fair value method (costs of securities sold are calculated based on the moving average method)

(ii) Held-to-maturity bonds

- Amortized cost method based on the moving average method (straight-line method)

(iii) Policy-reserve-matching bonds

- Amortized cost method based on the moving average method (straight-line method)

(iv) Available-for-sale securities

- Securities other than stocks without market prices are valued by using the fair value method (cost of sales is calculated by using the moving average method).

- Stocks without market prices are valued at the cost method using the moving average method.

The valuation differences of available-for-sale securities are reported as a component of net assets.

For some of the consolidated subsidiaries, translation differences of bonds in foreign currency-denominated available-for-sale securities are treated as follows: the translation differences from foreign currency fair value fluctuations are recorded as "net unrealized gains (losses)" and the remaining differences as "foreign exchange gains (losses).

The overview of the risk management policies of policy-reserve-matching bonds

[Taiyo Life]

Managed by setting the investment policy of attempting to

effectively reduce the risk of the whole portfolio by asset mix which is based on a balanced-type ALM aiming at exceeding medium- and long-term liability cost.

Taking into account this investment policy and based on the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds within the Insurance Industry" (JICPA, Industry Audit Committee Report No. 21), the following insurance policies are identified and classified as a sub-segment.

- All policies except for group insurance products segment, other insurance product segment, non-participating currency designation type single-premium individual annuity insurance, non-participating currency designation type special endowment insurance with living benefit, etc. in the general asset segment

- All non-participating currency specific-type single-premium individual annuity insurance policies and non-participating currency designation type special endowment insurance with living benefit by currency in the general asset segment

- All defined contribution corporate pension insurance policies in the group annuity insurance asset segment

- All insurance policies in the variable interest rate type single-premium insurance asset segment

[Additional information]

All defined contribution corporate pension insurance policies and all group pure endowment insurance policies used to be included in the group annuity insurance asset segment. Among above policies, group pure endowment insurance policies have been excluded from the sub-segment from the consolidated fiscal year ended March 31, 2024, since the risk management using policy-reserve-matching bonds is less effective due to the decrease in the balance of policy reserve and the shortening of duration. This change has no impact on the consolidated balance sheet and consolidated statement of operations.

[Daido Life]

Managed by setting the investment policy fully considering the characteristics and the risk tolerance of insurance products in order to ensure the fulfillment of future obligations.

Based on this investment policy, sub-segments in accordance with the characteristics of the insurance products are set and bonds held in the attempt to control the duration within each sub-segment are classified as policy-reserve-matching bonds. The sub-segments are set as follows:

- Individual insurance/individual annuity insurance in the general asset segment

- Individual insurance/individual annuity insurance in the non-participating insurance asset segment (subjects are the cash flows likely to occur in the period of over 5 years and within 40 years in the future)

- Group annuity insurance in the group annuity insurance asset segment

[T&D Financial Life]

Sub-segments are set in accordance with the characteristics of the insurance products and the asset management policy is formulated considering each sub-segment in order to manage interest rate risk appropriately. Further, the matching of the duration of policy reserve and policy-reserve-matching bonds within constant width are verified regularly. The sub-segments are set as follows:

- Individual insurance (the portion of the future payout at the certain attained age and above of the subject insurance type)
- Accumulation rate type individual insurance
- Accumulation rate type fixed annuity insurance

Note that some insurance types and benefits are excluded.

b. Evaluation criteria and evaluation method of derivative transactions

Evaluation of derivative transactions is processed based on the fair value method.

(5) Reserve for possible loan losses

The reserve for possible loan losses of the Three Life Insurance Companies is allocated in accordance with the self-assessment criteria and amortization/provision criteria of assets in order to provide for losses due to irrecoverable credits, as follows:

For loans to borrowers who are in a state of legal/formal bankruptcy such as bankruptcy and civil rehabilitation, or in a state of substantial bankruptcy, the remaining amount of the loan after directly deducting the amount stated below, less the estimated amount collectible from collateral and guarantees is recorded.

For loans to borrowers who are not yet bankrupt but highly likely to fall into bankruptcy, the amount deemed necessary from the overall assessment of the borrowers' solvency is recorded from the remaining amount of the loan after deducting the estimated amount collectible from collateral and guarantees.

For loans other than the above (performing loans and doubtful loans), historical loan-loss ratio calculated from the loan losses from the fixed period in the past, multiplied by the loan amount, etc., is recorded.

All loans are subject to asset assessment by the related division based on the self-assessment criteria of the assets. The reserve mentioned above is implemented based on the assessment results, after the asset auditing division independent from the related division audits the assessment results.

For collateralized or guaranteed loans to borrowers subject to bankruptcy or substantial bankruptcy, the amount of loans exceeding the estimated value of collateral or guarantees, which were deemed uncollectible, was directly deducted from the amount of loans in the amounts of ¥343 million and ¥337 million for the years ended March 31, 2023 and 2024, respectively.

Consolidated subsidiaries other than the Three Life Insurance Companies allocate reserves for possible loan losses,

in accordance with criteria equivalent to the above, based on the results of the assessment which is implemented in the scope deemed necessary considering the importance.

(6) Allocation method for reserve for price fluctuations

Reserves for price fluctuations of the Three Life Insurance Companies are allocated in order to provide for losses due to price fluctuations, which is pursuant to requirements under Article 115 of the Insurance Business Act.

(7) Policy reserve

To prepare for future performance of obligations under insurance policies for which contractual liability have commenced on or before the end of the consolidated fiscal year ended March 31, 2024, policy reserve is provided by the Three Life Insurance Companies at the amount calculated in accordance with methodologies stipulated in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) based on Article 116, Paragraph 1 of the Insurance Business Act.

Of policy reserve, premium reserve is calculated based on the following methodologies:

- For policies subject to standard policy reserve, the method established by the Commissioner of the Financial Services Agency (Notification No. 48 of the Ministry of Finance (1996))
- For policies not subject to standard policy reserve, net level premium method

Based on Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, policy reserve is reviewed by an appointed actuary whether the policy reserve is properly provided as of the fiscal year end.

Of policy reserve, contingency reserve is provided at the amount calculated for covering risks which may accrue in the future, so as to secure performance of the future obligations under the insurance policies, based on Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

(8) Provision for bonuses to directors and Audit and Supervisory Committee members

To provide for payment of bonuses to directors and Audit and Supervisory Committee members, a provision for the directors' and Audit and Supervisory Committee members' bonuses is recorded based on the expected amount to be paid in the year ended March 31, 2024.

(9) Provision for share-based remuneration

To provide for delivery of stock of the Company to directors and Audit and Supervisory Committee members, the estimated amount of share benefit obligations based on the internal rules of the Company and Three Life Insurance Companies is recorded in provision for share-based remuneration.

Notes to Consolidated Financial Statements

(10) Provision for directors' and Audit and Supervisory Committee members' retirement benefits

To provide for directors' and Audit and Supervisory Committee members' retirement benefits, the Company sets up a provision for directors' and Audit and Supervisory Committee members' retirement benefits based on the internal rules of certain consolidated subsidiaries, which is recorded in the amount recognized to have accrued as of March 31, 2024.

(11) Accounting method for employees' retirement benefits

For the calculation of retirement benefit obligations, the method for attributing the expected retirement benefit amount to each period up to the current fiscal year-end is based on the benefit formula standard.

Actuarial gains and losses and past service costs are fully expensed in the fiscal year which they accrue.

(12) Depreciation method for significant depreciable assets

a. Tangible fixed assets (except for lease assets)

Depreciation of tangible fixed assets (except for lease assets) is mainly calculated under the declining-balance method.

Depreciation of buildings (except for facilities attached to buildings and structures) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016, is calculated under the straight-line method. The main durable years are as follows:

- Buildings, facilities attached to buildings and structures: 2-50 years
- Furniture and fixtures: 2-20 years

b. Intangible fixed assets (except for lease assets)

Depreciation of software used in-house is calculated under the straight-line method over a useful life of five years.

c. Lease assets

For the depreciation of lease assets, lease assets with respect to ownership-transfer finance leases are calculated under the same method for self-owned tangible fixed assets, and lease assets with respect to non-ownership-transfer finance leases are calculated under the straight-line method over the lease period.

(13) Revaluation reserve for land

Taiyo Life revalued its land for operating purposes based on Act on Revaluation of Land (Act No. 34 of 1998). Regarding the valuation differences between the previous and the revalued amounts, the tax equivalent to this valuation differences has been recorded in Liabilities section as "Deferred tax liabilities on land revaluation" and the amount after deducting the tax equivalent from the valuation differences is recorded in Net Assets as "Revaluation reserve for land."

- The method of revaluation provided for in Article 3, Paragraph 3 of the same law

The amount is rationally adjusted and calculated based on the listed land price value as prescribed in Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land (Order No. 119 of 1998), the benchmark land price as prescribed in Article 2, Item 2 of the same, and an appraisal by the real estate appraisers as prescribed in Article 2, Item 5 of the same, etc.

- Date of revaluation: March 31, 2002

(14) Method for significant hedge accounting

a. Hedge accounting method for Taiyo Life

(i) Method for hedge accounting

Deferral hedge treatment and fair value hedge treatment are used in hedge accounting. Special treatment is applied for interest rate swap transactions qualifying for special treatment, and allocation treatment is applied for currency swap transactions qualifying for allocation treatment.

(ii) Hedging instrument and hedged item

- 1) Hedging instrument: interest rate swap
Hedged item: loans and bonds
- 2) Hedging instrument: currency swap
Hedged item: foreign currency-denominated loans
- 3) Hedging instrument: foreign exchange contract and currency options
Hedged item: foreign currency-denominated assets
- 4) Hedging instrument: option
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts, domestic bonds
- 5) Hedging instrument: credit transaction
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts
- 6) Hedging instrument: forward contract
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts

(iii) Hedging policy

Based on internal rules, etc., in accordance with the risk management policy concerning asset management, cash flow and price fluctuation risks related to hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness

Hedge effectiveness is evaluated semi-annually by methods such as ratio analysis which compares the cumulative total of market fluctuations or cash flow fluctuations of hedged items and hedging instruments. However, evaluation of hedge effectiveness is omitted for interest rate swap transactions under special treatment, etc.,

currency swap transactions under allocation treatment, foreign exchange contracts and currency options in which both the hedged item and the hedging instrument are denominated in the same currency, option transactions in which hedged items are domestic/foreign stocks and domestic/foreign-listed investment trusts, credit transactions and forward contracts, and option transactions in which domestic bonds are the hedged item. (Hedging relationships which apply "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR") Among the above hedging relationships, all of them included in the scope of application of the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force (PITF) No. 40, issued on March 17, 2022) are subject to this exceptional treatment. Details of the hedging relationships which apply the treatment are as follows:

Hedge accounting methods: The special treatment for interest rate swaps
Hedging instruments: interest rate swaps
Hedged items: Loans
Hedge transactions: to fix the cash flows

b. Hedge accounting method for Daido Life

(i) Method for hedge accounting

Fair value hedge treatment is adopted for the method for hedge accounting. Allocation treatment is adopted for foreign exchange contract transactions hedging foreign currency-denominated term deposits qualifying for allocation treatment.

(ii) Hedging instrument and hedged item

- 1) Hedging instrument: foreign exchange contract
Hedged item: foreign currency-denominated securities and term deposits
- 2) Hedging instrument: currency options
Hedged item: foreign currency-denominated securities

(iii) Hedging policy

Based on internal rules, etc., concerning asset management, foreign exchange fluctuation risks of hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness

Hedge effectiveness is evaluated by ratio analysis which mainly compares the fair value fluctuation of hedged items and hedging instruments.

However, the evaluation is omitted if the material conditions of the hedged item and the hedging instrument are the same and hedge effectiveness is high.

c. Hedge accounting method for T&D United Capital Co., Ltd.

(i) Method for hedge accounting

Deferral hedge treatment is adopted for the method for hedge accounting. Furthermore, allocation treatment is adopted since the transaction qualify for the treatment.

(ii) Hedging instrument and hedged item

Hedging instrument: foreign exchange contract
Hedged item: foreign currency-denominated stocks (forecast transaction)

(iii) Hedging policy

Based on the resolution made at the Board of Directors' meeting regarding the acquisition of foreign currency-denominated stocks, foreign exchange fluctuation risks of hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness

The evaluation is omitted, since the material conditions of the hedged item and the hedging instrument are the same and hedge effectiveness is high.

(15) Accounting treatment for consumption taxes

The accounting treatment of consumption tax and local consumption tax is based on the tax exclusion method. However, expenses of the nonlife insurance subsidiary such as loss adjustment expenses, sales and administrative expenses, etc. are treated based on the tax inclusion method. Furthermore, non-deductible consumption tax on assets, etc., which is prescribed in the tax law as deferred consumption tax, etc., is recorded in other assets and amortized over a 5-year period on a straight-line basis, whereas tax other than deferred consumption tax is expensed in the fiscal year in which it accrues.

(16) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash, deposits withdrawable at any time and readily convertible into cash, and short-term investments (term deposits, call loans, commercial paper, treasury discount bills, etc.) with insignificant risk of price fluctuations and with a maturity of 3 months or less at the time of acquisition.

(17) Income from insurance premiums

In general, income from insurance premiums (excluding reinsurance income) is recorded by the Three Life Insurance Companies at the amount of premiums received, for insurance policies for which the premiums are received and the contractual liabilities have commenced.

Of premiums received, the amount corresponding to the unexpired period as of the end of the consolidated fiscal year ended March 31, 2024 is accounted for as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

Notes to Consolidated Financial Statements

(18) Insurance claims and other payments/ Reserve for outstanding claims

Insurance claims and other payments (excluding reinsurance premiums) are recognized by the Three Life Insurance Companies at the amount of claims calculated and paid based on the policy conditions, for which the insured events provided in the policy conditions have occurred.

Based on Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act, reserve for outstanding claims is provided for unpaid insurance proceeds over the contracts for which payment obligations exist as of the end of the consolidated fiscal year ended March 31, 2024 or for which insured events have already incurred but not reported (hereinafter the "IBNR claims").

On May 8, 2023, the special treatment of hospital benefit, etc. for those who are diagnosed with COVID-19 and receive medical treatment at accommodation facilities or home under the supervision of doctors, etc. (hereinafter the "deemed hospitalization") ended. As a result, the reserve for IBNR claims cannot be calculated at an appropriate level based on the main rule in Article 1, Paragraph 1 of Notification of the Ministry of Finance No. 234 (1998) (hereinafter the "IBNR Notification"). Therefore, the reserve is calculated and recognized as follows based on the proviso of Article 1, Paragraph 1 of IBNR Notification.

(Overview of calculation method)

The reserve is calculated by the same method as the main rule in Article 1, Paragraph 1 of IBNR Notification after excluding the amount relating to deemed hospitalization from the required amount of reserve for IBNR claims and payment amount of insurance claims, etc. for all the consolidated fiscal years stipulated by the main rule in Article 1, Paragraph 1 of IBNR Notification.

