



Tokio Marine Holdings

Integrated Annual Report

2026 – Supplement –

(Financial Data and Corporate Data)

Business Conditions

Overview of Business Results

(1) Financial Conditions and Business Results

The Group has adopted IFRS Accounting Standards (hereinafter referred to as "IFRS") to the consolidated financial statements from the fiscal year ended March 31, 2026. Figures for the previous fiscal year have also been restated in accordance with IFRS for comparative analysis. An overview of the Group's financial condition, results of operation, and cash flows for the fiscal year 2025 is as follows.

During fiscal year 2025, the adverse impact of U.S. trade policies remained limited, and the world economy as a whole recovered moderately. While the United States remained resilient, driven mainly by AI-related capital investment and personal consumption, the Japanese economy saw weak domestic demand against a backdrop of price inflation and other factors, and its pace of recovery remained moderate. In addition, the environment surrounding the Tokio Marine Group is becoming even more complex, amid geopolitical risks with an increasingly uncertain outlook, the intensification of disasters caused by climate change, and rising cyber risks.

Under these circumstances, our consolidated results of operations for the fiscal year 2025 were as follows:

Insurance service result increased by 186.9 billion yen to 1,149.6 billion yen from the previous fiscal year. This consisted of Insurance revenue of 7,693.5 billion yen, Insurance service expenses of 6,114.3 billion yen, and Income or expenses from reinsurance contracts held of (429.5) billion yen. Finance result decreased by 5.5 billion yen to 25.2 billion yen from the previous fiscal year. This consisted of Investment gains and losses of 666.5 billion yen and Insurance finance income or expenses of (641.3) billion yen.

As a result, Income before income taxes for the current consolidated fiscal year increased by 154.3 billion yen to 750.7 billion yen from the previous fiscal year. Net income attributable to owners of the parent increased by 80.8 billion yen to 531.2 billion yen from the previous fiscal year.

Total for all businesses

(Yen in millions)

	FY2024 (April 1, 2024, - March 31, 2025)	FY2025 (April 1, 2025, - March 31, 2026)	Amount Change	Rate of change (%)
Insurance revenue	7,396,221	7,693,560	297,338	4.0
Insurance service expenses	6,066,020	6,114,387	48,366	0.8
Income or expenses from reinsurance contracts held	△367,482	△429,502	△62,020	—
Insurance service result	962,718	1,149,670	186,951	19.4
Finance result	30,794	25,240	△5,553	△18.0
Other income	210,637	379,540	168,903	80.2
Net income attributable to owners of the parent	450,423	531,255	80,831	17.9

Business Conditions

Results by our reportable segments are as follows:

Japan P&C insurance business

In the Japan P&C insurance business, Insurance revenue increased by 105.5 billion yen to 3,040.6 billion yen from the previous fiscal year. Net income attributable to owners of the parent increased by 103.9 billion yen to 237.5 billion yen from the previous fiscal year.

(Yen in millions)

Category	FY2024 (April 1, 2024, - March 31, 2025)	FY2025 (April 1, 2025, - March 31, 2026)	Amount Change	Rate of change (%)
Insurance revenue	2,935,093	3,040,655	105,562	3.6
Net income attributable to owners of the parent	133,580	237,541	103,960	77.8

(Note) Figures represent amounts before elimination of internal transactions between segments.

International insurance business

In the International insurance business, Insurance revenue increased by 199.2 billion yen to 4,448.3 billion yen from the previous fiscal year. Net income attributable to owners of the parent increased by 112.1 billion yen to 502.7 billion yen from the previous fiscal year.

(Yen in millions)

Category	FY2024 (April 1, 2024, - March 31, 2025)	FY2025 (April 1, 2025, - March 31, 2026)	Amount Change	Rate of change (%)
Insurance revenue	4,249,062	4,448,332	199,270	4.7
Net income attributable to owners of the parent	390,583	502,750	112,167	28.7

(Note) Figures represent amounts before elimination of internal transactions between segments.

(2) Cash Flows

Cash flows for the fiscal year 2025 were as follows:

Net cash provided by operating activities decreased by 623.3 billion yen to 1,390.5 billion yen compared to the previous fiscal year, mainly due to an increase in Income taxes paid. Net cash used in investing activities increased by 222.0 billion yen to 402.7 billion yen, mainly due to an increase in Payments for acquisition of subsidiaries. Net cash used in financing activities decreased by 581.8 billion yen to 642.0 billion yen, mainly due to an increase in Change in cash collateral under securities lending transactions for procurement of funds.

As a result, Cash and cash equivalents at the end of the fiscal year was 2,332.4 billion yen, an increase of 392.5 billion yen from that as of March 31, 2025.

Japan Life insurance business

In the Japan Life insurance business, Contractual Service Margin (CSM) balance increased by 31.8 billion yen to 1,149.7 billion yen. Insurance revenue decreased by 1.4 billion yen to 265.4 billion yen from the previous fiscal year. Net loss attributable to owners of the parent was 204.8 billion yen, compared with a net loss in the previous fiscal year, an increase of 123.8 billion yen year on year.

(Yen in millions)

Category	FY2024 (April 1, 2024, - March 31, 2025)	FY2025 (April 1, 2025, - March 31, 2026)	Amount Change	Rate of change (%)
CSM Balance	1,117,952	1,149,767	31,814	2.9
Insurance revenue	266,877	265,448	(1,428)	(0.5)
Net income attributable to owners of the parent	(80,979)	(204,860)	(123,880)	—

(Note) Figures represent amounts before elimination of internal transactions between segments.

Solution and other businesses

In the Solution and other businesses, Other income increased by 149.4 billion yen to 327.6 billion yen from the previous fiscal year. Net income attributable to owners of the parent increased by 2.6 billion yen to 14.5 billion yen from the previous fiscal year.

(Yen in millions)

Category	FY2024 (April 1, 2024, - March 31, 2025)	FY2025 (April 1, 2025, - March 31, 2026)	Amount Change	Rate of change (%)
Other income	178,191	327,646	149,455	83.9
Net income attributable to owners of the parent	11,844	14,515	2,671	22.6

(Note) Figures represent amounts before elimination of internal transactions between segments.

Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Yen in millions)									
	Notes No.	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026		Notes No.	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Assets					Liabilities				
Cash and cash equivalents	11	1,327,730	1,939,807	2,332,406	Repurchase agreements and other similar secured borrowings	8	711,974	63,514	61,648
Derivative assets	8	122,274	162,253	328,026	Derivative liabilities	8	171,589	140,309	270,398
Investment securities	8,33	22,819,753	20,769,221	21,062,726	Investment contract liabilities	8,19	744,168	869,021	1,178,840
Loans	8	2,803,743	2,772,889	2,852,633	Bonds and borrowings	8,19	474,272	549,444	598,007
Other financial assets	8,22	880,547	944,981	1,104,332	Lease liabilities	8	131,641	133,016	128,939
Reinsurance contract assets	7,22	1,126,536	1,682,607	2,443,534	Other financial liabilities	8,22	573,452	704,653	945,701
Insurance contract assets	7,22	17,780	14,776	39,956	Insurance contract liabilities	7,22	19,073,503	19,357,397	20,219,118
Investments accounted for using the equity method	12	130,853	132,714	145,693	Reinsurance contract liabilities	7,22	21,525	14,019	15,308
Investment property	13	53,500	70,209	68,979	Retirement benefit liabilities	20	238,858	225,172	217,135
Property and equipment	14	242,864	300,379	318,913	Income taxes payable		44,185	211,088	113,570
Right-of-use assets	16	125,986	125,652	119,898	Provisions	21	34,091	33,614	44,079
Intangible assets	15	1,194,800	1,202,218	1,579,868	Deferred tax liabilities	18	1,125,644	760,971	800,523
Retirement benefit assets	20	2,072	3,672	30	Other liabilities	22	266,441	322,465	357,007
Income taxes receivable		38,599	16,534	17,269	Total liabilities		23,611,348	23,384,690	24,950,280
Deferred tax assets	18	44,171	39,254	43,464	Equity				
Other assets	22	157,384	193,305	234,477	Share capital	23	150,000	150,000	150,000
Assets held for sale	17	52,764	126,878	310,437	Retained earnings	23	5,834,442	6,370,865	7,013,113
					Treasury stock	23	(14,167)	(53,643)	(304,160)
					Other components of equity		1,541,611	617,833	1,096,601
					Total equity attributable to owners of the parent		7,511,886	7,085,055	7,955,554
					Non-controlling interests		18,131	27,613	96,816
					Total equity		7,530,017	7,112,669	8,052,371
Total assets		31,141,365	30,497,359	33,002,651	Total liabilities and equity		31,141,365	30,497,359	33,002,651

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Financial Statements

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Notes No.	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Insurance revenue	7	7,396,221	7,693,560
Insurance service expenses	7,25	(6,066,020)	(6,114,387)
Income or expenses from reinsurance contracts held	7	(367,482)	(429,502)
Insurance service result		962,718	1,149,670
Interest income	9	806,051	785,404
Other investment gains and losses	9	(186,163)	(59,848)
Investment expenses	9,25	(56,733)	(58,998)
Investment gains and losses		563,154	666,557
Insurance finance expenses (net)	9	(598,713)	(681,184)
Reinsurance finance income (net)	9	66,352	39,867
Insurance finance income or expenses		(532,360)	(641,316)
Finance result		30,794	25,240
Administrative expenses	25	(546,651)	(723,908)
Other finance expenses		(31,284)	(28,593)
Other income		210,637	379,540
Other expenses	25	(37,422)	(59,559)
Gains and losses from investments accounted for using the equity method	12	7,538	8,310
Income before income taxes		596,330	750,700
Income taxes	18	(164,834)	(178,506)
Net income		431,495	572,193
Net income attributable to:			
Owners of the parent		450,423	531,255
Non-controlling interests		(18,927)	40,937
Earnings per share			
Earnings per share - Basic	27	231.41 yen	279.35 yen
Earnings per share - Diluted	27	231.23 yen	279.15 yen

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Notes No.	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Net income		431,495	572,193
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Investments in equity instruments		(325,441)	446,071
Remeasurements of defined benefit plans		7,464	(4,692)
Share of other comprehensive income of associates accounted for using the equity method		(93)	88
Total of items that will not be reclassified to profit or loss		(318,070)	441,467
Items that may be reclassified subsequently to profit or loss			
Investments in debt instruments		(320,281)	(119,507)
Cash flow hedges		5,877	5,448
Foreign currency translation adjustments		(32,107)	346,799
Changes in discount rate for insurance contracts		352,300	333,126
Changes in discount rate for reinsurance contracts		(6,483)	(44,520)
Share of other comprehensive income of associates accounted for using the equity method		790	845
Total of items that may be reclassified subsequently to profit or loss		95	522,192
Other comprehensive income	26	(317,974)	963,660
Comprehensive income		113,521	1,535,853
Comprehensive Income attributable to:			
Owners of the parent		126,980	1,492,628
Non-controlling interests		(13,459)	43,224

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Financial Statements

(3) Consolidated Statement of Changes in Equity

FY2024 (April 1, 2024 – March 31, 2025)

(Yen in millions)

	Notes No.	Equity attributable to owners of the parent											Non-controlling interests	Total equity
		Other components of equity									Total			
		Share capital	Retained earnings	Treasury stock	Investments in equity instruments	Remeasurements of defined benefit plans	Investments in debt instruments	Cash flow hedges	Foreign currency translation adjustments	Changes in discount rate for insurance/reinsurance contracts		Total		
Opening balance		150,000	5,834,442	(14,167)	2,302,862	—	(987,782)	—	—	226,531	1,541,611	7,511,886	18,131	7,530,017
Comprehensive income														
Net income			450,423								—	450,423	(18,927)	431,495
Other comprehensive income					(326,036)	7,450	(323,287)	5,877	(33,959)	346,512	(323,442)	(323,442)	5,468	(317,974)
Total comprehensive income		—	450,423	—	(326,036)	7,450	(323,287)	5,877	(33,959)	346,512	(323,442)	126,980	(13,459)	113,521
Transactions with owners, etc.														
Dividends	24		(281,204)								—	(281,204)	(1,324)	(282,529)
Purchase of treasury stock	23			(269,038)							—	(269,038)		(269,038)
Sale of treasury stock	23		28	810							—	839		839
Cancellation of treasury stock	23		(228,752)	228,752							—	—		—
Share-based payment transactions	28		347								—	347		347
Changes in ownership interest in subsidiaries			(4,296)								—	(4,296)	(5,792)	(10,089)
Changes due to business combinations	6										—	—	15,846	15,846
Reclassification to retained earnings			600,335		(592,885)	(7,450)					(600,335)	—		—
Others			(458)								—	(458)	14,213	13,755
Total transactions with owners, etc.		—	85,999	(39,475)	(592,885)	(7,450)	—	—	—	—	(600,335)	(553,811)	22,942	(530,869)
Closing balance		150,000	6,370,865	(53,643)	1,383,941	—	(1,311,070)	5,877	(33,959)	573,044	617,833	7,085,055	27,613	7,112,669

Consolidated Financial Statements

FY2025 (April 1, 2025 – March 31, 2026)

(Yen in millions)

	Notes No.	Equity attributable to owners of the parent												Non-controlling interests	Total equity
		Share capital	Retained earnings	Treasury stock	Other components of equity						Total	Total			
					Investments in equity instruments	Remeasurements of defined benefit plans	Investments in debt instruments	Cash flow hedges	Foreign currency translation adjustments	Changes in discount rate for insurance/reinsurance contracts			Total		
Opening balance		150,000	6,370,865	(53,643)	1,383,941	—	(1,311,070)	5,877	(33,959)	573,044	617,833	7,085,055	27,613	7,112,669	
Comprehensive income															
Net income			531,255								—	531,255	40,937	572,193	
Other comprehensive income					445,710	(4,582)	(120,694)	5,448	346,930	288,561	961,373	961,373	2,287	963,660	
Total comprehensive income		—	531,255	—	445,710	(4,582)	(120,694)	5,448	346,930	288,561	961,373	1,492,628	43,224	1,535,853	
Transactions with owners, etc.															
Dividends	24		(375,778)								—	(375,778)	(1,301)	(377,080)	
Purchase of treasury stock	23			(251,599)							—	(251,599)		(251,599)	
Sale of treasury stock	23		176	1,082							—	1,258		1,258	
Share-based payment transactions	28		438								—	438		438	
Changes in ownership interest in subsidiaries			(1,044)								—	(1,044)	(14,304)	(15,349)	
Changes due to business combinations	6										—	—	20,548	20,548	
Reclassification to retained earnings			482,604		(487,187)	4,582					(482,604)	—		—	
Others			4,596								—	4,596	21,035	25,631	
Total transactions with owners, etc.		—	110,993	(250,517)	(487,187)	4,582	—	—	—	—	(482,604)	(622,129)	25,977	(596,151)	
Closing balance		150,000	7,013,113	(304,160)	1,342,464	—	(1,431,764)	11,326	312,970	861,605	1,096,601	7,955,554	96,816	8,052,371	

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Financial Statements

(4) Consolidated Statement of Cash Flows

(Yen in millions)					
	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)	Notes No.	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Cash flows from operating activities					
Income before income taxes	596,330	750,700			
Depreciation and amortization	157,511	176,186			
Impairment losses	825	266			
Interest income	(806,051)	(785,404)			
Dividend income	(86,107)	(68,158)			
Interest expenses	31,284	28,670			
Losses (gains) on fixed assets	(229)	1,248			
Gains and losses from investments accounted for using the equity method	(7,538)	(8,310)			
Change in investment securities	1,089,185	1,037,496			
Change in loans	23,635	81,342			
Change in derivative assets and liabilities	(47,133)	(140,542)			
Change in insurance contract liabilities and assets	815,245	565,002			
Change in reinsurance contract assets and liabilities	(580,169)	(747,094)			
Change in investment contract liabilities	136,925	235,226			
Change in defined benefit liabilities and assets	(8,721)	(15,938)			
Change in provisions	1,420	5,327			
Others	44,157	(35,061)			
Subtotal	1,360,569	1,080,955			
Interest received	771,441	738,078			
Dividends received	94,601	66,483			
Interest paid	(28,204)	(25,186)			
Income taxes paid	(184,486)	(469,766)			
Net cash provided by (used in) operating activities	2,013,920	1,390,562			
Cash flows from investing activities					
Purchases of property and equipment				(27,293)	(42,577)
Proceeds from sales of property and equipment				14,627	13,774
Purchases of intangible assets				(106,133)	(116,155)
Payments for acquisition of subsidiaries			29	(62,671)	(257,794)
Others				788	13
Net cash provided by (used in) investing activities				(180,681)	(402,738)
Cash flows from financing activities					
Net increase (decrease) in repurchase agreements and other similar secured borrowings			29	(650,252)	(8,359)
Proceeds from borrowings			29	81,042	1,875,330
Repayments of borrowings			29	(72,951)	(1,847,864)
Proceeds from issuance of corporate bonds			29	2,999	999
Redemption of corporate bonds			29	(3,000)	(1,000)
Payments of lease liabilities			29	(32,236)	(34,575)
Purchase of treasury stock				(269,038)	(251,599)
Dividends paid				(280,967)	(375,420)
Dividends paid to non-controlling interests				(1,324)	(1,305)
Proceeds from contributions by non-controlling interests				13,555	15,541
Repayments to non-controlling interests				(804)	(642)
Payments for acquisition of shares of subsidiaries from non-controlling interests				(10,956)	(14,458)
Others				14	1,260
Net cash provided by (used in) financing activities				(1,223,919)	(642,094)
Effect of exchange rate changes on cash and cash equivalents				2,757	46,869
Net increase (decrease) in cash and cash equivalents				612,076	392,598
Cash and cash equivalents at beginning of year				1,327,730	1,939,807
Cash and cash equivalents at end of year			11	1,939,807	2,332,406

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

1. Reporting Entity

Tokio Marine Holdings, Inc. (hereinafter referred to as "the Company") is a company incorporated in Japan. The address of the Company's registered head office is disclosed on its website (<https://www.tokiomarinehd.com/>). The consolidated financial statements consist of the Company, its subsidiaries, associates, and interests in joint ventures. The Group operates Japan P&C insurance business, Japan Life insurance business, International insurance business, and Solution and other businesses. For more details, please refer to "5. Segment Information."