As of the end of the consolidated fiscal year ended March 31, 2023, instead of excluding the amount relating to deemed hospitalization, the amount relating to deemed hospitalization for policy holders other than those with high risk of severity was excluded.

Calculation method was changed to exclude the amount relating to deemed hospitalization, since the treatment regarding hospital benefit, etc. for deemed hospitalization ended during the first quarter accounting period in the consolidated fiscal year ended March 31, 2024.

(19) Reinsurance income and Reinsurance premiums

As for reinsurance income of the Three Life Insurance Companies, insurance claims and others to be received based on a reinsurance contract are recorded at the time of payment of insurance claims and others relating to an underlying insurance contract, etc.

As for reinsurance premiums of the Three Life Insurance Companies, insurance premiums and others to be paid based

on a reinsurance contract are recorded at the time of receipt of insurance premiums and others relating to an underlying insurance contract or at the time of conclusion of the reinsurance contract.

As for modified coinsurance, amounts received based on a reinsurance contract as part of amounts equivalent to acquisition costs relating to an underlying insurance contract are recorded on reinsurance income, and the same amounts are recorded on reinsurance receivable as unamortized ceded commissions, which are amortized over the period of the reinsurance contract.

Also, part of policy reserve and reserve for outstanding claims equivalent to amounts which have been ceded is not set aside based on Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act.

(20) Significant Accounting Estimates

a. Policy reserve

- (i) Amounts recognized on the consolidated financial statements

Millions of yen		
As of March 31,	2023	2024
Policy reserve	¥13,910,695	¥14,148,395
Other ordinary revenues (Reversal of policy reserve)	449,156	—
Provision for policy reserve	¥ —	¥ 237,700

- (ii) Information on significant accounting estimates in connection with items identified

1) Calculation method

It is stated in "Note 2 (7) Policy reserve".

2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

If assumptions (base rates such as assumed incidence rate and assumed interest rate) stated in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from the latest actual rates and it is found to likely to be insufficient to cover the performance of the future obligations, additional policy reserve must be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

b. Accounting treatment for employees' retirement benefits

- (i) Amounts recognized on the consolidated financial statements

Millions of yen		
As of March 31,	2023	2024
Retirement benefit asset	¥ 2,744	¥10,736
Retirement benefit liability	¥40,818	¥35,455

- (ii) Information on significant accounting estimates in con-

nection with items identified

1) Calculation method

Retirement benefit obligations and retirement benefit expense are calculated based on actuarial assumptions used for calculation of future retirement benefit obligations, expected long-term rate of return on plan assets and others.

The method for attributing the expected retirement benefit amount is stated in "Note 2 (11) Accounting method for employees' retirement benefits"

2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

Matters related to actuarial basis are stated in "Note 24 Employees' Retirement Benefits." If any of the major assumptions such as discount rate and expected long-term rate of return on plan assets changes, there may be a significant impact on the retirement benefit asset or liability.

c. Impairment losses on fixed assets

(i) Amounts recognized on the consolidated financial statements

	Millions of yen	
Years ended March 31,	2023	2024
Impairment loss	¥87	¥1,730

(ii) Information on significant accounting estimates in connection with items identified

1) Calculation method

For the Three Life Insurance Companies, consolidated subsidiaries, real estates, etc. owned for insurance operations, etc., are grouped as a single asset group (operating assets) and other assets such as rental properties and unused real estates are grouped separately by each property (investment assets).

For the Company and other consolidated subsidiaries, real estates, etc. owned for their own operations are grouped as a single asset group (operating assets) by each company.

For an asset group with an indication of impairment, impairment loss is recognized, when the total amount of undiscounted future cash flows is less than the carrying amount of the asset group, at the amount calculated by deducting the recoverable amount (the larger of discounted future cash flows and net realizable value) from the carrying amount.

2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

For calculation of undiscounted future cash flows for

the purpose of determining impairment recognition, the amounts of future net income from insurance operations on the Mid-Term Management Plan, etc. are used for operating assets, and the track record and future outlook of net income by each property are used for investment assets.

If the future net income from insurance operations and the future outlook of net income of each property, which are the major assumptions, deteriorate and the undiscounted future cash flows change, there may be a possibility to recognize impairment loss.

(21) Additional information

[Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts]

The Company has introduced a trust type stock compensation system (the "System"), the Board Incentive Plan (BIP) Trust, which uses a trust to deliver the Company's shares, etc. to directors who are not Audit and Supervisory Committee members of the Company (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Company (excluding those who are non-residents in Japan, and together with directors who are not Audit and Supervisory Committee members, collectively referred to as "Directors, etc.") and directors of the Three Life Insurance Companies (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Three Life Insurance Companies (excluding those who are non-residents in Japan, and together with Directors, etc., collectively referred to as "Eligible Directors, etc."), with an aim to enhance the motivation of Eligible Directors, etc. to contribute to improving business performance and enhancing corporate value over the medium-to long-term.

The accounting treatment of the System is based on "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015)

a. Summary

Based on the internal rules of the Company and Three Life Insurance Companies, the points are granted to Eligible Directors, etc. and they are delivered and provided through a trust of the Company's shares equivalent to accumulated points upon retirement and a monetary equivalent of the substitution value of the Company's shares. The Company's shares to be delivered to Eligible Directors, etc. will be acquired in advance by money in trust by the Company.

b. The Company's shares remaining in BIP Trust

For the Company's shares remaining in BIP Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). The carrying value of

Notes to Consolidated Financial Statements

treasury share in the Trust was ¥2,018 million, and the number of treasury share in the Trust was 1,338,700 shares for the fiscal year ended March 31, 2023. Also, as of the end of the fiscal year ended March 31, 2024, the carrying value of treasury share in the Trust is ¥1,643 million, and the number of treasury share in the Trust is 1,090,300 shares.

[Reclassification due to the change in the holding purposes of securities]

Daido Life changed held-to-maturity bonds held in the general asset segment (The amount on the consolidated balance sheet is ¥159,230 million) to available-for-sale securities during the first quarter accounting period.

This is because of the aim to replace bonds flexibly to extend the investment duration in line with the long-term nature of life insurance liabilities.

As a result, securities increased by ¥18,451 million, deferred tax liabilities increased by ¥5,153 million and valuation difference on available-for-sale securities by ¥13,297 million as of the end of the first quarter accounting period.

This reclassification has no impact on the profit and loss.

[Application of revised generally accepted accounting principles in the United States (U.S. GAAP) at foreign affiliates]

A certain foreign affiliate that adopts U.S. GAAP has applied "Measurement of Credit Losses on Financial Instruments" (Accounting Standards Update 2016-13 issued by the Financial Accounting Standards Board) from the beginning of the consolidated fiscal year ended March 31, 2024. The accounting standards, which are primarily applied to the financial assets measured at amortized cost, introduced a change in the impairment model for available-for-sale debt securities such as bonds.

In accordance with the transitional treatment set forth in the accounting standards, the cumulative effects as of the beginning of the consolidated fiscal year ended March 31, 2024 have been added to or deducted from retained earnings and valuation difference on available-for-sale securities. As a result, retained earnings decreased by ¥1,198 million and valuation difference on available-for-sale securities increased by ¥1,198 million as of the beginning of the consolidated fiscal year ended March 31, 2024.

The affiliate is accounted for under the equity method, but the application has minimal impact on the consolidated ordinary profit and profit before income taxes for the consolidated fiscal year ended March 31, 2024.

Note 3 Loans

The amounts of Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto, Claims with risks, Loans overdue for three months or more, and Restructured loans are as follows:

		Millions of yen	
As of March 31,	2023	2024	
Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥ 205	¥ 109	
Claims with risks	779	3,131	
Loans overdue for three months or more	903	725	
Restructured loans	20	20	
Total	¥1,908	¥3,987	

Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto are claims held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

Claims with risks are claims whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible excluding the claims described in Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto.

Loans overdue for three months or more are loans, other than Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto and Claims with risks, on which principal and/or interest are in arrears for three months or more beginning the day after the agreed due date.

Restructured loans are loans, other than Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto, Claims with risks and Loans overdue for three months or more, for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims, and/or other terms in favor of the obligor for purposes of restructuring or supporting the obligor.

The direct write-downs of estimated uncollectable loans are as follows:

		Millions of yen
As of March 31,	2023	2024
Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥137	¥131

Note 4 Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets are as follows:

		Millions of yen
As of March 31,	2023	2024
Accumulated depreciation of tangible fixed assets	¥257,160	¥255,299

Note 5 Separate Account Assets

The amounts of separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act are as follows. The amounts of liabilities are equal to the amounts of assets.

		Millions of yen
As of March 31,	2023	2024
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥76,720	¥99,694

Note 6 Reserve for Policyholder Dividends

The changes in reserve for policyholder dividends included in policy reserves are as follows:

		Millions of yen
As of March 31,	2023	2024
Balance at the beginning of the year	¥72,856	¥69,605
Policyholder dividends	25,613	25,898
Increase in interest	15	15
Decrease due to other reasons	31	19
Provision for reserve for policyholder dividends	22,378	25,050
Balance at the end of the year	¥69,605	¥68,752

Note 7 Unused Loan Balance under Loan Commitments

The unused loan balance under loan commitments is as follows:

		Millions of yen
As of March 31,	2023	2024
Total amount of loan commitments	¥39,309	¥36,935
Balance of loans outstanding	23,232	22,136
Balance	¥16,076	¥14,799

Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

		Millions of yen
As of March 31,	2023	2024
Lending securities for loan agreement	¥1,467,766	¥1,220,605

Notes to Consolidated Financial Statements

Note 9 Bonds

Bonds include subordinated bonds, of which the payment priority is subordinated to other debts. The amounts are as follows:

	Millions of yen	
As of March 31,	2023	2024
Subordinated bonds	¥120,000	¥120,000

Note 10 Other Liabilities

Other liabilities include subordinated borrowings, of which the payment priority is subordinated to other debts. The amounts are as follows:

	Millions of yen	
As of March 31,	2023	2024
Subordinated borrowings	¥13,500	¥13,500

Note 11 Organizational Change Surplus

The amounts of the organizational change surplus prescribed in Article 91 of the Insurance Business Act, are as follows:

	Millions of yen	
As of March 31,	2023	2024
Taiyo Life Insurance Company	¥63,158	¥63,158
Daido Life Insurance Company	10,836	10,836

Note 12 Stocks and Capital of Affiliates

Stocks and capital of affiliates are as follows:

	Millions of yen	
As of March 31,	2023	2024
Stocks	¥ 1,157	¥ 1,157
Capital	17,186	15,000

Note 13 Assets Pledged as Collateral and Secured Debts

Assets pledged as collateral are as follows:

	Millions of yen	
As of March 31,	2023	2024
Securities (Japanese government bonds)	¥1,509,812	¥1,316,209
Securities (Foreign securities)	207,909	196,041
Cash collateral pledged for financial instruments	1,875	5,210
Balance	¥1,719,597	¥1,517,461

Of these assets, securities are mainly pledged as a substitute for the overdraft limit of the exclusive account of real-time gross settlement of government bonds with the Bank of Japan, bond-lending transactions secured by securities, and margin for futures contracts, etc.

Secured debts

	Millions of yen	
As of March 31,	2023	2024
Cash collateral received for bond-lending transactions	¥993,780	¥706,530

Note 14 Impairment Losses on Fixed Assets

The items regarding impairment losses on fixed assets are as follows:

(1) Grouping of assets

For the Three Life Insurance Companies, real estates, etc. owned for insurance operations, etc., are grouped as a single asset group and other assets such as rental properties and unused real estates are grouped separately by each property.

For the Company and the consolidated subsidiaries other than the Three Life Insurance Companies, real estates, etc. owned for their own operations are grouped as a single asset group.

(2) Circumstances which led to the recognition of impairment losses

For some asset groups, carrying amount was reduced to the recoverable amount and the reduced amount was recorded in extraordinary losses as impairment losses because of a significant drop in the market price and a decline in profitability due to the stagnant rental income level, etc.

(3) Impairment losses recognized by asset group and the breakdown of the amounts of impairment losses by fixed asset type

Year ended March 31, 2023		Millions of yen		
Asset	Location	Land	Buildings, etc.	Total
Unused real estates, etc.	Hachinohe City, Aomori Prefecture, etc. (2 assets)	¥61	¥25	¥87

Year ended March 31, 2024		Millions of yen		
Asset	Location	Land	Buildings, etc.	Total
Unused real estates, etc.	Kanazawa City, Ishikawa Prefecture, etc. (2 assets)	¥ 218	¥ 84	¥ 303
Rental properties, etc.	Shunan City, Yamaguchi Prefecture, etc. (2 assets)	¥1,178	¥248	¥1,426
Total	-	¥1,397	¥333	¥1,730

(4) Method for calculating the recoverable amount

The recoverable amount is based on net realizable value for unused real estates, etc. and on value in use for rental properties, etc.

In principle, the net realizable value is calculated by subtracting the estimated costs of disposal from the appraisal value calculated in accordance with the real estate appraisal standard. The value in use is calculated by discounting the future cash flows by 5.20%.

Note 15 Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effects regarding other comprehensive income are as follows:

		Millions of yen	
Years ended March 31,	2023	2024	
Valuation difference on available-for-sale securities:			
Amount occurred during the year	¥(254,579)	¥ 573,665	
Reclassification adjustments	(48,963)	(29,911)	
Amount before tax effect	(303,543)	543,753	
Tax effect	84,376	(151,893)	
Valuation difference on available-for-sale securities	(219,166)	391,860	
Deferred gains (losses) on hedging instruments:			
Amount occurred during the year	3,654	(3,654)	
Reclassification adjustments	212	212	
Amount before tax effect	3,867	(3,442)	
Tax effect	(1,178)	1,059	
Deferred gains (losses) on hedging instruments	2,688	(2,382)	
Foreign currency translation adjustments:			
Amount occurred during the year	13	26	
Share of other comprehensive income of companies accounted for under the equity method:			
Amount occurred during the year	12,292	3,812	
Total other comprehensive income	¥(204,171)	¥ 393,316	

Notes to Consolidated Financial Statements

Note 16 Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2023

(1) Type and number of issued shares and treasury shares

Year ended March 31, 2023	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	589,000,000	—	—	589,000,000
Treasury shares:				
Common stock	27,894,797	14,165,109	177,650	41,882,256

Notes:

- Treasury shares of common stock increased due to the following reasons:
 - Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on November 12, 2021: 3,408,600 shares
 - Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on November 14, 2022: 10,735,700 shares
 - Purchase of odd-lot shares: 20,809 shares
- Treasury shares of common stock decreased due to the following reasons:
 - Exercise of stock option: 79,700 shares
 - Delivery by the BIP Trust: 34,700 shares
 - Sale of the BIP Trust: 62,900 shares
 - Purchase request of odd-lot shares: 350 shares
- The number of treasury shares of common stock includes 1,338,700 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (1,436,300 share as of beginning of the fiscal year.)