2. Basis of Preparation of Consolidated Financial Statements

(1) Compliance of the consolidated financial statements with IFRS and information relating to first-time adoption

The Company's consolidated financial statements have been prepared in accordance with IFRS, as stipulated under Article 312 of the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements", since the Company meets the requirements of "Specified Companies Complying with Designated International Accounting Standards" set forth in Article 1-2 of the Regulation on Consolidated Financial Statements.

The Company has applied IFRS from the fiscal year ended March 31, 2026, with the transition date to IFRS being April 1, 2024. In transitioning to IFRS, the Company has adopted IFRS 1 "First-time Adoption of International Financial Reporting Standards" (hereinafter referred to as "IFRS 1"). The impacts of transitioning to IFRS on financial position, financial performance, and cash flows are stated in "37. Transition to IFRS."

The Company's accounting policies comply with IFRS effective as of March 31, 2026, except where the Company has not early adopted certain IFRS standards and where it has applied the exemption provisions under IFRS 1.

These consolidated financial statements were approved by Masahiro Koike - Group CEO, President & Representative Director - and Yoshinari Endo - Group CFO, Managing Executive Officer - on June 26, 2026.

(2) Presentation currency and unit

The presentation currency of the consolidated financial statements is Japanese yen, which is the Company's functional currency, and all amounts are rounded down to the nearest million yen.

(3) Newly adopted standards and interpretations

The Company has not adopted any significant new standards or interpretations in the current fiscal year.

(4) Unapplied new standards and interpretations

The major new or revised standards and interpretations that have been issued as of the approval date of these financial statements are as follows, and as of March 31, 2026, the Company has not applied them. The application of the amendments to IFRS 9 and IFRS 7 is not expected to have a material impact on the Company's consolidated financial statements. The impact of applying IFRS 18 on the Company's consolidated financial statements is currently being evaluated.

Standard	Standard Name	Mandatory Effective Date	Applicable Fiscal Year for the Company	Overview of New or Amended Requirements
IFRS 9 IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026	Fiscal Year Ending March 31, 2027	· Clarified classification of financial assets and addition of related disclosure requirements · Revised disclosure requirements for equity instruments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal Year Ending March 31, 2028	· Revised presentation of the consolidated statement of income and disclosure of management-defined performance measures

3. Significant Accounting Policies

(1) Basis of consolidation

a. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries include structured entities that are controlled by the Company and its consolidated subsidiaries. A structured entity is an entity designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity. The Group assesses whether it controls a structured entity by considering whether it is exposed, or has rights, to variable returns from its involvement with the structured entity and has the ability to affect those returns through its power over the structured entity, and consolidates the entity when it concludes that control exists. For certain structured entities, where non-controlling interests include an obligation to transfer financial instruments to other parties, such non-controlling interests are classified as financial liabilities measured at amortized cost and are presented within other financial liabilities.

Notes to Consolidated Financial Statements

b. Associates and joint ventures

Associates are entities over which the Group has significant influence over the financial and operating policy decisions of the investee but does not have control or joint control. In principle, where the Group holds between 20% and 50% of the voting rights of the investee, the Group presumes that it has significant influence. When determining whether the investee is an associate, the Group also considers other facts and circumstances that may indicate significant influence over the financial and operating policy decisions.

A joint venture is an arrangement in which the Group, together with other parties, has joint control through a contractual arrangement, and decisions about the relevant activities require the unanimous consent of the parties sharing control, and the Group has rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method.

(2) Business combinations and goodwill

Business combinations are accounted for using the acquisition method, and acquisition-related costs are expensed as incurred.

Identifiable assets and liabilities of the acquiree are measured at their fair values at the acquisition date, except for limited exceptions.

If the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree exceeds the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, the excess is recognized as goodwill. If it is less, the difference is recognized as a gain in profit or loss. The consideration transferred is measured at fair value, based on the value of the assets transferred, the liabilities assumed, and the equity interests issued. Non-controlling interests are measured, on a transaction-by-transaction basis, either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Business combination transactions in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory (business combinations under common control), are accounted for based on their carrying amounts.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete based on the best estimates available. During the measurement period, which does not exceed one year from the acquisition date, the provisional amounts recognized at the acquisition date are retrospectively adjusted when new information is obtained that affects the measurement of amounts recognized at the acquisition date.

After the acquisition date, goodwill is allocated to the cash-generating units expected to benefit from the synergies of the business combination. Each group of cash-generating units is tested for impairment at the same time each year and whenever there is an indication of impairment. Subsequent to initial recognition, goodwill acquired in a business combination is not amortized and is carried at cost less accumulated impairment losses.

(3) Foreign currency translation

a. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of the transaction or an approximation thereof. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the closing exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date when the fair value was determined.

Exchange differences arising on the translation and settlement of foreign currency monetary assets and liabilities are recognized in profit or loss. However, where gains or losses on non-monetary items are recognized in other comprehensive income, the related exchange differences are also recognized in other comprehensive income.

b. Foreign operations

The assets and liabilities of the Group's foreign operations, including goodwill arising on the acquisition of such foreign operations, the identifiable assets and liabilities and related fair value adjustments, are translated into the presentation currency at the closing exchange rate. The income and expenses of foreign operations are translated into Japanese yen at average exchange rates for the period unless exchange rates have fluctuated significantly during that period.

Exchange differences arising from the translation of the financial statements of foreign operations are recognized in other comprehensive income. On the loss of control of a foreign operation or the loss of significant influence over a foreign operation, the cumulative exchange differences related to that foreign operation are reclassified to the gain or loss on disposal.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be withdrawn on demand and short-term investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to Consolidated Financial Statements

(5) Financial instruments

a. Non-derivative financial assets

The Group initially recognizes financial assets on the trade date on which the Group becomes a party to the contractual provisions of the financial instrument.

(a) Classification and measurement

An overview of the classification and measurement model for financial assets is as follows:

i. Financial assets measured at amortized cost

The Group subsequently measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition. After initial recognition, the carrying amount of financial assets measured at amortized cost is determined using the effective interest method and reduced, where necessary, by the loss allowance.

ii. Equity instruments measured at fair value through other comprehensive income (FVOCI)

For investments in equity instruments held for purposes such as enhancing corporate value through strengthening business relationships, the Group may make an irrevocable election at initial recognition to present subsequent changes in fair value in other comprehensive income. This election is permitted only for investments in equity instruments that are not held for trading.

Equity instruments measured at FVOCI are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition. Subsequent to initial recognition, they are measured at fair value and changes in fair value are recognized in other comprehensive income and included in other components of equity. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other components of equity to retained earnings.

Dividends from equity instruments measured at FVOCI are recognized in profit or loss.

iii. Debt instruments measured at fair value through other comprehensive income (FVOCI)

The Group subsequently measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments measured at FVOCI are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition. Subsequent to initial recognition, they are measured at fair value and changes in fair value, excluding foreign exchange gains and losses and impairment losses (and reversals), are recognized in other comprehensive income. Interest income calculated using the effective interest method is recognized in profit or loss. On derecognition, the cumulative amount previously recognized in other comprehensive income is reclassified to profit or loss.

iv. Debt instruments designated at fair value through profit or loss (FVPL designation)

The Group designates debt instruments as financial assets measured at fair value through profit or loss if the following condition is met:

- The designation eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

For insurance contracts with direct participation features, the Group primarily recognizes insurance finance income or expenses in profit or loss for the period. To eliminate or substantially reduce the related accounting mismatch, the Group designates the debt instruments that are underlying items of these insurance contracts as measured at FVPL.

Debt instruments designated at FVPL are initially recognized at fair value and transaction costs are expensed in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes in fair value are recognized in profit or loss.

v. Financial assets measured at fair value through profit or loss (FVPL)

Financial assets other than those described above are classified as financial assets measured at fair value through profit or loss. They are initially recognized at fair value and transaction costs are expensed in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes in fair value are recognized in profit or loss.

Notes to Consolidated Financial Statements

(b) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the contractual rights to receive the cash flows from the financial asset and substantially all of the risks and rewards of ownership of the financial asset.

b. Non-derivative financial liabilities

(a) Initial recognition and measurement

The Group initially recognizes debt securities issued at the date of issuance. All other financial liabilities are initially recognized on the trade date on which the Group becomes a party to the contractual provisions of the financial instrument. All financial liabilities are initially measured at fair value net of transaction costs.

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost.

(b) Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Amortization using the effective interest method is recognized in profit or loss.

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

c. Derivatives and hedge accounting

The Group uses derivatives such as forward exchange contracts and interest rate swaps to hedge foreign currency risk and interest rate risk. These derivatives are initially measured at fair value at the time the contract is entered into and are subsequently remeasured at fair value.

Changes in the fair value of derivatives are recognized in profit or loss unless hedge accounting is applied.

At the inception of a hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking various hedge transactions, in order to assess whether the hedging relationship meets the qualifying criteria for hedge accounting. The Group also assesses and documents, both at inception and on an ongoing basis, whether the hedging relationships meet all the hedge effectiveness requirements. Ongoing hedge effectiveness assessments are performed at each reporting date or when there is a significant change in circumstances that affects the hedge effectiveness requirements, whichever occurs earlier.

Hedging relationships that meet the qualifying criteria for hedge accounting are accounted for as follows:

(a) Cash flow hedges

The effective portion of gains and losses on the hedging instrument is recognized in other comprehensive income. When the hedged cash flows affect profit or loss, the amount previously recognized in other comprehensive income is reclassified to profit or loss together with the hedged item.

The ineffective portion of gains and losses is recognized in profit or loss.

(b) Net investment hedges in foreign operations

To hedge the foreign currency risk arising from the net investment in foreign operations, the Group uses forward exchange contracts and other derivatives. For hedges of net investments in foreign operations, the effective portion of gains or losses on the hedging instrument is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss. On disposal of a foreign operation, the cumulative amount recognized in other comprehensive income in respect of the effective portion is reclassified to profit or loss.

d. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Notes to Consolidated Financial Statements

e. Impairment of financial instruments

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost, debt instruments measured at FVOCI and loan commitments. Loss allowances for financial assets measured at amortized cost are deducted from the carrying amount of those assets. By contrast, loss allowances for debt instruments measured at fair value through other comprehensive income are recognized in other comprehensive income. For loan commitments, loss allowances are recognized as liabilities.

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. In making this assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort and that indicates significant increases in credit risk since initial recognition.

If the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime expected credit losses. If the credit risk has not increased significantly, the loss allowance is measured at an amount equal to 12-month expected credit losses.

The Group estimates expected credit losses in a manner that reflects the following:

- An unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money.
- Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available at the reporting date without undue cost or effort.

Expected credit losses are probability-weighted estimates of credit losses over the expected life of a financial instrument. A credit loss is the present value of the difference between the contractual cash flows that are due to the Group and the cash flows that the Group expects to receive.

Expected credit losses on financial instruments are recognized in profit or loss as impairment losses. If, after an impairment loss is recognized, an event occurs that causes the amount of the impairment loss to decrease, the decrease in the impairment loss is reversed in profit or loss.

(6) Property and equipment (excluding right-of-use assets)

a. Recognition and measurement

Property and equipment are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment losses. Gains or losses arising from the derecognition of property and equipment on disposal are included in profit or loss at the time of derecognition.

b. Subsequent costs

Subsequent costs are capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. Repair and maintenance costs are recognized in profit or loss as incurred.

c. Depreciation

Items of property and equipment are depreciated on a systematic basis over their useful lives based on their depreciable amounts (cost less residual values). The Group mainly applies the straight-line method as it reflects the pattern of consumption of the asset's future economic benefits.

Depreciation of items of property and equipment begins when the asset is available for use and ends at the earlier of the date the asset is derecognized (retired or disposed of) and the date the asset is classified as held for sale.

The estimated useful lives of major items of property and equipment are as follows. The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate.

- Buildings 2 to 60 years
- Others 2 to 50 years

(7) Investment property

Investment property is initially recognized at cost, including costs directly attributable to the acquisition and eligible borrowing costs to be capitalized. Subsequent measurement follows the cost model, with investment property carried at cost less accumulated depreciation and accumulated impairment losses. Investment property is depreciated using the straight-line method over its estimated useful life. The estimated useful lives of major investment property are 2 to 51 years. The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate.

(8) Intangible assets

The Group applies the cost model to measure intangible assets and carries them at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Intangible assets with finite useful lives are amortized mainly using the straight-line method over their estimated useful lives. The main estimated useful lives are as follows. The estimated useful lives, residual values and amortization methods are reviewed, and adjusted if appropriate.

- Software 2 to 16 years
- Customer relationships 5 to 25 years
- Other intangible assets 3 to 42 years

Notes to Consolidated Financial Statements

(9) Leases

When the Group is a lessee, it recognizes right-of-use assets and lease liabilities at the commencement date of the lease.

Right-of-use assets are measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date
- initial direct costs, and
- restoration costs

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease (if that rate can be readily determined) or the Group's incremental borrowing rate.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives received;
- variable lease payments that depend on an index or a rate, and amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. The estimated useful life of a right-of-use asset is determined using the same basis as for property and equipment.

Lease liabilities are subsequently remeasured to reflect interest on the lease liability, lease payments made and, where applicable, modifications or reassessments of the lease.

The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. Lease payments associated with such leases are recognized as an expense on a straight-line basis over the lease term.

Each lease payment is allocated between the repayment of the liability and interest expenses. Interest expenses are recognized in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

When the Group is a lessor, at lease inception it classifies each lease as either a finance lease or an operating lease. In classifying leases, the Group assesses whether the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Leases that transfer such risks and rewards are classified as finance leases; otherwise, they are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. The classification of the sublease is determined by reference to the right-of-use asset arising from the head lease, rather than the underlying asset. Lease income from operating leases is recognized as income on a straight-line basis over the lease term.

(10) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired.

If any indication of impairment exists, the recoverable amount of the asset is estimated. For goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated annually at the same time each year.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In estimating value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

A cash-generating unit is the smallest group of assets that, through continued use, generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Corporate assets do not generate independent cash inflows. If there is an indication that a corporate asset may be impaired, the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset or a cash-generating unit is less than its carrying amount. An impairment loss recognized for a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis based on the carrying amount of each asset.

An impairment loss recognized in prior periods is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, and the reversal of the impairment loss is recognized in profit or loss. The reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Impairment losses recognized for goodwill are not reversed.

Notes to Consolidated Financial Statements

(11) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their sale is highly probable and their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated or amortized after being classified as held for sale.

Any initial or subsequent write-down of a non-current asset (or disposal group) to fair value less costs to sell is recognized as an impairment loss in profit or loss. Subsequently, if the fair value less costs to sell of the non-current asset (or disposal group) increases, a gain is recognized to the extent that it does not exceed the cumulative impairment losses previously recognized.

(12) Insurance Contracts

a. Classification

The Group classifies insurance contracts into:

- insurance contracts issued, including ceded reinsurance contracts, that transfer significant insurance risk; and
- reinsurance contracts held, that transfer significant insurance risk arising from insurance contracts issued.

The existence of significant insurance risk is assessed based on whether there are significant additional payments in any scenarios with commercial substance and whether there is a possibility of a loss on a present value basis for each insurance contract.

In addition, the Group is exposed to financial risk through its insurance contracts.

The Group classifies contracts that meet all of the following criteria at initial recognition as insurance contracts with direct participation features (Variable Fee Approach (VFA)):

- the contractual terms specify that policyholders participate in a share of a clearly identified pool of underlying items;
- the Group expects to pay policyholders amounts equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects that a substantial proportion of any change in the amounts to be paid to policyholders will vary with changes in the fair value of the underlying items.

All other insurance contracts issued and all reinsurance contracts held are classified as insurance contracts without direct participation features. Certain of these contracts are measured under the Premium Allocation Approach (hereinafter referred to as "PAA").

b. Level of aggregation

Insurance contracts are measured at the group of insurance contracts level. A group of insurance contracts is determined based on a portfolio of insurance contracts comprising contracts subject to similar risks and managed together.

A portfolio of insurance contracts is divided into a minimum of the following groups of insurance contracts based on the time of issuance and the profitability of the contracts:

For insurance contracts issued:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently;
- a group of the remaining contracts in the portfolio.

For reinsurance contracts held:

- a group of contracts on which there is a net gain at initial recognition;
- a group of contracts that, at initial recognition, have no significant possibility of subsequently resulting in a net gain;
- a group of the remaining contracts in the portfolio.

c. Initial recognition

The Group recognizes a group of insurance contracts issued at the earliest of:

- the beginning of the coverage period for the group;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, the date on which the group becomes onerous.

If there is no contractual due date, the first payment from the policyholder is deemed to be due when it is received.

For a group of reinsurance contracts held that provide proportionate coverage, the Group recognizes the group at the later of:

- the beginning of the coverage period of the group of reinsurance contracts held; or
- the initial recognition of the underlying insurance contracts.

For reinsurance contracts held that do not provide proportionate coverage, the Group recognizes the group at the beginning of the coverage period. However, if an onerous group of underlying contracts is recognized before the beginning of the coverage period and the related reinsurance contract was entered into on or before that date, the Group recognizes the group of reinsurance contracts held at the same time as it recognizes the onerous underlying contracts.

Notes to Consolidated Financial Statements

d. Contract boundary

For measurement purposes, all future cash flows within the contract boundary are included.

Cash flows are within the contract boundary if they arise from the substantive rights and obligations that exist during the reporting periods in which the insurer can compel the policyholder to pay premiums or in which the insurer has a substantive obligation to provide services to the policyholder.