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year
		Millions of yen
The Company	Share subscription rights as stock options	¥570

(3) Shareholder dividends

a. Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends	Shareholder dividends per share	Record date	Effective Date
		Millions of yen	Yen		
Ordinary General Meeting of Shareholders held on June 28, 2022	Common stock	¥15,751	¥28.0	March 31, 2022	June 29, 2022
Board of Directors' meeting held on November 14, 2022	Common stock	¥17,335	¥31.0	September 30, 2022	December 6, 2022

Notes:

- The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 28, 2022, includes ¥40 million of the dividends for the Company's treasury share owned by the BIP Trust.
- The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 14, 2022, includes ¥42 million of the dividends for the Company's treasury share owned by the BIP Trust.

b. Shareholder dividends whose record date was in the fiscal year ended March 31, 2023, while their effective date is in the fiscal year ending March 31, 2024

Date of resolution	Type of shares	Amount of shareholder dividends	Underlying assets	Shareholder dividends per share	Record date	Effective date
		Millions of yen		Yen		
Ordinary General Meeting of Shareholders held on June 28, 2023	Common stock	¥17,002	Retained earnings	¥31.0	March 31, 2023	June 29, 2023

Notes:

- It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 28, 2023.
- The total amount of shareholder dividends includes ¥41 million of the dividends for the Company's treasury share owned by the BIP Trust.

For the year ended March 31, 2024

(1) Type and number of issued shares and treasury shares

Year ended March 31, 2024	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	589,000,000	—	45,000,000	544,000,000
Treasury shares:				
Common stock	41,882,256	17,565,387	45,450,680	13,996,963

Notes:

- Issued shares of common stock decreased due to the following reasons:
 - Retirement of treasury shares based on the resolution made at the Board of Directors' meeting held on November 14, 2023: 45,000,000 shares
- Treasury shares of common stock increased due to the following reasons:
 - Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on May 15, 2023: 17,543,400 shares
 - Purchase of odd-lot shares: 21,987 shares
- Treasury shares of common stock decreased due to the following reasons:
 - Retirement of treasury shares based on the resolution made at the Board of Directors' meeting held on November 14, 2023: 45,000,000 shares
 - Exercise of stock option : 202,100 shares
 - Delivery by the BIP Trust: 161,000 shares
 - Sale of the BIP Trust: 87,400 shares
 - Purchase request of odd-lot shares: 180 shares
- The number of treasury shares of common stock includes 1,090,300 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (1,338,700 shares as of beginning of the fiscal year.)

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year
		Millions of yen
The Company	Share subscription rights as stock options	¥343

(3) Shareholder dividends

a. Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends	Shareholder dividends per share	Record date	Effective Date
		Millions of yen	Yen		
Ordinary General Meeting of Shareholders held on June 28 2023	Common stock	¥17,002	¥31.0	March 31, 2023	June 29, 2023
Board of Directors' meeting held on November 14, 2023	Common stock	¥18,893	¥35.0	September 30, 2023	December 6, 2023

Notes:

- The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 28, 2023, includes ¥41 million of the dividends for the Company's treasury share owned by the BIP Trust.
- The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 14, 2023, includes ¥40 million of the dividends for the Company's treasury share owned by the BIP Trust.

b. Shareholder dividends whose record date was in the fiscal year ended March 31, 2024, while their effective date is in the fiscal year ending March 31, 2025

Date of resolution	Type of shares	Amount of shareholder dividends	Underlying assets	Shareholder dividends per share	Record date	Effective date
		Millions of yen		Yen		
Ordinary General Meeting of Shareholders held on June 26, 2024	Common stock	¥18,588	Retained earnings	¥35.0	March 31, 2024	June 27, 2024

Notes:

- It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2024.
- The total amount of shareholder dividends includes ¥38 million of the dividends for the Company's treasury share owned by the BIP Trust.

Notes to Consolidated Financial Statements

Note 17 Consolidated Statement of Cash Flows

The following table provides a reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and cash deposits as stated in the consolidated balance sheet.

	Millions of yen	
As of March 31,	2023	2024
Cash and deposits	¥ 1,140,802	¥ 1,137,609
Less: Term deposits with an original maturity of more than three months	(5,460)	(4,260)
Call loans	543	797
Monetary claims purchased	158,873	165,643
Less: monetary claims purchased other than cash equivalents	(132,873)	(129,644)
Monetary trusts	1,217,451	1,155,716
Less: monetary trusts other than cash equivalents	(1,213,768)	(1,153,856)
Cash and cash equivalents	¥ 1,165,567	¥ 1,172,006

Note 18 Lease Transactions

[As lessee]

(1) Finance leases

a. Ownership-transfer finance leases

- (i) Details of lease assets
 - Intangible fixed assets: software
- (ii) Depreciation method for lease assets

The same depreciation method applied to self-owned fixed assets is applied.

b. Non-ownership-transfer finance leases

- (i) Details of lease assets
 - Tangible fixed assets: office appliances such as computer servers
 - Intangible fixed assets: software
- (ii) Depreciation method for lease assets

Straight-line method over the lease period is applied.

(2) Operating leases

Future lease payments under non-cancellable operating leases are as follows:

	Millions of yen	
As of March 31,	2023	2024
Due within one year	¥12	¥14
Due after one year	20	19
Total	¥32	¥34

[As lessor]

(1) Details of Lease investment assets

Other assets

Millions of yen

As of March 31,	2023	2024
Lease income receivables	¥48,704	¥50,888
Estimated residual value	222	289
Interest income	(3,923)	(4,410)
Total lease investment assets	¥45,004	¥46,767

(2) Projected collection amounts of lease income receivables related to lease receivables and lease investment assets after the consolidated closing dates

Other assets

Millions of yen

	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
As of March 31,		2023		2024
Due within one year	¥1,590	¥12,818	¥1,705	¥12,346
Due after one year through two years	1,335	10,782	1,440	10,495
Due after two years through three years	1,069	8,867	1,168	8,634
Due after three years through four years	801	6,942	956	6,551
Due after four years through five years	596	4,691	649	4,641
Due after five years	1,104	7,605	1,002	8,218

Note 19 Tax-Effect Accounting

(1) Breakdown of the accrual of deferred tax assets and liabilities by main causes

Millions of yen

As of March 31,	2023	2024
Deferred tax assets:		
Reserve for price fluctuations	¥ 74,761	¥ 76,752
Policy reserves	62,455	62,897
Retirement benefit liability	27,619	26,015
Devaluation losses on securities	15,724	14,542
Losses on disposal of fixed assets	5,518	5,935
Valuation difference on available-for-sale securities	5,001	5,016
Provision for bonuses	2,752	2,970
Tax loss carry-forward*	1,940	1,175
Reserve for possible loan losses	897	1,740
Others	16,636	17,910
Subtotal	213,309	214,956
Valuation allowance	(16,575)	(16,149)
Total deferred tax assets	196,733	198,806
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(111,910)	(263,818)
Accrued dividend income	(2,639)	(2,678)
Deferred gain on reduction of carrying amount of real estate	(690)	(684)
Others	(10,554)	(12,611)
Total deferred tax liabilities	(125,794)	(279,792)
Net deferred tax assets (liabilities)	¥ 70,939	¥ (80,985)

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

As of March 31, 2023

- There is no significance in tax loss carried forward for the year ended March 31, 2023. Therefore, notes are omitted.

As of March 31, 2024

- There is no significance in tax loss carried forward for the year ended March 31, 2024. Therefore, notes are omitted.

Notes to Consolidated Financial Statements

(2) Breakdown of important differences between the statutory effective tax rate and the corporate tax rate, etc., after applying tax-effect accounting by main item of the causes

Years ended March 31,	2023	2024
Effective statutory tax rate	—%	28.0%
(Adjustments)		
Permanent non-deductible items including entertainment expense, etc.	—	0.4
Inhabitant tax on per capita basis	—	0.4
Valuation allowance	—	(0.3)
Tax credit prescribed in Act on Special Measures Concerning Taxation	—	(0.3)
Reversal of revaluation reserve for land	—	(3.2)
Others	—	0.8
Corporate tax rate, etc., after applying tax-effect accounting	—%	25.9%

Note: Loss before income taxes is recognized for the consolidated year ended March 31, 2023. Therefore, notes are omitted.

(3) Accounting treatment for corporate tax and local corporate tax, and tax-effect accounting related to these taxes

The Company and some domestic consolidated subsidiaries have adopted group tax sharing system which regards the Company as the parent company of tax sharing.

These companies have accounted for and made disclosure of corporate tax and local corporate tax, and tax effect accounting, based on “the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Issues Task Force (PITF) No. 42, issued on August 12, 2021).

Note 20 Financial Instruments

(1) Matters related to the condition of financial instruments

a. Policy for handling financial instruments

T&D Insurance Group's main business is life insurance business. The Group underwrites various classes of life insurance and invests the money collected as insurance premiums in financial assets including securities and loans.

In order to efficiently invest the insurance premiums trusted to us by the policyholders, the Group's asset management policy aims to build a portfolio which ensures long-term stable returns considering the characteristics of obligations involved in life insurance policies, based on the concept of ERM which integrally manages capital, profit, and risk, and at the same time, paying adequate attention to the soundness and public nature of the investments.

Derivative financial instruments are used to hedge fluctuation risks involved in our investment in financial instruments, as well as partially complement physical assets.

Furthermore, in order to pursue greater financial soundness, the Group has been financing the subordinated-class capital (bonds and borrowings).

b. Details and risks of financial instruments

Financial assets held by the Group mainly comprise securities and loans.

Securities include public and corporate bonds, stocks and investment trusts offered at home and abroad that are held on a long-term basis for the purpose of investment geared to market prospects to ensure stable returns. These financial instruments are exposed to credit risks of the issuing entities and market risks associated with fluctuations in interest rate, exchange rates and stock prices, as well as market liquidity risks.

Loans here include policy loans for policyholders and commercial loans (non-policy loans) provided mainly to domestic businesses and individuals. Commercial loans, though intended to ensure stable returns, are exposed to credit risks of borrowers' default. A policy loan is provided within the surrender value of each insurance policy, thus its credit risk is minimal.

Derivative transactions including stock index futures contracts, forward exchange contracts and interest rate swap agreements are used primarily to hedge price fluctuation risks of our financial assets, and partially to complement physical assets by, for example, providing a solution to the time constraint prior to the inclusion of physical assets into our portfolio. Accordingly, the Group does not enter into those transactions for speculative purposes.

Stringent risk management is in place for derivative

transactions, by clearly defining tolerable allowances in terms of the details, hedged items and trading limits of the transactions as well as by properly controlling their status.

Hedge accounting is appropriately practiced in interest rate swap agreements for loans and forward exchange contracts for foreign currency-denominated assets, under the internal rules clearly defining qualifications, applicable types of transactions, methods of evaluation of its effectiveness and methods of its designation. Effectiveness of hedging is determined by ratio analysis methodology comparing the movements of fair values of the hedged items and hedging instruments.

c. Risk management system for financial instruments

(i) Overall risk management system

The Group, in consideration of the social and public nature of the life insurance business which is its main business, defines precise identification and management of risks as one of the crucial management tasks for ensuring the soundness and adequacy of management, where the Company, as the Group's holding company, has developed a "Group Risk Management Policy" which sets out the basic risk management philosophy within the Group and provides the appropriate risk management structure according to the business characteristics and risk profiles of each of the Company including the Three Life Insurance Companies.

As an organizational structure, the Group Risk Management Committee has been established for the purpose of coordinated management of risks within the Group, and has a clear understanding of the status of various risks at each company including the Three Life Insurance Companies, through reports prepared on a regular or as-needed basis at each company using the unified risk management criteria. Further, the Company provides guidance and advice as appropriate to companies including the Three Life Insurance Companies, to carry out thorough risk management at each company and strengthen the Group's entire risk management system.

At each of the Three Life Insurance Companies, a committee has been established to supervise company-wide risk management at an enhanced level, while a mutual check-and-balance system is in place under the internal organizational arrangement including the separation of the investment and loan execution function from the administration function within the investment division, independence of the credit check function and

implementation of the internal audits by the Internal Auditing Department.

Furthermore, the Group has established the ERM committee to manage risks integrally with profit and capital on an economic value basis. Through the promotion and enhancement of ERM, the Group aims for steady and sustainable growth in its corporate value.

(ii) Management of market risk

Market risks are properly controlled according to the risk characteristic of each asset based on a precise understanding of the sensitivity of investment assets to parameters reflecting changes in the investment environment, including interest rate, stock prices and exchange rates, as well as by reviewing asset allocation and risk hedging based on identification of the overall risk of the portfolio using the Value at Risk criterion (hereafter referred to as "VaR").

(iii) Management of credit risk

Credit risk of the entire portfolio is identified and controlled through its quantification by the use of VaR based on an internal rating for individual borrowers. Meanwhile, the aggregate amount of investment and loans is capped by each industry sector or by group of companies according to the corresponding risks, whereby concentration of loans to specific industry sectors or groups of companies is restrained.

(iv) Management of liquidity risk

Liquidity risks are properly managed by ensuring a constant amount of liquidity based on the Risk Management Department's precise understanding of the latest risk information, including the share of highly liquid assets, cash flow situation, trends of the general financial/securities markets and the status of individual financial instruments, as well as by developing a management structure that enables smooth liquidation of assets for financing.

d. Supplementary notes concerning the matters related to fair value, etc., of financial instruments

Estimation of fair value requires the use of certain assumptions, etc. Therefore, the use of different assumptions, etc. may lead to a different value.

In addition, notional amounts of derivative financial instruments shown in "(2) Matters related to fair value, etc., of financial instruments" do not represent exposure to market risks.

Notes to Consolidated Financial Statements

(2) Matters related to fair value, etc., of financial instruments

The following tables show consolidated balance sheet amounts, fair values and differences. Stocks without market prices and investments in partnerships and other similar business entities that are recorded at net value which is equivalent to the Company's equity interest on the consolidated balance sheet (hereinafter the "Investments in capital of partnerships and so forth") are not included. (See Annotation 1.) In addition, cash and deposits, call loans, commercial paper out of monetary claims purchased, monetary trusts which have similar nature with cash and deposits, short-term debentures, and cash collateral received for bond-lending transactions are omitted, because these are settled in a short period and their fair values are proximate to the carrying amounts.