The substantive obligation to provide services ends when:

- the insurer has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- both of the following conditions are met:
 - the insurer has the practical ability to reassess the risks of the portfolio containing the contracts and can set a price or level of benefits that fully reflects those risks; and
 - the pricing of the premiums up to the reassessment date does not take into account risks related to periods after the reassessment date.

e. Measurement - Insurance contracts not measured under PAA

(a) Initial recognition (Insurance contracts issued)

At initial recognition, the Group measures a group of insurance contracts at the sum of:

- the fulfilment cash flows (comprising estimates of future cash flows adjusted for the time value of money and financial risks, and risk adjustments for non-financial risks); and
- the contractual service margin (hereinafter referred to as "CSM").

CSM represents the unearned profit that the Group will recognize over the period during which it provides services under the contracts.

(b) Subsequent measurement (Insurance contracts issued)

At the end of the reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises:

- the fulfilment cash flows related to the services to be provided under the contracts in future periods; and
- the remaining CSM at the end of the reporting period.

The liability for incurred claims comprises fulfilment cash flows related to incurred claims (including claims incurred but not yet reported) and expenses that have not yet been paid.

The fulfilment cash flows of a group of insurance contracts are measured using the current estimates of future cash flows, current discount rates, and current estimates of risk adjustments for non-financial risk at the end of the reporting period.

Insurance contracts without direct participation features

The carrying amount of CSM at the end of the reporting period equals the carrying amount at the beginning of the period, adjusted for the following:

- CSM of new contracts added to the group of insurance contracts during the current fiscal year;
- Interest accreted on CSM during the fiscal year (measured using the discount rate determined at initial recognition);
- Changes in the fulfilment cash flows related to future services, except in the following cases:
 - when an increase in fulfilment cash flows exceeds the carrying amount of CSM and a loss component is recognized (the excess is recognized as a loss in profit or loss);
 - when a decrease in fulfilment cash flows is allocated to the loss component (the decrease is recognized as a reversal of previously recognized losses in profit or loss).
- Effects of currency exchange differences on CSM; and
- Amounts recognized as insurance revenue due to the transfer of insurance contract services during the current fiscal year.

Insurance contracts with direct participation features

An insurance contract with direct participation features is a contract for which the Group's obligation to policyholders equals the difference between:

- the obligation to pay policyholders an amount equal to the fair value of the underlying items; and
- the variable fee to be deducted in exchange for future services provided under the contract.

The carrying amount of CSM equals the variable fee, and consists of:

- the Group's share of the fair value of the underlying items, less
- fulfilment cash flows that are not contingent on the returns of the underlying items.

When measuring a group of insurance contracts with direct participation features, the Group adjusts in full for changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items through fulfilment cash flows. This change is recognized in insurance finance income or expenses because it does not relate to future services. In contrast, changes in the Group's share of the fair value of the underlying items and the fulfilment cash flows that do not vary based on the returns on underlying items relate to future services and therefore adjust CSM.

Notes to Consolidated Financial Statements

(c) Reinsurance contracts held

The Group applies, in principle, the same accounting policies to measure groups of reinsurance contracts held as those applied to insurance contracts issued.

However, certain measurement methods differ from those applied to insurance contracts issued.

In estimating future cash flows, assumptions consistent with those used for the underlying insurance contracts are applied. Unlike insurance contracts issued, adjustments for reinsurers' non-performance risk are incorporated. The impact of non-performance risk of reinsurers is assessed at each reporting date, and the changes are recognized in profit or loss. Additionally, reinsurance contracts held cannot be onerous.

If a reinsurance contract is entered into on or before the recognition of an underlying onerous group of contracts, a loss-recovery component is recognized for the loss component of the underlying group, proportionate to the reinsurance coverage. CSM of the group of reinsurance contracts held is adjusted accordingly. Subsequently, the loss-recovery component is updated to reflect changes in the loss component of the underlying onerous group, to the extent that it does not exceed the expected recovery from the reinsurance contracts held.

The Group adopts a year-to-date method when revising accounting estimates made in previous interim financial statements in subsequent interim periods and in the annual reporting period.

f. Measurement - Insurance contracts measured under PAA

The Group applies PAA, in principle, for the following groups of insurance contracts:

- groups of insurance contracts for which each contract in the group has a coverage period of one year or less;
- groups of insurance contracts for which the Group reasonably expects that the use of PAA would produce measurements of the liabilities for remaining coverage that do not differ materially from those that would result from applying the measurement approach described in e. above.

Insurance contracts issued

At initial recognition, the carrying amount of the liability for remaining coverage for each group of insurance contracts is measured based on the premiums received, net of insurance acquisition cash flows (new business expenses).

At subsequent measurement, the carrying amount of the liability for remaining coverage increases by premiums received and decreases by amounts recognized as insurance revenue for coverage provided (excluding the amortization of insurance acquisition cash flows), investment components, and additional insurance acquisition cash flows allocated after initial recognition. In addition, when insurance contracts in the group contain a significant financing component, the carrying amount of the liability for remaining coverage is adjusted to reflect the time value of money and the effect of financial risk.

If, at any point during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognizes losses in profit or loss to the extent that the current estimates of the fulfilment cash flows for the liability for remaining coverage (including risk adjustment for non-financial risk) exceed the carrying amount of the liability, thereby increasing the liability for remaining coverage.

The Group recognizes a liability for incurred claims for a group of insurance contracts based on the fulfilment cash flows related to incurred claims. These fulfilment cash flows are discounted using the current discount rate if they are not expected to be paid within one year from the date they are incurred.

Reinsurance contracts held

The Group measures a group of reinsurance contracts held by applying, in principle, the same accounting policies as those applied to insurance contracts issued. However, certain adjustments are made to reflect the characteristics of reinsurance contracts held and to align with the measurement requirements for reinsurance contracts held that are not measured under PAA. For example:

- reinsurance contracts held cannot be onerous; and
- a loss-recovery component arises when the underlying group of insurance contracts becomes onerous.

When a loss-recovery component arises for a group of reinsurance contracts held measured under PAA, the carrying amount of the asset for remaining coverage is adjusted instead of adjusting CSM.

g. Derecognition

The Group derecognizes an insurance contract when:

- the contract is extinguished, meaning the contractual obligations expire, are discharged, or are canceled; or
- the contract is modified in a manner that results in a significant change in the measurement of the contract.

h. Presentation

For each portfolio of insurance contracts issued and each portfolio of reinsurance contracts held, the Group presents separately portfolios that are in a net asset position and those that are in a net liability position in the consolidated statement of financial position.

In the consolidated statement of income, the amounts recognized are presented separately as (a) insurance service result (comprised of insurance revenue and insurance service expenses) and (b) insurance finance income or expenses.

Income or expenses from reinsurance contracts held are presented separately from those of insurance contracts issued and, except for insurance finance income or expenses, are presented on a net basis as "Income or expense from reinsurance contract held" within insurance service result.

Notes to Consolidated Financial Statements

(a) Insurance revenue

Insurance revenue is measured by excluding investment components as follows:

Insurance contracts issued not measured under PAA

The Group recognizes insurance revenue in accordance with the coverage and other services provided under the group of insurance contracts. Insurance revenue includes:

- the release of CSM, determined based on the coverage units representing the quantity of service provided in the period;
- changes in risk adjustment for non-financial risk related to services in the current period;
- incurred claims and other insurance service expenses incurred in the period and measured at the amounts expected at the beginning of the period;
- the allocation of insurance acquisition cash flows (new business expenses).

Insurance revenue represents the total changes in the liability for remaining coverage related to services for which the Group expects to receive consideration. The portion of premiums related to insurance acquisition cash flows is allocated in a systematic way over time based on the passage of time and recognized as both insurance revenue and insurance service expenses. The amount of CSM recognized as insurance revenue is determined based on the number of coverage units, which represent the quantity of services provided by contracts in the group. Coverage units are determined by considering the amount of benefits provided and the expected duration of coverage. CSM is allocated evenly to each coverage unit provided in the current period and expected to be provided in future periods based on the unallocated CSM at the end of the period.

Insurance contracts issued measured under PAA

Insurance revenue is allocated to each period based on the expected premium receipt related to coverage provided during the period, generally on the basis of the passage of time. Adjustments are made to reflect the time value of money and the effect of financial risk where necessary.

Loss component

The Group establishes a loss component of the liability for remaining coverage for an onerous group of insurance contracts issued. The loss component determines the amount excluded from insurance revenue among the changes in the liability for remaining coverage related to insurance services provided. The amount is determined by allocating systematically between the loss component and the liabilities for remaining coverage other than the loss component.

Changes in estimates of cash flows related to future services and changes in the Group's share of the fair value of underlying items are allocated to the loss component.

For insurance contracts not measured under PAA, when the loss component is reduced to zero, new CSM arises to the extent that the changes exceed the allocation to the loss component.

(b) Insurance service expenses

Insurance service expenses consist of the following (excluding investment components):

- incurred insurance claims and other expenses;
- amortization of insurance acquisition cash flows;
- profit or losses on the loss component;
- changes in the liabilities for incurred claims.

(c) Income or expenses from reinsurance contracts held

The income or expenses from reinsurance contracts held represent the amounts recovered from reinsurers, net of the allocation of reinsurance premiums paid, and are presented as a single amount.

The Group recognizes the allocation of reinsurance premiums paid as it receives coverage or other services under the group of reinsurance contracts held. For reinsurance contracts held that are not measured under the PAA, the reinsurance service expense for each period represents the total changes in the asset for remaining coverage relating to services received in the period for which the Group expects to pay consideration, excluding investment components.

For reinsurance contracts held that are measured under PAA, the reinsurance service expenses for each period represent the expected amounts of premiums paid for coverage received in the period, excluding investment components.

For groups of reinsurance contracts held that cover underlying onerous groups of contracts, the establishment of and changes to the loss-recovery component are also considered.

(d) Insurance finance income or expenses (reinsurance finance income or expenses are included)

Insurance finance income or expenses consist of changes in the carrying amounts of groups of insurance contracts that arise from the time value of money, financial risk, and the changes in these factors.

Notes to Consolidated Financial Statements

The Group, in principle, disaggregates insurance finance income or expenses between profit or loss and other comprehensive income in order to reduce the mismatch with the profit or loss of investment assets. The amount recognized in profit or loss is determined through a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of insurance contracts. In this systematic allocation, the discount rate determined at initial recognition of the group of insurance contracts is applied (or, for the liability for incurred claims of contracts measured under PAA, the discount rate determined at the date the insured event occurred) in principle, because changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders except for certain groups of insurance contracts.

For certain annuity products, the allocation is based on the amounts credited to policyholders during the period and the amounts expected to be credited in future periods.

For insurance contracts with direct participation features, the portion equivalent to the profit or loss arising from the underlying items is recognized in the profit or loss in the period.

(13) Employee benefits

a. Defined benefit plans

The present value of defined benefit obligations and the related current service cost and past service cost are calculated for each plan using the projected unit credit method. The discount rate is determined for each plan based on the period to the expected payment dates of the benefits and the market yields, at the reporting date, on high-quality corporate bonds. The net defined benefit liability (asset) is calculated as the present value of the defined benefit obligation less the fair value of plan assets (taking into account, where necessary, the effect of the asset ceiling).

Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and are immediately reclassified to retained earnings in the period in which they arise. Remeasurements comprise actuarial gains and losses, the return on plan assets excluding amounts included in net interest, and any change in the effect of the asset ceiling. Service cost and net interest expense are recognized in profit or loss in the period in which they arise.

b. Defined contribution plans

Some consolidated subsidiaries have defined contribution pension plans. A defined contribution plan is a post-employment benefit plan under which the employer pays fixed contributions into an individual account and will have no legal or constructive obligation to pay further contributions. Accordingly, contributions to defined contribution pension plans are recognized as an expense in the periods during which employees render service.

c. Short-term employee benefits

Short-term employee benefits are not discounted and are recognized as expenses when the related services are rendered. For bonuses and paid leave costs, if the Group has a present legal or constructive obligation to pay such amounts as a result of services provided by employees in the current and prior periods and the obligation can be reliably estimated, the expected future payments under those plans are recognized as liabilities.

(14) Stock-based compensation

a. Executive compensation BIP trust

The Group has adopted an equity-settled executive compensation Board Incentive Plan (hereinafter referred to as "BIP") trust as an incentive scheme for Directors and Executive Officers, and the Company's shares held by the trust are recognized as treasury stock. The fair value of the Company's shares at the grant date is recognized as an expense over the vesting period, with a corresponding increase in equity. As the fair value of the Company's shares at the grant date is considered to approximate the share price at the grant date, the share price at the grant date is used to measure the fair value.

b. Restricted stock units (RSU)

The Company has adopted a restricted stock unit (hereinafter referred to as "RSU") share-based compensation plan for officers of domestic and overseas subsidiaries of the Group (excluding the Company's Directors and Audit & Supervisory Board Members). The plan is accounted for as an equity-settled share-based payment transaction. RSUs are measured at fair value at the grant date and recognized as an expense over the vesting period, with a corresponding increase in equity.

(15) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of that outflow.

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

The present value is calculated using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability.

Increases in provisions due to the effect of the time value of money are recognized as other finance expenses.

Notes to Consolidated Financial Statements

(16) Equity

a. Common stock

Common stock are classified as equity. Proceeds from the issue of common stock are recognized as an increase in equity, and incremental costs directly attributable to the issue of common stock are deducted from equity.

b. Treasury stock

When treasury stock are acquired, the consideration paid, net of tax effects, including directly attributable transaction costs, is recognized as a deduction from equity. When treasury stock are sold, the difference between the carrying amount and the proceeds is recognized in capital surplus. If capital surplus would have a negative balance, capital surplus is reduced to zero and the negative amount is deducted from retained earnings.

(17) Revenue recognition

The Group recognizes revenue in accordance with the following five-step model under IFRS 15 "Revenue from Contracts with Customers", except for interest and dividend income and other related income accounted for under IFRS 9 "Financial Instruments" (hereinafter referred to as "IFRS 9") and insurance revenue accounted for under IFRS 17 "Insurance Contracts" (hereinafter referred to as "IFRS 17"). Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to customers, and is recognized mainly over the period during which services are provided, based on the measure of progress towards satisfaction of the related performance obligations. Such revenue mainly arises from "Solution and other businesses" and is presented under "Other income".

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group recognizes as assets the incremental costs of obtaining contracts with customers and the costs to fulfil contracts that are directly related to the contracts, to the extent that those costs are expected to be recoverable. Incremental costs of obtaining a contract are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Assets recognized from contract costs are amortized on a straight-line basis over the expected contract period.

(18) Income taxes

Income taxes comprises current tax and deferred tax. Current and deferred tax are recognized in profit or loss, except when they arise from items recognized in other comprehensive income or directly in equity, or from business combinations.

Current tax is measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets are also recognized for the carryforward of unused tax losses and unused tax credits. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and unused tax credits only to the extent that it is probable that taxable profit will be available against which they can be utilized, while deferred tax liabilities are generally recognized for taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period when the deferred tax asset is realized or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements when the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that taxable profit will be available against which they can be utilized.

(19) Earnings per share

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury stock. Diluted earnings per share is calculated by adjusting for the effects of all dilutive potential ordinary shares.

(20) Segment information

An operating segment is a component of the business that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses related to transactions with other operating segments.

Segment information is reported in a manner consistent with internal reports submitted to the chief operating decision maker, who is responsible for allocating resources to operating segments and assessing their performance. The Group identifies the Company's Board of Directors, which makes strategic decisions, as the chief operating decision maker.

Notes to Consolidated Financial Statements

4. Significant Accounting Estimates and Judgements

In preparing the consolidated financial statements, the Group is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these accounting estimates and the underlying assumptions.

Estimates and the underlying assumptions are reviewed on an ongoing basis. The effects of any revisions to accounting estimates are recognized in the period in which the revision is made and in future periods.

Information about judgements made in applying accounting policies that have a significant effect on the consolidated financial statements is as follows:

- Classification of financial instruments (3. Significant Accounting Policies (5) Financial instruments a. Non-derivative financial assets)
- Measurement of insurance contract liabilities (3. Significant Accounting Policies, (12) Insurance Contracts; and 7. Insurance Contracts)

Information about accounting estimates and assumptions that could have a significant effect on the consolidated financial statements is as follows:

- Impairment of goodwill (3. Significant Accounting Policies, (2) Business combinations and goodwill; and 15. Intangible Assets)
- Measurement of insurance contract liabilities (3. Significant Accounting Policies, (12) Insurance Contracts; and 7. Insurance Contracts)
- Impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income (FVOCI) (3. Significant Accounting Policies, (5) Financial instruments e. Impairment of financial instruments; and 8. Financial Instruments, (4) Expected Credit Losses (ECL))
- Fair value measurement of financial instruments (3. Significant Accounting Policies, (5) Financial instruments; and 8. Financial Instruments, (3) Fair value measurement)

5. Segment Information

(1) Information on reportable segments

a. Overview of reportable segments

The reportable segments are the components for which discrete financial information is available, and which are regularly reviewed by the Company's Board of Directors to make decisions about resource allocation and assess its performance.

The Company, as a holding company that manages the Group's business, establishes basic policies about the management of Group companies, formulates corporate strategies based on the surrounding business environment, and promotes business activities of the Group. The Company classifies its operations into four reportable segments: "Japan P&C insurance business," "Japan Life insurance business," "International insurance business," and "Solution and other businesses".

"Japan P&C insurance business" primarily comprises underwriting of P&C insurance in Japan, including automobile insurance, fire insurance, and specialty lines, as well as related investment activities. "Japan Life insurance business" primarily comprises underwriting of life insurance in Japan, including whole life insurance, term life insurance, and medical insurance, as well as related investment activities. "International insurance business" primarily comprises underwriting of overseas P&C and life insurance, including specialty lines such as excess workers' compensation insurance and medical stop-loss insurance, as well as related investment activities. In "Solution and other businesses", the main businesses are consulting services, investment advisory, investment trust management services, staffing business, facility management business, and nursing care services.

b. Method of calculation for revenue and expenses (net amount), profit, and other items for each reportable segment

The accounting treatment for the reportable business segments is the same as described in "3. Significant Accounting Policies".

The Group uses Net income attributable to owners of the parent as the basis for decisions on resource allocation and for performance evaluation.