	Millions of yen		
As of March 31, 2023	Consolidated balance sheet amount	Fair value	Difference
Monetary claims purchased	¥ 132,873	¥ 131,516	¥ (1,357)
Treated as securities	130,034	128,640	(1,393)
Held-to-maturity bonds	82,373	80,980	(1,393)
Available-for-sale securities	47,660	47,660	—
Others	2,839	2,875	35
Monetary trusts	1,213,768	1,174,024	(39,744)
Monetary trusts for trading purposes	4,710	4,710	—
Monetary trusts for held-to-maturity purposes	30,485	29,040	(1,444)
Monetary trusts for policy-reserve-matching purposes	929,828	891,528	(38,299)
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	248,745	248,745	—
Securities	11,325,531	11,326,403	872
Trading securities* ¹	73,480	73,480	—
Held-to-maturity bonds	821,559	907,015	85,455
Policy-reserve-matching bonds	4,819,431	4,734,848	(84,582)
Available-for-sale securities* ¹	5,611,059	5,611,059	—
Loans	1,755,779	1,763,965	8,186
Policy loans* ²	100,664	108,283	7,627
Commercial loans* ²	1,657,153	1,655,681	559
Reserve for possible loan losses* ³	(2,038)	—	—
Total assets	14,427,952	14,395,909	(32,043)
Bonds	120,000	116,489	(3,511)
Borrowings within other liabilities	57,155	56,771	(384)
Total liabilities	177,155	173,260	(3,895)
Derivative financial instruments* ⁴			
Hedge accounting not applied	(2,910)	(2,910)	—
Hedge accounting applied* ⁵	(20,530)	(20,396)	134
Total derivative financial instruments	¥ (23,441)	¥ (23,307)	¥ 134

*1. Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are included in the above table.

*2. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.

*3. Reserve for possible loan losses for loans is deducted.

*4. Claims and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in parentheses.

*5. Regarding the special treatment of some interest rate swaps, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, issued on March 17, 2022) was applied.

Millions of yen

As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference
Monetary claims purchased	¥ 129,644	¥122,562	¥ (7,081)
Treated as securities	126,971	119,909	(7,062)
Held-to-maturity bonds	83,930	76,868	(7,062)
Available-for-sale securities	43,040	43,040	—
Others	2,672	2,653	(19)
Monetary trusts	1,150,856	1,078,154	(72,701)
Monetary trusts for trading purposes	3,126	3,126	—
Monetary trusts for held-to-maturity purposes	28,138	25,329	(2,809)
Monetary trusts for policy-reserve-matching bonds purposes	927,158	857,265	(69,892)
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	192,432	192,432	—
Securities	11,743,006	11,351,791	(391,215)
Trading securities*1	95,034	95,034	—
Held-to-maturity bonds	643,088	671,947	28,858
Policy-reserve-matching bonds	5,073,824	4,653,750	(420,074)
Available-for-sale securities*1	5,931,059	5,931,059	—
Loans	1,738,319	1,729,944	(8,375)
Policy loans*2	103,274	110,233	6,966
Commercial loans*2	1,640,090	1,619,710	(15,342)
Reserve for possible loan losses*3	(5,044)	—	—
Total assets	14,761,827	14,282,452	(479,374)
Bonds	120,000	117,973	(2,027)
Borrowings within other liabilities	53,614	53,172	(441)
Total liabilities	173,614	171,145	(2,468)
Derivative financial instruments*4			
Hedge accounting not applied	(8,604)	(8,604)	—
Hedge accounting applied*5	(47,513)	(47,468)	45
Total derivative financial instruments	¥ (56,117)	¥(56,072)	¥ 45

*1. Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are included in the above table.

*2. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.

*3. Reserve for possible loan losses for loans is deducted.

*4. Claims and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in parentheses.

*5. Regarding the special treatment of some interest rate swaps, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, issued on March 17, 2022) was applied.

Notes to Consolidated Financial Statements

Annotation 1

The balance sheet amounts of stocks, etc. without market prices such as unlisted stocks, etc. and the investments in capital of partnerships and so forth are not included in "Securities" in the above table and summarized as follows:

	Millions of yen	
Years ended March 31,	2023	2024
Unlisted stocks of affiliates, etc.	¥ 18,343	¥ 16,158
Unlisted stocks, etc.* ¹	1,157	1,157
Investments in capital of partnerships and so forth* ²	17,186	15,000
Available-for-sale securities	440,311	521,824
Unlisted stocks, etc.* ^{1, *3}	31,912	30,040
Investments in capital of partnerships and so forth* ^{2, *3}	408,399	491,784

*1. Unlisted stocks, etc. are excluded from disclosure of fair value due to the lack of market prices based on the paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued on March 31, 2020).

*2. The investments in capital of partnerships and so forth are excluded from disclosure of fair value based on the paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, issued on June 17, 2021).

*3. Unlisted stocks, etc. and the investments in capital of partnerships and so forth were impaired by 3,433 million yen in the consolidated fiscal year ended March 31, 2023. Unlisted stocks, etc. and the investments in capital of partnerships and so forth were impaired by 4,336 million yen in the consolidated fiscal year ended March 31, 2024.

Annotation 2

Scheduled redemption amounts after the consolidated closing date for monetary claims and fixed-maturity securities are as follows:

	Millions of yen			
As of March 31, 2023	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥1,140,753	¥ —	¥ —	¥ —
Call loans	543	—	—	—
Monetary claims purchased	26,604	2,445	2,924	123,767
Securities:				
Held-to-maturity bonds:				
Government bonds	16,000	29,915	261,378	312,116
Municipal bonds	701	2,096	1,447	42,506
Corporate bonds	21,981	400	19,989	95,089
Foreign securities	100	728	2,000	27,369
Policy-reserve-matching bonds:				
Government bonds	89,171	136,363	585,289	2,550,106
Municipal bonds	10,321	31,509	19,136	254,046
Corporate bonds	38,500	79,823	262,200	735,381
Foreign securities	3,605	15,998	11,434	7,237
Available-for-sale fixed maturity securities:				
Government bonds	15,000	21,328	3,540	354,600
Municipal bonds	3,662	17,207	8,588	11,110
Corporate bonds	52,299	138,106	110,711	171,780
Foreign securities	53,910	272,918	375,725	648,971
Other securities	—	25	104	—
Loans	186,531	669,055	480,289	290,598

* Securities without contractual maturity dates in the amount of ¥ 1,169,213 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 130,478 million are not included.

Millions of yen

As of March 31, 2024	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥1,137,580	¥ —	¥ —	¥ —
Call loans	797	—	—	—
Monetary claims purchased	36,607	2,453	3,206	122,318
Securities:				
Held-to-maturity bonds:				
Government bonds	4,245	33,618	140,022	275,624
Municipal bonds	—	1,660	3,555	36,595
Corporate bonds	458	12,656	31,469	75,382
Foreign securities	100	7,816	3,000	28,585
Policy-reserve-matching bonds:				
Government bonds	47,008	165,552	436,796	2,998,785
Municipal bonds	127	37,201	18,121	253,264
Corporate bonds	25,731	91,035	264,500	725,402
Foreign securities	—	15,842	16,611	6,103
Available-for-sale fixed maturity securities:				
Government bonds	16,346	75,352	76,817	384,743
Municipal bonds	24,583	22,164	3,248	11,302
Corporate bonds	66,226	124,229	129,917	151,768
Foreign securities	29,044	123,465	318,158	470,255
Other securities	—	42	30	—
Loans	192,948	664,020	459,708	287,598

* Securities without contractual maturity dates in the amount of ¥ 1,301,919 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 138,394 million are not included.

Annotation 3

Scheduled repayment amounts after the consolidated closing date for bonds, borrowings, and other interest-bearing liabilities are as follows:

Millions of yen

As of March 31, 2023	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debentures	¥ 6,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	—	120,000
Cash collateral received for bond-lending transactions within other liabilities	993,780	—	—	—	—	—
Borrowings within other liabilities	12,089	10,720	8,337	6,342	4,029	15,637

Millions of yen

As of March 31, 2024	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debentures	¥ 8,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	—	120,000
Cash collateral received for bond-lending transactions within other liabilities	706,530	—	—	—	—	—
Borrowings within other liabilities	12,060	9,677	7,683	5,370	2,835	15,985

Notes to Consolidated Financial Statements

(3) Breakdown of fair values of financial instruments by levels

Fair values of financial instruments are categorized into the following three levels according to observability and importance of inputs related to calculation of the fair values.

Level 1: Fair values calculated by using quoted prices that are formed in active markets and related to assets or liabilities for which the fair values are calculated among inputs related to calculation of observable fair values.

Level 2: Fair values calculated by using inputs related to calculation of observable fair values other than level 1 inputs.

Level 3: Fair values calculated by using inputs related to calculation of unobservable fair values.

When multiple inputs that have some significant impact on calculation of fair values are used, the fair values are categorized into the lowest priority level in the calculation of fair values among the levels to which each of those inputs belongs.

a. Financial instruments for which fair values are used as consolidated balance sheet amount

As of March 31, 2023	Fair value				Millions of yen
	Level 1	Level 2	Level 3	Total	
Monetary claims purchased	¥ —	¥ 46,143	¥1,517	¥ 47,660	
Available-for-sale securities	—	46,143	1,517	47,660	
Monetary trusts	4,599	248,855	—	253,455	
Monetary trusts for trading purposes	4,599	110	—	4,710	
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	—	248,745	—	248,745	
Securities	2,532,440	2,576,181	91	5,108,712	
Trading securities	—	72,830	—	72,830	
Foreign securities	—	37	—	37	
Foreign other securities	—	37	—	37	
Other securities	—	72,793	—	72,793	
Available-for-sale securities	2,532,440	2,503,350	91	5,035,881	
Domestic bonds	420,601	917,678	91	1,338,371	
Government bonds	397,170	—	—	397,170	
Municipal bonds	—	42,067	—	42,067	
Corporate bonds	23,430	875,611	91	899,133	
Domestic stocks	661,438	—	—	661,438	
Foreign securities	1,177,700	1,493,796	—	2,671,497	
Foreign bonds	792,046	437,881	—	1,229,928	
Foreign stocks	23,574	—	—	23,574	
Foreign other securities	362,079	1,055,914	—	1,417,993	
Other securities	272,699	91,874	—	364,574	
Derivative financial instruments	1	11,084	—	11,086	
Currency-related transactions	—	11,024	—	11,024	
Stock-related transactions	1	59	—	61	
Total assets	2,537,041	2,882,264	1,608	5,420,915	
Derivative financial instruments	—	34,527	—	34,527	
Currency-related transactions	—	34,366	—	34,366	
Stock-related transactions	—	161	—	161	
Total liabilities	¥ —	¥ 34,527	¥ —	¥ 34,527	

* Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are not included in the above table.

Millions of yen

As of March 31, 2024	Fair value				Total
	Level 1	Level 2	Level 3		
Monetary claims purchased	¥ —	¥ 40,816	¥ 2,224	¥	43,040
Available-for-sale securities	—	40,816	2,224		43,040
Monetary trusts	3,061	192,498	—		195,559
Monetary trusts for trading purposes	3,061	65	—		3,126
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	—	192,432	—		192,432
Securities	2,599,809	2,680,748	22,023		5,302,581
Trading securities	—	94,288	—		94,288
Foreign securities	—	27	—		27
Foreign other securities	—	27	—		27
Other securities	—	94,260	—		94,260
Available-for-sale securities	2,599,809	2,586,459	22,023		5,208,293
Domestic bonds	577,561	948,443	0		1,526,004
Government bonds	536,072	—	—		536,072
Municipal bonds	—	61,676	—		61,676
Corporate bonds	41,488	886,766	0		928,254
Domestic stocks	800,185	—	—		800,185
Foreign securities	869,239	1,530,695	22,023		2,421,958
Foreign bonds	482,228	337,829	22,023		842,082
Foreign stocks	23,124	—	—		23,124
Foreign other securities	363,885	1,192,865	—		1,556,751
Other securities	352,823	107,320	—		460,144
Derivative financial instruments	—	628	—		628
Currency-related transactions	—	624	—		624
Stock-related transactions	—	4	—		4
Total assets	2,602,871	2,914,691	24,248		5,541,810
Derivative financial instruments	—	56,746	—		56,746
Currency-related transactions	—	46,005	—		46,005
Stock-related transactions	—	10,741	—		10,741
Total liabilities	¥ —	¥ 56,746	¥ —	¥	56,746

* Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are not included in the above table.

Notes to Consolidated Financial Statements

b. Financial instruments for which fair values are not used as consolidated balance sheet amount

Millions of yen

As of March 31, 2023	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ 80,980	¥ 2,875	¥ 83,855
Held-to-maturity bonds	—	80,980	—	80,980
Not treated as securities	—	—	2,875	2,875
Monetary trusts	920,569	—	—	920,569
Monetary trusts for held-to-maturity purposes	29,040	—	—	29,040
Monetary trusts for policy-reserve-matching purposes	891,528	—	—	891,528
Securities	3,993,339	1,648,424	99	5,641,864
Held-to-maturity bonds	686,092	220,822	99	907,015
Domestic bonds	685,392	195,429	—	880,821
Government bonds	685,392	—	—	685,392
Municipal bonds	—	50,114	—	50,114
Corporate bonds	—	145,315	—	145,315
Foreign securities	700	25,392	99	26,193
Foreign bonds	700	25,392	99	26,193
Policy-reserve-matching bonds	3,307,246	1,427,602	—	4,734,848
Domestic bonds	3,285,194	1,411,395	—	4,696,589
Government bonds	3,285,194	—	—	3,285,194
Municipal bonds	—	307,247	—	307,247
Corporate bonds	—	1,104,147	—	1,104,147
Foreign securities	22,051	16,207	—	38,259
Foreign bonds	22,051	16,207	—	38,259
Loans	—	—	1,763,965	1,763,965
Policy loans	—	—	108,283	108,283
Commercial loans	—	—	1,655,681	1,655,681
Derivative financial instruments	—	134	—	134
Interest-related transactions	—	134	—	134
Total assets	4,913,908	1,729,539	1,766,940	8,410,387
Bonds	—	116,489	—	116,489
Borrowings within other liabilities	—	13,296	43,474	56,771
Total liabilities	¥ —	¥ 129,785	¥ 43,474	¥ 173,260

As of March 31, 2024	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ 76,868	¥ 2,653	¥ 79,521
Held-to-maturity bonds	—	76,868	—	76,868
Not treated as securities	—	—	2,653	2,653
Monetary trusts	882,595	—	—	882,595
Monetary trusts for held-to-maturity purposes	25,329	—	—	25,329
Monetary trusts for policy-reserve-matching purposes	857,265	—	—	857,265
Securities	3,797,671	1,527,926	99	5,325,697
Held-to-maturity bonds	472,283	199,563	99	671,947
Domestic bonds	471,479	166,134	—	637,614
Government bonds	471,479	—	—	471,479
Municipal bonds	—	43,481	—	43,481
Corporate bonds	—	122,653	—	122,653
Foreign securities	804	33,428	99	34,332
Foreign bonds	804	33,428	99	34,332
Policy-reserve-matching bonds	3,325,387	1,328,362	—	4,653,750
Domestic bonds	3,304,476	1,311,228	—	4,615,704
Government bonds	3,295,289	—	—	3,295,289
Municipal bonds	—	284,372	—	284,372
Corporate bonds	9,186	1,026,855	—	1,036,042
Foreign securities	20,911	17,134	—	38,045
Foreign bonds	20,911	17,134	—	38,045
Loans	—	—	1,729,944	1,729,944
Policy loans	—	—	110,233	110,233
Commercial loans	—	—	1,619,710	1,619,710
Derivative financial instruments	—	45	—	45
Interest-related transactions	—	45	—	45
Total assets	4,680,266	1,604,839	1,732,697	8,017,803
Bonds	—	117,973	—	117,973
Borrowings within other liabilities	—	13,149	40,023	53,172
Total liabilities	¥ —	¥ 131,122	¥ 40,023	¥ 171,145

Annotation 1

Description of the valuation techniques and inputs used to measure fair value

Monetary claims purchased

Fair value of monetary claims purchased which are deemed appropriate to treat as securities is based on the value calculated by the same method as that of securities. Fair value of monetary claims purchased which are deemed appropriate to treat as loans is based on the value calculated by the same method as that of loans.