Internal transactions between segments are based on prevailing market prices.

Notes to Consolidated Financial Statements

c. Information on profit or loss for each reportable segment
FY2024 (April 1, 2024 - March 31, 2025)

(Yen in millions)

	Reportable Segments					Adjustments (Note1)	Consolidated total
	Japan P&C insurance business	Japan Life insurance business	International insurance business	Solution and other businesses	Total		
Insurance revenue	2,935,093	266,877	4,249,062	—	7,451,032	(54,810)	7,396,221
Insurance service expenses	(2,568,092)	(161,406)	(3,415,676)	—	(6,145,175)	79,154	(6,066,020)
Income or expenses from reinsurance contracts held	(208,229)	(2,294)	(132,614)	—	(343,138)	(24,343)	(367,482)
Insurance service result	158,771	103,175	700,771	—	962,718	—	962,718
Interest income	77,182	116,131	612,662	120	806,096	(44)	806,051
Other investment gains and losses	(24,104)	(230,233)	72,771	1,212	(180,354)	(5,809)	(186,163)
Investment expenses	(16,337)	(3,917)	(42,123)	—	(62,378)	5,644	(56,733)
Investment gains and losses	36,740	(118,019)	643,310	1,332	563,363	(209)	563,154
Insurance finance expenses (net)	(24,312)	(95,037)	(481,147)	—	(600,498)	1,785	(598,713)
Reinsurance finance income (net)	36	3,892	64,209	—	68,137	(1,785)	66,352
Insurance finance income or expenses	(24,276)	(91,145)	(416,937)	—	(532,360)	—	(532,360)
Finance result	12,463	(209,165)	226,372	1,332	31,003	(209)	30,794
Administrative expenses	(13,318)	(1,159)	(449,516)	(161,314)	(625,309)	78,658	(546,651)
Other finance expenses (Note2)	(4,034)	(378)	(36,866)	(218)	(41,498)	10,214	(31,284)
Other income	21,781	890	91,843	178,191	292,706	(82,069)	210,637
Other expenses	(5,945)	(525)	(30,778)	(173)	(37,422)	—	(37,422)
Gains and losses from investments accounted for using the equity method	424	—	7,114	—	7,538	—	7,538
Income (loss) before income taxes	170,143	(107,163)	508,940	17,816	589,736	6,593	596,330
Income taxes	(36,648)	26,184	(137,882)	(5,289)	(153,636)	(11,198)	(164,834)
Net income (loss)	133,495	(80,979)	371,058	12,527	436,100	(4,605)	431,495
Net income (loss) attributable to non-controlling interests	(85)	—	(19,524)	682	(18,927)	—	(18,927)
Segment profit (loss) (Note3)	133,580	(80,979)	390,583	11,844	455,028	(4,605)	450,423
Other items							
Depreciation and amortization	66,696	9,090	80,728	1,585	158,101	(589)	157,511

(Notes) 1. Adjustments include elimination of intersegment transactions and income or expenses not allocated to each reportable segment.

2. Other finance expenses include interest expenses.

3. Segment profit is Net income attributable to owners of the parent in the consolidated statement of income.

FY2025 (April 1, 2025 - March 31, 2026)

(Yen in millions)

	Reportable Segments					Adjustments (Note1)	Consolidated total
	Japan P&C insurance business	Japan Life insurance business	International insurance business	Solution and other businesses	Total		
Insurance revenue	3,040,655	265,448	4,448,332	—	7,754,436	(60,875)	7,693,560
Insurance service expenses	(2,597,492)	(171,067)	(3,401,688)	—	(6,170,248)	55,861	(6,114,387)
Income or expenses from reinsurance contracts held	(185,701)	14,179	(262,994)	—	(434,517)	5,014	(429,502)
Insurance service result	257,461	108,559	783,649	—	1,149,670	—	1,149,670
Interest income	76,351	87,415	621,728	408	785,903	(498)	785,404
Other investment gains and losses	64,670	(321,227)	203,425	2,047	(51,083)	(8,765)	(59,848)
Investment expenses	(16,422)	(3,827)	(45,955)	—	(66,205)	7,206	(58,998)
Investment gains and losses	124,599	(237,638)	779,198	2,455	668,614	(2,056)	666,557
Insurance finance expenses (net)	(47,406)	(167,640)	(483,714)	—	(698,762)	17,578	(681,184)
Reinsurance finance income (net)	1,256	15,628	40,560	—	57,445	(17,578)	39,867
Insurance finance income or expenses	(46,150)	(152,012)	(443,154)	—	(641,316)	—	(641,316)
Finance result	78,449	(389,651)	336,044	2,455	27,297	(2,056)	25,240
Administrative expenses	(18,167)	(504)	(479,780)	(306,571)	(805,023)	81,115	(723,908)
Other finance expenses (Note2)	(5,006)	(327)	(31,049)	(1,433)	(37,816)	9,222	(28,593)
Other income	19,401	1,229	117,599	327,646	465,876	(86,336)	379,540
Other expenses	(7,500)	(1,443)	(49,220)	(338)	(58,503)	(1,056)	(59,559)
Gains and losses from investments accounted for using the equity method	535	—	9,066	(1,291)	8,310	—	8,310
Income (loss) before income taxes	325,173	(282,137)	686,309	20,466	749,812	887	750,700
Income taxes	(87,577)	77,277	(141,905)	(6,302)	(158,507)	(19,999)	(178,506)
Net income (loss)	237,596	(204,860)	544,403	14,164	591,304	(19,111)	572,193
Net income (loss) attributable to non-controlling interests	54	—	41,652	(350)	41,356	(419)	40,937
Segment profit (loss) (Note3)	237,541	(204,860)	502,750	14,515	549,947	(18,692)	531,255
Other items							
Depreciation and amortization	76,947	10,222	82,121	7,368	176,660	(473)	176,186

(Notes) 1. Adjustments include elimination of intersegment transactions and income or expenses not allocated to each reportable segment.

2. Other finance expenses include interest expenses.

3. Segment profit is Net income attributable to owners of the parent in the consolidated statement of income.

Notes to Consolidated Financial Statements

(2) Breakdown of revenue (net amount) from external customers by product and service

(Yen in millions)

Insurance Revenue	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
P&C Insurance	6,288,622	6,526,427
Life Insurance	1,107,599	1,167,132
Total	7,396,221	7,693,560

(3) Breakdown of revenue (net amount) from external customers by region

(Yen in millions)

Insurance Revenue	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Japan	3,120,272	3,215,868
United States	2,721,809	2,876,105
Others	1,554,140	1,601,586
Total	7,396,221	7,693,560

(Note) Classified by country or region based on the location of the insurance underwriting offices.

(4) Breakdown of non-current assets by region

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Japan	478,912	570,362	598,491
United States	1,023,827	974,752	1,322,593
Others	114,412	153,343	166,575
Total	1,617,152	1,698,459	2,087,660

(5) Information about major customers

None.

6. Business Combination

FY2024 (April 1, 2024 - March 31, 2025)

The Company acquired outstanding shares of Integrated Design & Engineering Holdings Co., Ltd. (hereinafter referred to as "ID&E"), which operates construction consulting and other businesses both domestically and internationally, and ID&E became a consolidated subsidiary of the Company.

(1) Outline of the business combination

a. Name of the acquiree

Integrated Design & Engineering Holdings Co., Ltd.

b. Business

Management and related or incidental operations of group companies.

c. Primary reasons of the business combination

The primary reason for the acquisition is to provide comprehensive solutions for societal resilience to a wide range of domestic and international customers by combining various management resources and insurance based on the engineering technology possessed by ID&E. Furthermore, by utilizing the customer base, channel network, capital policies, financial foundation, and human resources of the Group to create synergies, the Group aims to address social issues such as "Improve Disaster Resilience" and "Promote Climate Action".

d. Acquisition date

February 13, 2025

e. Legal form of business combination

Share acquisition for cash consideration

f. Percentage of voting equity interests acquired

Voting rights ratio held through the consolidated subsidiary immediately before the acquisition date	0.30%
Voting rights ratio additionally acquired on the acquisition date	85.46%
Voting rights ratio after the acquisition	85.76%

(2) Revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of income for the reporting period

The revenue and profit or loss of the acquiree since the acquisition date are immaterial; therefore, the related disclosure has been omitted.

Notes to Consolidated Financial Statements

(3) Fair value of acquisition consideration

Fair value of equity interests owned through the consolidated subsidiary immediately before the acquisition date	294 million yen
Cash paid for additional acquisition	83,822 million yen
Acquisition consideration	84,116 million yen

(4) Gain on step acquisition

The controlling interest in the acquiree held immediately before the acquisition date was remeasured at fair value on the acquisition date, resulting in a gain on step acquisition of 252 million yen, which was recorded in "Investments in equity instruments" in the consolidated statement of comprehensive income.

(5) Major acquisition-related costs

Advisory fees and others amounting to 741 million yen were recorded in "Administrative expenses" in the consolidated statement of income.