Monetary trusts

Fair value of monetary trusts invested mainly in securities is based on the value calculated by the same method as that for securities. Monetary trusts are classified based on levels of constituents held in trust.

In addition to the above, currency options and stock index options, etc. are used within monetary trusts and fair value of

them is calculated by the same method as that for derivatives.

See “Note 22 Monetary Trusts” for notes related to monetary trust by holding purposes.

Securities

Fair value of listed stocks is based on the quoted prices in markets, and listed stocks of which the fair value is based on the quoted prices in active markets with no adjustment are classified into Level 1.

Fair value of bonds is based on the observable transaction prices, etc. Bonds of which the fair value is based on the transaction prices, etc. in active markets with no adjustment are classified into Level 1. Bonds of which the fair value is based on the observable transaction prices, etc. in inactive markets are classified into Level 2. If the transaction prices, etc. are not available, the fair value is calculated by the discounted present value method of future cash flow, etc. The Company makes

Notes to Consolidated Financial Statements

maximum use of observable inputs in the calculations, including government bond yields and credit risk premiums, etc. If a significant unobservable input is used in the calculation, the fair value is classified into Level 3, and if not, the fair value is classified into Level 2.

Fair value of investment trusts is based on quoted prices in markets or net asset value, etc. announced by industry groups and settlor companies of investment trusts. If the fair value is based on the quoted prices in markets with no adjustment, it is classified into Level 1; otherwise, it is classified into Level 2.

See "Note 21 Securities" for notes related to securities by holding purposes.

Loans

a. Policy loans

Fair value of policy loans is calculated by discounting the expected future cash flow derived from the repayment rate based on the past actual repayment performance by the risk-free rate and classified into Level 3.

b. Commercial loans

Variable interest rate loans reflect the market interest rate in a short period. Therefore, carrying amount is recorded as fair value since fair value is proximate to the carrying amount unless the borrower's credit standing significantly changes after the loan is provided.

Fair value of fixed interest rate loans is calculated by discounting the total amount of principal and interest by risk-free rates weighted by credit risks involved.

For loans to bankrupt companies, effectively bankrupt companies and potentially bankrupt companies, estimated uncollectible amounts are calculated based on the present value of the estimated future cash flows or estimated amounts recoverable through pledge or guarantee, etc. and fair values are proximate to consolidated balance sheet

amounts less the estimated uncollectible amounts at the consolidated closing date, and thus the amounts are recorded as fair values.

For these transactions, unobservable inputs are used. Therefore, they are classified into Level 3.

Bonds

Fair value of bonds is based on quoted price, or calculated by discounting the total amount of principal and interest by discount rate that takes into account the remaining period of the bond and credit risk of the issuer. Those of which the fair value is based on the quoted prices in active markets are classified into Level 2. If not, those are classified into Level 3 as the discount rate is unobservable.

Borrowings

Fair value of borrowings is calculated by discounting the total amount of principal and interest by discount rate that takes into account the remaining period of the borrowing and credit risk of the borrower. If the discount rate is observable, borrowings are classified into Level 2. If not, those are classified into Level 3.

Derivatives

- Fair value of forward exchange contract transactions use forward exchange rates, etc., and are classified into Level 2.
- Fair value of stock index futures, stock forward contracts, stock index options, individual stock options, bond futures, bond options, currency options, currency swaps, and interest swap transactions are based on the quoted prices in markets, or the prices calculated based on observable market data, etc. Those of which the fair value is based on the quoted prices in active markets with no adjustment are classified into Level 1. If not, those are classified into Level 2.

Annotation 2

Financial instruments for which level 3 fair values are used as consolidated balance sheet amount

a. Quantitative information about significant unobservable input

As of March 31, 2023	Valuation techniques	Significant unobservable input	Range of inputs	Weighted average of inputs
Monetary claims purchased	Discounted-cash-flow method	Discount rate	1.86%	1.86%
Securities (Domestic bonds)	Discounted-cash-flow method	Discount rate	0.58%	0.58%
As of March 31, 2024	Valuation techniques	Significant unobservable input	Range of inputs	Weighted average of inputs
Monetary claims purchased	Discounted-cash-flow method	Discount rate	1.88% – 8.38%	4.19%
Securities (Domestic bonds)	Discounted-cash-flow method	Discount rate	0.66%	0.66%
Securities (Foreign securities)	Discounted-cash-flow method	Discount rate	0.44% – 0.49%	0.46%

b. Reconciliations between the beginning and ending balances, valuation gains / losses recognized in the gains / losses in the period

Millions of yen

Year ended March 31, 2023	Monetary claims purchased	Domestic bonds	Foreign securities	Total
Balance at the beginning of the fiscal year	¥1,640	¥ 388	¥ 33,409	¥ 35,437
Gains/losses or other comprehensive income in the period	(37)	(0)	1,508	1,471
Recorded in gains/losses*1	—	0	3,046	3,046
Recorded in other comprehensive income*2	(37)	(0)	(1,538)	(1,575)
Net amount for purchase, sale, issuance and settlement	(85)	(296)	(10,718)	(11,101)
Transfer to Level 3 fair values	—	—	—	—
Transfer from Level 3 fair values *3	—	—	(24,198)	(24,198)
Balance at the end of the fiscal year	1,517	91	—	1,608
Valuation gains / losses on financial assets and liabilities held at the end of the period out of the amount recorded in gains / losses for the period	—	—	—	—

*1. It is included in "Investment income" and "Investment expenses" in the consolidated statement of operations.

*2. It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income.

*3. It is a transfer from Level 3 fair value to Level 2 fair value due to changes in the observability of the inputs used to calculate fair value based on market liquidity. It is executed at the end of the consolidated fiscal year.

Millions of yen

Year ended March 31, 2024	Monetary claims purchased	Domestic bonds	Foreign securities	Total
Balance at the beginning of the fiscal year	¥1,517	¥ 91	¥ —	¥ 1,608
Gains/losses or other comprehensive income in the period	(5)	0	23	18
Recorded in gains/losses	—	—	—	—
Recorded in other comprehensive income*	(5)	0	23	18
Net amount for purchase, sale, issuance and settlement	712	(91)	22,000	22,621
Transfer to Level 3 fair values	—	—	—	—
Transfer from Level 3 fair values	—	—	—	—
Balance at the end of the fiscal year	2,224	0	22,023	24,248
Valuation gains / losses on financial assets and liabilities held at the end of the period out of the amount recorded in gains / losses for the period	—	—	—	—

* It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income.

c. Description of the fair value valuation process

The Group has established policies and procedures for calculating the fair value, and calculates the fair value in accordance with them.

The calculated fair value is checked by an independent valuation department to confirm operations for the validity of the valuation technique and inputs used in the calculation of the fair value and the appropriateness of the classification of the fair value level, thereby ensuring the appropriateness of the policies and procedures for calculating the fair value.

In calculating the fair value, we use a valuation model that can most appropriately reflect the nature, characteristics and risks of individual assets. In addition, when using the

quoted price obtained from a third party, the validity of the price is verified by appropriate methods such as confirmation of the valuation technique and inputs used and comparison with the fair value of similar financial instruments.

d. Explanation of the sensitivity of the fair value to changes in significant unobservable input

A significant unobservable input used in calculating the fair value of monetary claims purchased and securities is the discount rate. The discount rate consists of government bond interest rates and credit risk premiums. In general, a significant increase (decrease) in the discount rate results in a significant decrease (increase) in the fair value.

Notes to Consolidated Financial Statements

(4) Investment trusts for which net asset value is regarded as fair value in accordance with generally accepted accounting principles

Investment trusts for which net asset value is regarded as fair value in accordance with generally accepted accounting principles are not disclosed in “(3) Breakdown of fair values of financial instruments by levels.” The amount of the investment trusts on the consolidated balance sheet is ¥ 723,512 million in financial assets. (¥ 575,827 million in financial assets for the previous fiscal year.)

a. Reconciliations between the beginning and ending balances of investment trusts whose properties are financial instruments

Millions of yen			
	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
Year ended March 31, 2023			
Balance at the beginning of the fiscal year	¥1,321	¥419,087	¥420,409
Gains/losses or other comprehensive income in the period	(367)	39,734	39,367
Recorded in gains/losses* ¹	(367)	31,301	30,934
Recorded in other comprehensive income* ²	—	8,433	8,433
Net amount for purchase, sale and redemption	(304)	52,861	52,556
Amount of investment trusts for which net asset value is regarded as fair value from the period	—	—	—
Amount of investment trusts for which net asset value is not regarded as fair value from the period	—	—	—
Balance at the end of the fiscal year	649	511,683	512,332
Valuation gains/losses on investment trusts held at the end of the period out of the amount recorded in gains/losses for the period* ¹	(277)	1,419	1,142

*1. It is included in “Investment income” and “Investment expenses” in the consolidated statement of operations.

*2. It is included in “Valuation difference on available-for-sale securities” under “Other comprehensive income” of the consolidated statement of comprehensive income.

Millions of yen			
	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
Year ended March 31, 2024			
Balance at the beginning of the fiscal year	¥649	¥511,683	¥512,332
Gains/losses or other comprehensive income in the period	150	108,806	108,957
Recorded in gains/losses* ¹	150	57,126	57,277
Recorded in other comprehensive income* ²	—	51,680	51,680
Net amount for purchase, sale and redemption	(54)	36,256	36,202
Amount of investment trusts for which net asset value is regarded as fair value from the period	—	—	—
Amount of investment trusts for which net asset value is not regarded as fair value from the period	—	—	—
Balance at the end of the fiscal year	746	656,746	657,492
Valuation gains/losses on investment trusts held at the end of the period out of the amount recorded in gains/losses for the period* ¹	141	5,055	5,196

*1. It is included in “Investment income” and “Investment expenses” in the consolidated statement of operations.

*2. It is included in “Valuation difference on available-for-sale securities” under “Other comprehensive income” of the consolidated statement of comprehensive income.

b. Breakdown of restriction regarding cancellation or buyback request of investment trusts whose properties are financial assets

Millions of yen

	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
As of March 31, 2023			
Having limitation in frequency, etc., of cancellation or buyback request	¥649	¥461,025	¥461,674
Others	—	50,658	50,658
Total	649	511,683	512,332

Millions of yen

	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
As of March 31, 2024			
Having limitation in frequency, etc., of cancellation or buyback request	¥746	¥513,018	¥513,764
Others	—	143,728	143,728
Total	746	656,746	657,492

c. Reconciliations between the beginning and ending balances of investment trusts whose properties are real estates

Millions of yen

	Available for sale securities		Total
	Foreign other securities	Other securities	
Year ended March 31, 2023			
Balance at the beginning of the fiscal year	¥6,554	¥51,212	¥57,767
Gains/losses or other comprehensive income in the period	744	1,109	1,853
Recorded in gains/losses	—	—	—
Recorded in other comprehensive income*	744	1,109	1,853
Net amount for purchase, sale and redemption	—	3,873	3,873
Amount of investment trusts for which net asset value is regarded as fair value from the period	—	—	—
Amount of investment trusts for which net asset value is not regarded as fair value from the period	—	—	—
Balance at the end of the fiscal year	7,298	56,195	63,494
Valuation gains/losses on investment trusts held at the end of the period out of the amount recorded in gains/losses for the period	—	—	—

* It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income.

Millions of yen

	Available for sale securities		Total
	Foreign other securities	Other securities	
Year ended March 31, 2024			
Balance at the beginning of the fiscal year	¥7,298	¥56,195	¥63,494
Gains/losses or other comprehensive income in the period	190	999	1,189
Recorded in gains/losses	—	—	—
Recorded in other comprehensive income*	190	999	1,189
Net amount for purchase, sale and redemption	—	1,335	1,335
Amount of investment trusts for which net asset value is regarded as fair value from the period	—	—	—
Amount of investment trusts for which net asset value is not regarded as fair value from the period	—	—	—
Balance at the end of the fiscal year	7,489	58,530	66,019
Valuation gains/losses on investment trusts held at the end of the period out of the amount recorded in gains/losses for the period	—	—	—

* It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income.

Notes to Consolidated Financial Statements

Note 21 Securities

(1) Trading securities

	Millions of yen	
Year ended March 31,	2023	2024
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(3,056)	¥12,611

(2) Held-to-maturity bonds

	Millions of yen		
As of March 31, 2023	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥710,922	¥811,595	¥100,673
Government bonds	577,866	660,661	82,794
Municipal bonds	28,028	32,627	4,599
Corporate bonds	105,027	118,306	13,279
Foreign securities	2,000	2,012	12
Foreign bonds	2,000	2,012	12
Other securities	21,887	22,745	858
Total	734,809	836,354	101,544
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	80,053	69,226	(10,826)
Government bonds	28,344	24,731	(3,613)
Municipal bonds	19,023	17,486	(1,537)
Corporate bonds	32,685	27,008	(5,676)
Foreign securities	28,583	24,180	(4,403)
Foreign bonds	28,583	24,180	(4,403)
Other securities	66,485	64,233	(2,251)
Total	175,123	157,640	(17,482)
Grand total	¥909,932	¥993,994	¥ 84,062

Note: Other securities include commercial paper (consolidated balance sheet amount of ¥ 5,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥ 82,373 million) which are represented as monetary claims purchased in the consolidated balance sheet.

	Millions of yen		
As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥513,292	¥562,741	¥ 49,448
Government bonds	406,342	442,984	36,642
Municipal bonds	26,389	29,631	3,242
Corporate bonds	80,561	90,125	9,563
Foreign securities	—	—	—
Foreign bonds	—	—	—
Other securities	10,315	10,633	318
Total	523,608	573,375	49,767
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	89,903	74,873	(15,030)
Government bonds	34,586	28,495	(6,091)
Municipal bonds	15,695	13,849	(1,846)
Corporate bonds	39,620	32,528	(7,091)
Foreign securities	39,892	34,332	(5,560)
Foreign bonds	39,892	34,332	(5,560)
Other securities	79,615	72,234	(7,380)
Total	209,411	181,440	(27,971)
Grand total	¥733,019	¥754,815	¥ 21,795

Note: Other securities include commercial paper (consolidated balance sheet amount of ¥ 5,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥ 83,930 million) which are represented as monetary claims purchased in the consolidated balance sheet.

(3) Policy-reserve-matching bonds

Millions of yen

As of March 31, 2023	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥2,347,571	¥2,584,408	¥ 236,837
Government bonds	1,692,051	1,859,508	167,457
Municipal bonds	123,464	135,752	12,287
Corporate bonds	532,055	589,147	57,092
Foreign securities	7,229	7,316	86
Foreign bonds	7,229	7,316	86
Total	2,354,801	2,591,724	236,923
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	2,432,498	2,112,181	(320,316)
Government bonds	1,648,764	1,425,686	(223,078)
Municipal bonds	192,895	171,495	(21,399)
Corporate bonds	590,837	514,999	(75,837)
Foreign securities	32,132	30,942	(1,189)
Foreign bonds	32,132	30,942	(1,189)
Total	2,464,630	2,143,124	(321,506)
Grand total	¥4,819,431	¥4,734,848	¥ (84,582)

Millions of yen

As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,796,459	¥1,928,363	¥ 131,904
Government bonds	1,206,910	1,293,585	86,675
Municipal bonds	106,987	115,060	8,073
Corporate bonds	482,562	519,717	37,154
Foreign securities	5,000	5,051	51
Foreign bonds	5,000	5,051	51
Total	1,801,459	1,933,415	131,955
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	3,237,644	2,687,340	(550,303)
Government bonds	2,404,745	2,001,703	(403,041)
Municipal bonds	202,946	169,312	(33,634)
Corporate bonds	629,953	516,324	(113,628)
Foreign securities	34,720	32,993	(1,726)
Foreign bonds	34,720	32,993	(1,726)
Total	3,272,364	2,720,334	(552,029)
Grand total	¥5,073,824	¥4,653,750	¥(420,074)

Notes to Consolidated Financial Statements

(4) Available-for-sale securities

	Millions of yen		
As of March 31, 2023	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥ 466,529	¥ 442,878	¥ 23,651
Government bonds	206,558	193,065	13,493
Municipal bonds	28,761	26,893	1,868
Corporate bonds	231,209	222,919	8,289
Domestic stocks	607,181	351,670	255,511
Foreign securities	1,377,602	1,169,919	207,683
Foreign bonds	182,801	175,941	6,860
Foreign stocks	23,576	21,768	1,808
Foreign other securities	1,171,224	972,209	199,015
Other securities	415,391	353,271	62,120
Total	2,866,705	2,317,739	548,966
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	871,842	916,392	(44,550)
Government bonds	190,611	210,824	(20,212)
Municipal bonds	13,305	13,701	(395)
Corporate bonds	667,924	691,865	(23,941)
Domestic stocks	54,256	58,871	(4,614)
Foreign securities	1,812,876	2,033,705	(220,829)
Foreign bonds	1,047,126	1,210,830	(163,703)
Foreign stocks	321	323	(1)
Foreign other securities	765,427	822,552	(57,124)
Other securities	116,039	119,487	(3,448)
Total	2,855,014	3,128,457	(273,443)
Grand total	¥5,721,720	¥5,446,196	¥ 275,523

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥43,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥19,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥47,660 million) which are represented as monetary claims purchased in the consolidated balance sheet.

	Millions of yen		
As of March 31, 2024	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥ 442,195	¥ 420,315	¥ 21,879
Government bonds	173,673	160,004	13,668
Municipal bonds	24,739	23,491	1,247
Corporate bonds	243,782	236,819	6,963
Domestic stocks	793,411	358,301	435,110
Foreign securities	2,066,274	1,745,080	321,193
Foreign bonds	281,829	276,273	5,556
Foreign stocks	4,517	3,427	1,090
Foreign other securities	1,779,926	1,465,380	314,546
Other securities	523,366	357,329	166,036
Total	3,825,246	2,881,026	944,220
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	1,083,809	1,136,290	(52,481)
Government bonds	362,399	394,457	(32,057)
Municipal bonds	36,937	37,886	(948)
Corporate bonds	684,472	703,946	(19,474)
Domestic stocks	6,774	7,588	(814)
Foreign securities	1,019,919	1,141,133	(121,214)
Foreign bonds	560,252	644,979	(84,727)
Foreign stocks	18,668	20,697	(2,029)
Foreign other securities	440,998	475,456	(34,457)
Other securities	80,349	83,082	(2,733)
Total	2,190,852	2,368,096	(177,243)
Grand total	¥6,016,099	¥5,249,122	¥ 766,976

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥12,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥29,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥43,040 million) which are represented as monetary claims purchased in the consolidated balance sheet.

(5) Sales of securities classified as held-to-maturity bonds

- There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2023.
- There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2024.

(6) Sales of securities classified as policy-reserve-matching bonds

	Millions of yen		
Year ended March 31, 2023	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 89,655	¥ 9,225	¥101
Government bonds	65,134	7,444	—
Corporate bonds	24,520	1,781	101
Foreign securities	26,797	1,586	585
Foreign bonds	26,797	1,586	585
Total	¥116,452	¥10,811	¥686

	Millions of yen		
Year ended March 31, 2024	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥124,408	¥10,510	¥740
Government bonds	123,808	10,510	641
Corporate bonds	600	—	99
Foreign securities	4,612	193	—
Foreign bonds	4,612	193	—
Total	¥129,021	¥10,703	¥740

(7) Sales of securities classified as available-for-sale securities

	Millions of yen		
Year ended March 31, 2023	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 328,436	¥ 9,313	¥ 2,837
Government bonds	13,906	228	399
Municipal bonds	2,861	91	—
Corporate bonds	311,668	8,993	2,437
Domestic stocks	130,853	61,113	3,419
Foreign securities	1,253,059	39,064	44,760
Foreign bonds	1,152,848	22,748	43,985
Foreign stocks	19	—	7
Foreign other securities	100,190	16,316	767
Other securities	20,173	4,618	275
Total	¥1,732,523	¥114,108	¥51,293

	Millions of yen		
Year ended March 31, 2024	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 213,409	¥ 11,478	¥ 6,609
Government bonds	159,769	10,125	3,980
Municipal bonds	2,108	—	491
Corporate bonds	51,531	1,352	2,138
Domestic stocks	100,012	50,971	2,354
Foreign securities	979,922	63,387	89,829
Foreign bonds	797,678	8,345	89,324
Foreign stocks	2,502	16	452
Foreign other securities	179,742	55,025	51
Other securities	40,512	6,121	2
Total	¥1,333,856	¥131,958	¥98,795

Notes to Consolidated Financial Statements

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥204 million as impairment losses for the policy-reserve-matching bonds, ¥282 million as impairment losses for the available-for-sale securities other than stocks without market prices and the investments in capital of partnerships and so forth for the fiscal year ended March 31, 2023.

The Company and its consolidated subsidiaries recognized ¥980 million as impairment losses for the available-for-sale securities other than stocks without market prices and the

investments in capital of partnerships and so forth and ¥4,336 million as impairment losses for the available-for-sale securities of stocks without market prices and the investments in capital of partnerships and so forth for the fiscal year ended March 31, 2024.

The Company and its consolidated subsidiaries recognize impairment losses on the securities in principle if fair value as of the end of the fiscal year declines by 30% or more from their acquisition cost.

Note 22 Monetary Trusts

(1) Monetary trusts for trading purposes

	Millions of yen	
Year ended March 31,	2023	2024
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥14	¥(17)

(2) Monetary trusts for held-to-maturity purposes

	Millions of yen		
As of March 31, 2023	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥30,485	¥29,040	¥(1,444)

	Millions of yen		
As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥28,138	¥25,329	¥(2,809)

(3) Monetary trusts for policy-reserve-matching purposes

	Millions of yen		
As of March 31, 2023	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥929,828	¥891,528	¥(38,299)

	Millions of yen		
As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	¥927,158	¥857,265	¥(69,892)

(4) Monetary trusts for those other than trading, held-to-maturity or policy-reserve-matching purposes

	Millions of yen		
As of March 31, 2023	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	¥252,427	¥252,611	¥(183)

	Millions of yen		
As of March 31, 2024	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	¥197,292	¥186,856	¥10,436

Note 23 Derivative Transactions

(1) Derivative financial instruments for which hedge accounting is not applied

a. Currency-related transactions

Millions of yen				
As of March 31, 2023	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥272,566	¥ —	¥(3,329)	¥(3,329)
U.S. dollar	71,474	—	(731)	(731)
Euro	25,988	—	(481)	(481)
British pound	37,112	—	(1,230)	(1,230)
Canadian dollar	16,527	—	(222)	(222)
Australian dollar	117,834	—	(555)	(555)
Swiss franc	3,629	—	(107)	(107)
Bought	44,462	—	424	424
U.S. dollar	33,393	—	349	349
Australian dollar	11,068	—	75	75
Currency options:				
Sold				
Call	209,177	—		
	[648]	[—]	187	461
U.S. dollar	209,177	—		
	[648]	[—]	187	461
Bought				
Put	181,202	—		
	[648]	[—]	280	(367)
U.S. dollar	181,202	—		
	[648]	[—]	280	(367)
Total			¥(2,436)	¥(2,811)

Note:

- Monetary claims and liabilities denominated in foreign currencies, etc., which have fixed settlement amounts in yen under foreign exchange contracts, etc. and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.
- Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

				Millions of yen
As of March 31, 2024	Notional amount		Fair value	Valuation gains (losses)
	Total	Over		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥427,141	¥—	¥(8,335)	¥(8,335)
U.S. dollar	121,074	—	(3,837)	(3,837)
Euro	33,142	—	(668)	(668)
British pound	41,533	—	(127)	(127)
Canadian dollar	39,635	—	(784)	(784)
Australian dollar	191,755	—	(2,918)	(2,918)
Bought	103,298	—	(273)	(273)
U.S. dollar	29,499	—	(43)	(43)
Euro	6,382	—	(38)	(38)
British pound	257	—	0	0
Canadian dollar	17,970	—	(8)	(8)
Australian dollar	49,187	—	(182)	(182)
Total			¥(8,608)	¥(8,608)

Note: Monetary claims and liabilities denominated in foreign currencies, etc., which have fixed settlement amounts in yen under foreign exchange contracts, etc. and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.

Notes to Consolidated Financial Statements

b. Interest-related transactions

As of March 31, 2023

- There were no Interest-related transactions for the year ended March 31, 2023.

As of March 31, 2024

- There were no Interest-related transactions for the year ended March 31, 2024.

c. Stock-related transactions

				Millions of yen
As of March 31, 2023	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Market transactions:				
Stock index options:				
Bought				
Put	¥30,000	¥ —		
	[499]	[—]	1	(497)
Over-the-counter transactions:				
Stock index options:				
Sold	60,145	—		
Call	[228]	[—]	161	66
Bought				
Put	50,162	—		
	[205]	[—]	59	(145)
Total			¥223	¥(576)

Note: Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

				Millions of yen
As of March 31, 2024	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Stock index options:				
Bought				
Put	¥99,430	¥ —		
	[101]	[—]	4	(96)
Total			¥4	¥(96)

Note: Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

T&D Financial Life uses monetary trusts to execute derivative transactions. The following tables show a summary of the notional amount and fair value of derivative financial instruments.

					Millions of yen
As of March 31, 2023	Notional amount		Fair value	Valuation gains (losses)	
	Total	Over one year			
Over-the-counter transactions:					
Currency-related transactions:					
Foreign exchange contracts:					
Sold	¥166,641	¥ —	¥(3,440)	¥(3,440)	
U.S. dollar	166,641	—	(3,440)	(3,440)	
Bought	29,096	—	453	453	
U.S. dollar	19,821	—	321	321	
Australian dollar	9,274	—	132	132	
Currency options:					
Bought					
Put	627	440			
	[170]	[121]	22	(148)	
U.S. dollar	378	282			
	[112]	[86]	12	(100)	
Euro	249	157			
	[57]	[34]	9	(47)	
Over-the-counter transactions:					
Stock-related transactions:					
Stock index options:					
Bought					
Put	1,477	1,193			
	[330]	[271]	39	(290)	
Total			¥(2,925)	¥(3,425)	

Note: Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

				Millions of yen
As of March 31, 2024	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency-related transactions:				
Foreign exchange contracts:				
Sold	¥24,992	¥ —	¥(718)	¥ (718)
U.S. dollar	24,992	—	(718)	(718)
Bought	4,969	—	(46)	(46)
Australian dollar	4,969	—	(46)	(46)
Currency options:				
Bought				
Put	440	313		
	[121]	[85]	4	(116)
U.S. dollar	282	204		
	[86]	[62]	2	(83)
Euro	157	109		
	[34]	[23]	1	(33)
Over-the-counter transactions:				
Stock-related transactions:				
Stock index options:				
Bought				
Put	1,193	989		
	[271]	[232]	12	(258)
Total			¥(747)	¥(1,140)

Note: Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

Notes to Consolidated Financial Statements

(2) Derivative financial instruments for which hedge accounting is applied

a. Currency-related transactions

Millions of yen

As of March 31, 2023	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		¥2,206,080	¥ —	¥(21,153)
U.S. dollar		1,664,544	—	(8,729)
Euro		445,778	—	(11,513)
British pound		33,665	—	(1,077)
Canadian dollar		12,919	—	(140)
Australian dollar		43,801	—	513
Polish zloty		1,713	—	(100)
Danish krone		1,511	—	(55)
Singapore dollar		2,145	—	(48)
Bought		159,578	—	83
U.S. dollar		149,626	—	49
Euro		9,952	—	33
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Sold	Foreign currency-denominated deposits	7,000	—	—
U.S. dollar		7,000	—	—
Bought	Foreign currency-denominated capital (forecast transaction)	32,752	—	539
U.S. dollar		32,752	—	539
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		37,937	29,442	—
U.S. dollar		37,937	29,442	—
Total				¥(20,530)

Note: Fair value of foreign exchange contracts, etc., with allocation treatments are included in fair value of the relevant hedged items which are foreign currency-denominated term deposits and loans, because the hedging instruments and the hedged items are treated as a unit.

Millions of yen

As of March 31, 2024	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		¥1,867,414	¥ —	¥(36,705)
U.S. dollar		1,523,473	—	(32,452)
Euro		327,881	—	(3,959)
Australian dollar		16,059	—	(292)
Bought		94,956	—	(67)
U.S. dollar		75,605	—	14
Euro		18,530		(78)
Australian dollar		820	—	(2)
Allocation treatment for foreign exchange contracts, etc.:				
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		29,442	29,442	—
U.S. dollar		29,442	29,442	—
Total				¥(36,772)

Note: Fair value of foreign exchange contracts, etc., with allocation treatments are included in fair value of the relevant hedged items which are foreign currency-denominated loans, because the hedging instruments and the hedged items are treated as a unit.

b. Interest-related transactions

				Millions of yen
As of March 31, 2023	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥17,408	¥14,628	¥134
Total				¥134

				Millions of yen
As of March 31, 2024	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥14,232	¥994	¥45
Total				¥45

c. Stock-related transactions

As of March 31, 2023

- There were no stock-related transactions for the year ended March 31, 2023.

				Millions of yen
As of March 31, 2024	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Stock forward:				
Sold	Foreign stocks	¥60,872	¥—	¥(10,741)
Total				¥(10,741)

Note 24 Employees' Retirement Benefits

(1) Overview of the retirement benefit plan adopted by the T&D Insurance Group

The Company and domestic consolidated subsidiaries have defined benefit retirement plans such as a defined benefit corporate pension plan, a retirement pension plan, and a retirement lump-sum payment plan. Further, certain consolidated subsidiaries have defined contribution pension plans as their defined contribution retirement plan as well as retirement benefit trusts.

(2) Defined benefit retirement plan

a. Reconciliations of the beginning- and end-of-the-year balances of retirement benefit obligations are as follows:

Millions of yen		
Years ended March 31,	2023	2024
Balance at the beginning of the year	¥149,749	¥147,194
Service cost	6,001	5,734
Interest cost	946	1,215
Actuarial gains and losses	(3,029)	(10,777)
Retirement benefit paid	(6,471)	(6,427)
Accrual of past service costs	—	4
Others	(1)	—
Balance at the end of the year	¥147,194	¥136,943

Note: Retirement benefit expense for companies using the simplified method is recorded in service cost.

Notes to Consolidated Financial Statements

b. Reconciliations of the beginning- and end-of-the-year balances of pension plan assets are as follows:

	Millions of yen	
Years ended March 31,	2023	2024
Balance at the beginning of the year	¥110,455	¥109,119
Expected return on plan assets	1,369	1,186
Actuarial gains and losses	(3,068)	1,556
Employer contribution	5,137	5,263
Benefit obligation paid	(4,773)	(4,904)
Balance at the end of the year	¥109,119	¥112,221

c. Reconciliations of retirement benefit obligations and pension plan assets to retirement benefit liabilities and retirement benefit assets stated in the consolidated balance sheet are as follows:

	Millions of yen	
As of March 31,	2023	2024
Retirement benefit obligations for funded plans	¥ 120,042	¥ 111,427
Plan assets	(109,119)	(112,221)
Employee pension trusts	[(59,216)]	[(56,407)]
	10,922	(793)
Retirement benefit obligations for unfunded plans	27,151	25,512
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	38,074	24,718
Retirement benefit liability	40,818	35,455
Retirement benefit asset	(2,744)	(10,736)
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 38,074	¥ 24,718

d. Components of retirement benefit expense are as follows:

	Millions of yen	
Years ended March 31,	2023	2024
Service cost	¥6,001	¥ 5,734
Interest cost	946	1,215
Expected return on plan assets	(1,369)	(1,186)
Recognized actuarial gains and losses	38	(12,333)
Recognized past service costs	—	4
Retirement benefit expense relating to defined benefit retirement plan	¥5,616	¥ (6,566)

Note: Retirement benefit expense for companies using the simplified method is recorded in service cost.

e. Matters related to pension plan assets

(i) Components of pension plan assets are as follows:

As of March 31,	2023	2024
Bonds	62.9%	63.0%
General account	13.3	13.3
Foreign securities	8.6	12.1
Stocks	4.9	6.9
Cash and deposits	7.9	2.3
Joint assets	0.8	0.8
Others	1.6	1.6
Total	100.0%	100.0%

Note: The total includes 54.3% and 50.3% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2023 and 2024, respectively.

(ii) The setting method for long-term expected rate of return

The long-term expected rate of return on pension plan assets is set by considering the present and the prospective asset allocation of pension plan assets, as well as the present and the expected long-term rate of return arising from various assets that comprise the plan assets.

f. Matters related to actuarial basis

Years ended March 31,	2023	2024
Discount rate	0.38% – 1.06%	0.66% – 1.80%
Expected long-term rate of return on plan assets	0.42% – 2.96%	0.58% – 2.02%

(3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the consolidated subsidiaries amounted to ¥278 million and ¥278 million for the fiscal years ended March 31, 2023 and 2024, respectively.

Note 25 Stock Options

(1) Amount of expenses related to stock options

There were no operating expenses related to stock options for the fiscal years ended March 31, 2023 and 2024.

(2) Details, size and status of stock options

a. Details of stock options

T&D Holdings, Inc. stock subscription rights (1st series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 40
Number of stock options by class*	Common stock: 449,600 shares
Grant date	July 31, 2012
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 1, 2012 to July 31, 2042

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (2nd series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 39
Number of stock options by class*	Common stock: 235,500 shares
Grant date	August 1, 2013
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2013 to August 1, 2043

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (3rd series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 6 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 41
Number of stock options by class*	Common stock: 231,300 shares
Grant date	August 1, 2014
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2014 to August 1, 2044

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (4th series)	
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 15 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 43
Number of stock options by class*	Common stock: 170,700 shares
Grant date	August 3, 2015
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 4, 2015 to August 3, 2045

* Translated to the number of common stock.

Notes to Consolidated Financial Statements

T&D Holdings, Inc. stock subscription rights (5th series)

Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 10 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 48
Number of stock options by class*	Common stock: 379,800 shares
Grant date	August 1, 2016
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2016 to August 1, 2046

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (6th series)

Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 10 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 47
Number of stock options by class*	Common stock: 208,200 shares
Grant date	August 1, 2017
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2017 to August 1, 2047

* Translated to the number of common stock.

b. Size and status of stock options

For stock options which existed during the consolidated fiscal year ended March 31, 2024, the number of stock options is translated to the number of common stock.

(i) Number of stock options

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	73,300 shares	48,300 shares	60,000 shares
Vested	—	—	—
Exercised	41,600 shares	26,900 shares	25,900 shares
Forfeited	—	—	—
Exercisable	31,700 shares	21,400 shares	34,100 shares

	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	59,200 shares	144,900 shares	108,600 shares
Vested	—	—	—
Exercised	21,000 shares	48,000 shares	38,700 shares
Forfeited	—	—	—
Exercisable	38,200 shares	96,900 shares	69,900 shares

(ii) Unit price information

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	2,088 yen	2,088 yen	2,088 yen
Fair value at the granted date	685 yen	1,143 yen	1,153 yen

	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	2,043 yen	2,076 yen	2,028 yen
Fair value at the granted date	1,708 yen	918 yen	1,485 yen

(3) Method for estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

Note 26 Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheet are as follows:

(1) Overview of the asset retirement obligations

Asbestos removal obligations for office buildings and rental properties are recorded as asset retirement obligations.

(2) Calculation method for the amount of the asset retirement obligations

For the estimation of the present value of asset retirement obligations, 50 years from the acquisition of buildings is used as an estimated period before the cost will accrue and 2.11% as a discount rate.

(3) Increase or decrease of the total amount of the asset retirement obligations

	Millions of yen	
Years ended March 31,	2023	2024
Balance at the beginning of the year	¥2,173	¥2,200
Time progress adjustment	26	—
Balance at the end of the year	¥2,200	¥2,200

Note 27 Real Estate for Rent

T&D Insurance Group owns real estate for rent, consisting mainly of office buildings in major cities in Japan. Their balance sheet amount, net increase or decrease and fair value at the end of the year are as follows:

	Millions of yen	
Years ended March 31,	2023	2024
Balance sheet amount:		
Balance at the beginning of the year	¥270,624	¥279,913
Net increase (decrease)	9,289	(2,420)
Balance at the end of the year	279,913	277,492
Fair value at the end of the year	¥393,472	¥398,680

Notes:

- Balance sheet amount represents acquisition cost less accumulated depreciation and accumulated impairment losses.
- For the year ended March 31, 2023, the increase mainly consisted of purchase of real estate totaling ¥16,583 million and the decrease mainly consisted of depreciation totaling ¥5,539 million.
For the year ended March 31, 2024, the increase mainly consisted of purchase of real estate totaling ¥9,252 million and the decrease mainly consisted of depreciation totaling ¥5,878 million and sales of real estate totaling ¥4,916 million.
- Fair value at the end of the year of major properties is calculated based on their appraisal value by external real estate appraisers. The value of other properties is calculated in-house based on the posted price.

Notes to Consolidated Financial Statements

Gains (losses) on real estate for rent are as follows:

	Millions of yen	
Years ended March 31,	2023	2024
Ordinary revenues	¥21,677	¥21,917
Ordinary expenses	12,510	13,114
Ordinary profit	9,166	8,803
Other gains(losses)	601	6,453

Notes:

1. Ordinary revenues and ordinary expenses constitute income from lease and corresponding expenses, such as depreciation, repair expenses, insurance expenses and taxes. These amounts are recorded in investment income and investment expenses.
2. For the year ended March 31, 2023 and March 31, 2024, other gains were mainly gains on disposal of fixed assets, and these amounts are recorded in extraordinary gains.

Note 28 Revenue Recognition

Revenues arising from contracts with customers for the Company are immaterial since a large part of Ordinary revenues, substitute for Sales, consists of Income from insurance premiums and Investment income not subject to the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) in accordance with Paragraph 3 of the standard. Therefore, the Company discloses the revenues without separating from other revenues on the consolidated statement of operations as well as discloses contract assets, contract liabilities and claims arising from contracts with customers without separating from other assets and liabilities on the consolidated balance sheet. Also, the Company omits notes on the following information.

- (1) Information on disaggregated revenue arising from contracts with customers
- (2) Information providing a basis for understanding revenue arising from contracts with customers
 - a. Information on contracts with customers and performance obligations

- b. Information on determining the transaction price
 - c. Information on the calculation of the price allocated to a performance obligation
 - d. Information regarding the timing of satisfaction of performance obligations
 - e. Significant judgements on applying the Revenue Recognition Accounting Standard
- (3) Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue from contracts with existing customers at the end of the current fiscal year that are expected to be recognized in the following fiscal year or beyond
 - a. Balance of contract assets and contract liabilities, etc.
 - b. Transaction price allocated to remaining performance obligations

Note 29 Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company for which separate financial information is available. These segments are subject to regular review by the Company's Board of Directors to determine the allocation of business resources and evaluate business performances.

The Company is an insurance holding company which manages life insurance companies and other subsidiaries in accordance with the Insurance Business Act. Under the Company, the Three Life Insurance Companies, with unique product strategies and sales strategies, operate life insurance business which is the Group's core business. Each of the Three Life Insurance Companies focuses on different markets. Taiyo Life focuses on the households market, Daido Life focuses on the

small and medium enterprises market and T&D Financial Life focuses on independent insurance agent market and each company has different products under its unique marketing strategy.

In addition, T&D United Capital aims for diversification and optimization of the Group's business portfolio and focuses on establishing and strengthening functions as a profit center through the strategic investment in new growth business fields with a strong affinity for the life insurance business.

Therefore, the Company's four reportable segments are the Taiyo Life Insurance Company segment, the Daido Life Insurance Company segment, the T&D Financial Life Insurance Company segment and the T&D United Capital Company (consolidated) segment.

(2) Method for calculating ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

The method for the accounting treatment of the reportable segments is the same as described in “Note 2. Summary of Significant Accounting Policies.”

(3) Information on ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

Year ended March 31, 2023	Reportable segments							Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal	Others	Total		
Ordinary revenues	¥ 960,026	¥1,232,218	¥ 980,991	¥ 2,318	¥ 3,175,556	¥ 39,665	¥ 3,215,221	¥ (1,110)	¥ 3,214,110
Intergroup transfers	1,316	823	—	137	2,277	80,255	82,533	(82,533)	—
Total	961,343	1,233,042	980,991	2,456	3,177,834	119,920	3,297,754	(83,644)	3,214,110
Segment income (loss)	48,144	84,079	11,054	(213,261)	(69,982)	47,583	(22,399)	(51,745)	(74,144)
Segment assets	7,354,754	7,464,151	1,833,544	47,072	16,699,523	1,156,634	17,856,158	(1,082,280)	16,773,877
Segment liabilities	7,108,475	6,693,817	1,764,802	184,748	15,751,844	339,500	16,091,345	(311,148)	15,780,196
Others									
Depreciation of real estate for rent	3,664	2,676	—	—	6,340	—	6,340	(589)	5,750
Depreciation	6,248	6,944	952	0	14,146	770	14,917	517	15,434
Provision for (reversal of) policy reserve	(83,950)	(132,866)	(233,119)	—	(449,935)	779	(449,156)	—	(449,156)
Provision for (reversal of) reserve for policyholder dividends	10,847	11,530	0	—	22,378	—	22,378	—	22,378
Interest, dividends and income from real estate for rent	160,817	159,359	6,058	304	326,539	47,764	374,303	(50,083)	324,219
Interest expenses	1,011	27	3	1,082	2,125	1,593	3,718	(1,995)	1,723
Equity in earnings (losses) of affiliates	—	—	—	(211,908)	(211,908)	—	(211,908)	(5,474)	(217,383)
Extraordinary gains	1,271	—	—	—	1,271	154	1,425	—	1,425
Extraordinary losses	4,026	4,313	713	—	9,053	267	9,321	(445)	8,875
Impairment losses	87	—	—	—	87	—	87	—	87
Provision for reserve for price fluctuations	3,295	3,423	631	—	7,350	—	7,350	—	7,350
Taxes	7,710	18,926	2,399	(763)	28,273	424	28,698	(899)	27,799
Investments in affiliates	453	365	—	110,732	111,551	—	111,551	—	111,551
Increase in tangible fixed assets and intangible fixed assets	¥ 7,810	¥ 22,291	¥ 1,176	¥ 2	¥31,281	¥ 726	¥ 32,008	¥ (59)	¥ 31,948

Notes:

1. Ordinary revenues instead of net sales are presented here.

2. Adjustments are as follows:

- (1) The adjustment of ¥(1,110 million) to ordinary revenues is the transferred amount, which mainly consists of provision for policy reserve of ¥779 million of ordinary expenses which are in ordinary revenues of the consolidated statement of operations as reversal of policy reserve, and reversal of employees' retirement benefits of ¥338 million of ordinary revenues which are in ordinary expenses of the consolidated statement of operations as provision for employees' retirement benefits..
- (2) The adjustment of ¥(51,745 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
- (3) The adjustment of ¥(1,082,280 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
- (4) The adjustment of ¥(311,148 million) to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

3. Segment income (loss) is adjusted to align with the ordinary profit set forth in the consolidated statement of operations.

Notes to Consolidated Financial Statements

Millions of yen

Year ended March 31, 2024	Reportable segments							Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal	Others	Total		
Ordinary revenues	¥ 985,895	¥1,181,553	¥1,028,260	¥ 490	¥ 3,196,198	¥ 43,319	¥ 3,239,518	¥ (31,526)	¥ 3,207,991
Intergroup transfers	3,395	2,245	—	—	5,641	146,126	151,767	(151,767)	—
Total	989,290	1,183,799	1,028,260	490	3,201,840	189,445	3,391,285	(183,293)	3,207,991
Segment income (loss)	55,314	101,662	7,305	(2,020)	162,261	107,833	270,095	(110,285)	159,809
Segment assets	7,307,852	7,923,413	1,869,028	10,442	17,110,737	1,181,935	18,292,673	(1,085,562)	17,207,110
Segment liabilities	6,888,630	6,938,360	1,795,467	149,418	15,771,876	338,077	16,109,954	(312,769)	15,797,184
Others									
Depreciation of real estate for rent	3,682	3,027	—	—	6,709	—	6,709	(582)	6,127
Depreciation	5,526	7,049	978	3	13,557	829	14,386	513	14,900
Provision for (reversal of) policy reserve	(31,433)	161,403	107,608	—	237,579	121	237,700	—	237,700
Provision for (reversal of) reserve for policyholder dividends	13,606	11,441	1	—	25,050	—	25,050	—	25,050
Interest, dividends and income from real estate for rent	147,589	179,358	5,557	396	332,902	105,675	438,577	(110,883)	327,694
Interest expenses	726	14	0	1,125	1,866	1,763	3,629	(2,194)	1,434
Equity in earnings (losses) of affiliates	—	—	—	(217)	(217)	—	(217)	(2,179)	(2,397)
Extraordinary gains	9,805	1	2	—	9,809	819	10,629	(5)	10,623
Extraordinary losses	3,871	4,968	634	—	9,473	827	10,301	1	10,302
Impairment losses	303	1,426	—	—	1,730	—	1,730	—	1,730
Provision for reserve for price fluctuations	3,124	3,359	634	—	7,118	—	7,118	—	7,118
Taxes	8,658	24,343	1,859	423	35,284	715	36,000	(961)	35,038
Investments in affiliates	453	365	—	142,019	142,838	—	142,838	—	142,838
Increase in tangible fixed assets and intangible fixed assets	¥ 12,073	¥ 21,387	¥ 1,034	¥ 18	¥ 34,514	¥ 1,080	¥ 35,594	¥ (89)	¥ 35,505

Notes:

1. Ordinary revenues instead of net sales are presented here.

2. Adjustments are as follows:

(1) The adjustment of ¥(31,526 million) to ordinary revenues is the transferred amount, which mainly consists of reversal of policy reserve of ¥31,433 million of ordinary revenues which are in ordinary expenses of the consolidated statement of operations as provision for policy reserve.

(2) The adjustment of ¥(110,285 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.

(3) The adjustment of ¥(1,085,562 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.

(4) The adjustment of ¥(312,769 million) to segment liabilities is mainly due to the elimination of intersegment receivables and payables.

3. Segment income (loss) is adjusted to align with the ordinary profit set forth in the consolidated statement of operations.

[Related information]

For the year ended March 31, 2023

1. Information by product and service

Sales to external customers

Millions of yen

Year ended March 31, 2023	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Others	Total
Income from insurance premiums	¥643,308	¥810,311	¥714,695	¥—	¥9,887	¥2,178,203
Insurance premiums	551,268	808,414	614,755	—	9,887	1,984,325
Individual insurance and individual annuities	393,722	754,564	614,604	—	—	1,762,892
Group insurance	26,827	20,235	—	—	—	47,063
Group annuities	129,723	32,413	133	—	—	162,270
Others	994	1,200	17	—	9,887	12,099
Ceded reinsurance recoveries	¥ 92,040	¥ 1,897	¥ 99,940	¥—	¥ —	¥ 193,877

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operations.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) to external customers in the consolidated statement of operations.

For the year ended March 31, 2024

1. Information by product and service

Sales to external customers

Millions of yen

Year ended March 31, 2024	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Others	Total
Income from insurance premiums	¥702,821	¥843,749	¥917,540	¥—	¥10,444	¥2,474,555
Insurance premiums	617,655	823,650	784,006	—	10,444	2,235,757
Individual insurance and individual annuities	361,447	770,372	783,846	—	—	1,915,666
Group insurance	28,439	19,884	—	—	—	48,323
Group annuities	226,808	32,199	142	—	—	259,150
Others	959	1,195	17	—	10,444	12,616
Ceded reinsurance recoveries	¥ 85,166	¥ 20,098	¥133,533	¥—	¥ —	¥ 238,798

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operations.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) to external customers in the consolidated statement of operations.

Notes to Consolidated Financial Statements

[Information on impairment losses on fixed assets by reportable segment]

For the years ended March 31, 2023 and 2024

Information on impairment losses on fixed assets by reportable segment is disclosed in "Note 29. Segment information."

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

For the years ended March 31, 2023 and 2024: Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2023 and 2024: Not applicable.

[Related party information]

1. Related party transactions

(1) Transactions with the Company:

For the years ended March 31, 2023 and 2024: Not applicable.

(2) Transactions with the Company's consolidated subsidiaries

a. The Company's parent company and major shareholders (limited to companies, etc.), etc.:

For the years ended March 31, 2023 and 2024: Not applicable.

b. The Company's non-consolidated subsidiaries and affiliates, etc.

Year ended March 31, 2023								Millions of yen		Millions of yen
Type	Name	Location	Paid-in Capital	Type of business	Voting rights ownership (%)	Relation of related party	Transaction	Amount of transaction	Accounting item	Balance at the end of the year
Subsidiary of affiliate	Fortitude International Reinsurance Ltd.	Bermuda (British territory)	\$ 1 million	reinsurance	Indirect ownership 25.93	Conclusion of reinsurance contract with Daido Life	Payment of reinsurance premiums	¥165,719	Reinsurance payable	¥528
Subsidiary of affiliate	Fortitude International Reinsurance Ltd.	Bermuda (British territory)	\$ 1 million	reinsurance	Indirect ownership 25.93	Conclusion of reinsurance contract with T&D Financial Life	Payment of reinsurance premiums	¥280,330	Reinsurance payable	¥16,447

Note: Reinsurance premiums agreed with the reinsurer based on the reinsurance contract were recorded at the time of conclusion of the reinsurance contract. Reinsurance premiums were determined by considering multiple quotes.

Year ended March 31, 2024								Millions of yen		Millions of yen
Type	Name	Location	Paid-in Capital	Type of business	Voting rights ownership (%)	Relation of related party	Transaction	Amount of transaction	Accounting item	Balance at the end of the year
Subsidiary of affiliate	Fortitude International Reinsurance Ltd.	Bermuda (British territory)	\$ 1 million	reinsurance	Indirect ownership 26.37	Conclusion of reinsurance contract with T&D Financial Life	Payment of reinsurance premiums	¥168,229	Reinsurance payable	¥16,648

Note: Reinsurance premiums agreed with the reinsurer based on the reinsurance contract were recorded at the time of receipt of insurance premiums relating to the underlying insurance contract, etc. Reinsurance premiums were determined by considering multiple quotes.

c. Companies, etc. having the same parent company as the Company and subsidiaries, etc. of the Company's other subsidiaries and affiliates:

For the years ended March 31, 2023 and 2024: Not applicable.

d. The Company's officer and major shareholders (limited to individuals), etc.:

For the years ended March 31, 2023 and 2024: Not applicable.

2. Notes on the parent company or any important affiliates

(1) Notes on the parent company:

For the years ended March 31, 2023 and 2024: Not applicable.

(2) Summarized financial information of important affiliates

For the consolidated fiscal year ended March 31, 2024 the important affiliate was FGH Parent, L.P. and its summarized consolidated financial information (main consolidated balance sheet items and consolidated statement of operations items) is as follows.

The consolidated financial statements of the company have been prepared in accordance with U.S. GAAP.

Millions of yen		
Year ended March 31,	2023	2024
Total assets	¥10,191,894	¥15,674,126
Total liabilities	¥10,496,293	¥15,675,360
Total net assets	¥ (304,398)	¥ (1,234)
Total revenues	¥ (1,171,026)	¥ 656,048
Total expenses	¥ 103,191	¥ 484,594
Income before income taxes	¥ (1,274,218)	¥ 171,454
Profit	¥ (1,010,822)	¥ 135,759

Note 30 Per Share Information

Yen		
Years ended March 31,	2023	2024
Net assets per share	¥1,803.27	¥2,648.22
Net income (loss) per share	(237.31)	183.13
Net income per share (fully diluted)	—	183.01

Note:

1. Net Income per share (fully diluted) for the previous fiscal year is not presented because net income per share was negative although there are potential shares.
2. A summary of the net assets per share, the net income (loss) per share and the net income per share (fully diluted) computations is as follows:

(1) Net income (loss) per share and net income per share (fully diluted)

Millions of yen		
Years ended March 31,	2023	2024
Net income (loss) per share:		
Profit (loss) attributable to owners of parent	¥(132,150)	¥98,777
Amount not attributable to common shareholders	—	—
Profit (loss) attributable to owners of parent attributable to common shareholders	¥(132,150)	¥98,777
Shares		
Weighted-average number of common stocks outstanding	556,862,823	539,387,822
Millions of yen		
Years ended March 31,	2023	2024
Net income per share (fully diluted):		
Adjusted profit attributable to owners of parent	¥—	¥—
Shares		
Increase in common stock	—	337,006
Subscription rights to shares	(—)	(337,006)
Summary of potential shares that are not included in computation of net income per share (fully diluted) due to lack of dilution effect	—	—

Notes to Consolidated Financial Statements

(2) Net assets per share

	Millions of yen	
As of March 31,	2023	2024
Net assets	¥993,681	¥1,409,926
Deduction from net assets	7,081	6,363
Subscription rights to shares	570	343
Non-controlling interests	6,511	6,020
Net assets available to common shareholders	¥986,599	¥1,403,562
	Shares	
The number of common stock outstanding	547,117,744	530,003,037

(3) The Company's shares remaining in the BIP (Board Incentive Plan) Trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted in the calculation of the average number of shares during the period for calculation of net income (loss) per share and net income per share (fully diluted). Also, for the calculation of net assets per share, it is included in the number of treasury shares deducted from the total number of outstanding shares at the end of the fiscal year.

Accordingly, the average number of treasury shares to be deducted in calculation of net income (loss) per share and

net income per share (fully diluted) is 1,181,201, and the number of treasury shares to be deducted in calculation of net assets per share is 1,090,300 for the consolidated fiscal year ended March 31, 2024. Also, for the consolidated fiscal year ended March 31, 2023, the average number of treasury shares to be deducted in calculation of net income per share and net income per share (fully diluted) was 1,374,432, and the number of treasury shares to be deducted in calculation of net assets per share was 1,338,700.

Note 31 Significant Subsequent Events

[Acquisition of treasury shares]

The Company has resolved the acquisition of treasury shares at the Board of Director's meeting held on May 15, 2024, based on the provisions of Article 31 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act of Japan.

(1) Reasons for the acquisition of treasury shares

To increase shareholder returns and improve the capital efficiency.

(2) Details of the acquisition

- Type of shares to be acquired: Shares of common stock
- Total number of shares to be acquired: Up to 50,000,000 shares
- Total amount of acquisition: up to ¥50,000 million
- Period of acquisition: From May 23, 2024, to May 13, 2025
- Method of acquisition: Open-market repurchase by the discretionary trading method

Independent Auditor's Report



Independent Auditor's Report

The Board of Directors
T&D Holdings, Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of T&D Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Sufficiency of the policy reserve	
Description of Key Audit Matter	Auditor's Response
T&D Holdings, Inc. and its consolidated subsidiaries (the "Group") recorded a policy reserve of ¥14,148,395 million on the consolidated balance sheet as of March 31, 2024. The policy reserve was a significant account, accounting for 89.6% of total	In regard to the sufficiency of the policy reserve, we evaluated the design and operating effectiveness of significant internal controls and performed the following audit procedures, as well as other procedures, involving actuarial specialists from our

Notes to Consolidated Financial Statements



liabilities of ¥15,797,184 million.

As described in “(7) Policy reserve in Note 2 Summary of Significant Accounting Policies” in Notes to Consolidated Financial Statements, the policy reserve of consolidated subsidiaries (Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company) that are life insurance companies is calculated and set aside in accordance with the calculation methodology specified in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, paragraph (2), item (iv) of the Insurance Business Act) to prepare for future performance of obligations under their insurance policies for which contractual responsibilities have commenced before the fiscal year end based on Article 116, paragraph (1) of the Insurance Business Act.

In addition, as described in “(2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc. in (ii) Information on significant accounting estimates in connection with items identified of a. Policy reserve under (20) Significant Accounting Estimates in Note 2 Summary of Significant Accounting Policies” in Notes to Consolidated Financial Statements, if the calculation assumptions (base rates such as assumed incidence rate and assumed interest rate) specified in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from the latest actual rates and it is deemed to be insufficient to cover the performance of the future obligations, an additional policy reserve must be set aside in accordance with Article 69, paragraph (5) of the Ordinance for Enforcement of the Insurance Business Act.

To prepare for the future performance of obligations under insurance policies, a policy reserve must be set aside based on sound actuarial methodologies, including reasonable forecasts as of the fiscal year end, which take

network firm, to consider whether it was necessary to set aside an additional policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69, paragraph (5) of the Ordinance for Enforcement of the Insurance Business Act.

- In regard to the Group’s assessment for the sufficiency of the policy reserve (by performing future cash flow analysis and stress tests for third-sector insurance), we compared the calculation results to the prior year’s results in order to confirm that the assessment was appropriately performed based on relevant laws, “Standard of Practice for Appointed Actuaries of Life Insurance Companies (issued by the Institute of Actuaries of Japan)” and internal policies.
- To evaluate the reasonableness of management judgement related to the sufficiency of the policy reserve, we inspected written opinions of the appointed actuary and supplementary reports, and made inquiries of the actuary.
- To confirm that factors such as the latest economic and business environment were taken into consideration for interest rate scenarios used in future cash flow analysis, we assessed the consistency between these interest rate scenarios and interest rate information that we obtained independently.

into consideration the occurrence of insured events, operating expenses and investment performance, so that the policy reserve is not insufficient to cover a life insurance company's future ability to make payments. To judge the sufficiency of the policy reserve, it is necessary to understand the economic and business environment, and business policies on matters such as sales and investments, as well as have actuarial expertise taking into consideration correlations among these factors.

Based on the above, we determined the sufficiency of the policy reserve as a key audit matter due to the significance of effect on the consolidated financial statements.

Other Information

Other information comprises the information included in disclosure documents that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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



Fee-related Information

The fees for the audits of the financial statements of T&D Holdings, Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 443 million yen and 53 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 6, 2024

/s/ 臼倉 健司

Kenji Usukura
Designated Engagement Partner
Certified Public Accountant

/s/ 羽柴 則央

Norio Hashiba
Designated Engagement Partner
Certified Public Accountant

/s/ 近藤 洋平

Yohei Kondo
Designated Engagement Partner
Certified Public Accountant