(6) The acquisition-date fair value of assets and liabilities, and goodwill

	(Yen in millions)
Total assets	233,019
Other financial assets	97,640
Property and equipment	59,772
Total liabilities	140,585
Bonds and borrowings	68,710
Net assets	92,433
Non-controlling interests	15,846
Fair value of acquisition consideration	84,116
Goodwill	7,528

(Note) Non-controlling interests are measured at the proportionate share of the identifiable net assets of the acquiree on the acquisition date, based on the non-controlling interest ownership percentage after the business combination. The recognized goodwill arose from the future excess earning power expected to be generated from the business development, including synergies with the Group. None of the amount of the goodwill is deductible for tax purposes.

FY2025 (April 1, 2025 - March 31, 2026)

(1) Acquisition of interests of Riser Topco III, LLC and its three subsidiary LLCs

The Company acquired Ignyte Insurance's U.S. collector vehicle insurance agency business by purchasing all the interests of Riser Topco III, LLC and its three subsidiary LLCs from the Carlyle Group through Philadelphia Indemnity Insurance Company, an insurance subsidiary under the Company's wholly owned subsidiary, Philadelphia Insurance Companies (hereinafter referred to as "PHLY").

a. Outline of the business combination

(a) Name of the acquirees

Riser Topco III, LLC and its three subsidiary LLCs

(b) Business

Insurance agency business specialized in personal auto insurance for collector vehicle enthusiasts

(c) Primary reasons of the business combination

The purpose of the acquisition is to further expand into the U.S. collector vehicle insurance market, which we view as having sustained potential for high growth, by leveraging synergies between Ignyte Insurance, which possesses its outstanding marketing capabilities and profitable, high-quality customer base, and PHLY's existing collector car insurance business.

(d) Acquisition date

October 31, 2025

(e) Legal form of business combination

Interests acquisition for cash consideration

(f) Percentage of voting equity interests acquired

100%

b. Revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of income for the reporting period

The revenue and profit or loss of the acquiree since the acquisition date are immaterial; therefore, the related disclosure has been omitted.

c. Fair value of acquisition consideration

Cash (including Accounts payable)	102,829 million yen
Acquisition consideration	102,829 million yen

Notes to Consolidated Financial Statements

d. Major acquisition-related costs

Advisory fees and others amounting to 563 million yen were recorded in "Administrative expenses" in the consolidated statement of income.

e. The acquisition-date fair value of assets and liabilities, and goodwill

	(Yen in millions)
Total assets	52,611
Intangible assets	43,929
Other financial assets	3,622
Total liabilities	4,240
Other financial liabilities	3,552
Net assets	48,371
Fair value of acquisition consideration	102,829
Goodwill	54,458

(Note) The recognized goodwill arose from the future excess earning power expected to be generated from the business development, including synergies with the Group. None of the amount of the goodwill is deductible for tax purposes.

(2) Acquisition of shares of Agrihedge, Inc.

The Company acquired 100% of the outstanding shares of Agrihedge, Inc. (hereinafter referred to as "CIH"), which provides price volatility risk solutions for agricultural and livestock products in the U.S.

a. Outline of the business combination

(a) Name of the acquiree

Agrihedge, Inc.

(b) Business

Providing price volatility risk solutions for agricultural and livestock products in the U.S. through insurance agency, derivatives brokerage, consulting and related offerings

(c) Primary reasons of the business combination

By acquiring CIH, the Company will expand its fee-based solutions business and diversify our sources of earnings, aligning with the Group's strategic focus on expanding solution-oriented services and achieving growth while mitigating volatility. Furthermore, by securing capabilities to provide non-insurance risk solutions in the U.S. agricultural sector, the Company will strengthen the capabilities of HCC Insurance Holdings, Inc.'s agricultural offerings and further enhance our competitive advantage.

(d) Acquisition date

January 30, 2026

(e) Legal form of business combination

Share acquisition for cash consideration

(f) Percentage of voting equity interests acquired

100%

b. Revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of income for the reporting period
The revenue and profit or loss of the acquiree since the acquisition date are immaterial; therefore, the related disclosure has been omitted.

c. Fair value of acquisition consideration

Cash (including Accounts payable)	150,004 million yen
Acquisition consideration	150,004 million yen

d. Major acquisition-related costs

Advisory fees and others amounting to 2,060 million yen were recorded in "Administrative expenses" in the consolidated statement of income.

e. The acquisition-date fair value of assets and liabilities, and goodwill

	(Yen in millions)
Total assets	109,725
Intangible assets	98,342
Other financial assets	5,574
Total liabilities	31,552
Other liabilities	3,370
Deferred tax liabilities	26,046
Net assets	78,172
Fair value of acquisition consideration	150,004
Goodwill	71,832

(Note) The recognized goodwill arose from the future excess earning power expected to be generated from the business development, including synergies with the Group. None of the amount of the goodwill is deductible for tax purposes.
In addition, the fair value of the above assets and liabilities and the amount of goodwill have been accounted for provisionally because the allocation of the acquisition consideration had not been completed as of March 31, 2026.

Notes to Consolidated Financial Statements

7. Insurance Contracts

(1) Significant judgments related to insurance contracts

The significant judgments made by the Group when applying IFRS 17 and the changes to those judgments are as follows:

a. Estimates of future cash flows

The estimates of the amount, timing, and uncertainty of future cash flows within the contract boundary incorporate all reasonable and supportable information available without undue cost or effort, on an unbiased basis. For certain contracts, the estimation reflects the cost of options and guarantees by using a probability-weighted average, i.e., the expected value.

Future cash flows of the liability for remaining coverage are estimated by insurance products and policy years based on certain assumptions, such as loss ratios, mortality rates, morbidity rates, lapse rates, and maintenance expense ratios.

These assumptions are determined primarily based on historical data, with adjustments made as necessary-for example, excluding extraordinary data, reflecting the impact of product revisions, and incorporating expected future trends and inflations.

In addition, for assumptions for which the use of historical data is not considered appropriate, such as those related to large-scale natural catastrophes, estimates are also made using models such as Nat Cat Risk model and F×D model.

Future cash flows of the liability for incurred claims are estimated by insurance products using statistical methods such as the chain-ladder method and the Bornhuetter-Ferguson method, in addition to investigations of individual reported claims, to estimate outstanding claims (OS), incurred but not reported claims (IBNR), ultimate losses, and other items.

In addition, IBNR related to large losses and large-scale natural catastrophes are also estimated individually.

Accrued loss adjustment are estimated based on past experience and other relevant information.

b. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts. Although IFRS 17 does not prescribe a specific method for calculating the risk adjustment for non-financial risk, the Group, in principle, applies the cost-of-capital method. The risk adjustment is calculated by multiplying the required capital, which corresponds to the amount of risk at a 99.5% confidence level reflecting the diversification effect within the Group, by a cost of capital rate of 6%. The changes in the risk adjustment for non-financial risk are disaggregated between insurance service result and insurance finance income or expenses, and the Group does not apply the method in paragraph 81 of IFRS 17 to include all of them in the insurance service result.

The risk adjustment amounts calculated under this method correspond to confidence levels of 82.5-87.5%, 80-85%, and 77.5-82.5% for the transition date, the previous fiscal year, and the current fiscal year, respectively.

c. Discount rate

Under IFRS 17, insurance liabilities are measured by discounting estimated future cash flows using the discount rates (yield curves) as of the reporting date.

These discount rates are derived by adding illiquidity premiums - reflecting the liquidity characteristics of insurance liabilities - to the risk-free rates based on government bond yields.

Illiquidity premium is generally measured using a bottom-up approach, while for certain products (such as annuities), a top-down approach referencing the asset portfolio held is also applied.

Super-long-term discount rates which are not observable in the market are derived from yield curves observable in the market in principle.

The yield curves used to discount future cash flows for major currencies are summarized below:

As of April 1, 2024 (Transition date)	1 year	5 years	10 years	20 years	30 years
JPY	0.05%	0.36%	0.76%	1.54%	1.85%
USD (annuities)	6.46%	5.60%	5.60%	5.95%	5.73%
USD (other than annuities)	5.50%	4.68%	4.67%	5.05%	4.79%
	~	~	~	~	~
	5.59%	4.77%	4.76%	5.14%	4.88%
GBP	5.19%	4.36%	4.53%	5.11%	5.13%
As of March 31, 2025	1 year	5 years	10 years	20 years	30 years
JPY	0.65%	1.11%	1.52%	2.27%	2.59%
USD (annuities)	5.22%	5.15%	5.46%	5.99%	5.88%
USD (other than annuities)	4.38%	4.31%	4.60%	5.12%	4.95%
	~	~	~	~	~
	4.68%	4.61%	4.90%	5.42%	5.25%
GBP	4.56%	4.76%	5.22%	5.91%	5.98%
As of March 31, 2026	1 year	5 years	10 years	20 years	30 years
JPY	1.17%	1.84%	2.43%	3.41%	3.88%
USD (annuities)	4.95%	5.21%	5.64%	6.45%	6.36%
USD (other than annuities)	3.90%	4.19%	4.62%	5.40%	5.24%
	~	~	~	~	~
	4.17%	4.46%	4.89%	5.67%	5.51%
GBP	4.86%	4.93%	5.56%	6.18%	6.25%

Notes to Consolidated Financial Statements

d. Investment component

Investment component is the amount that an insurance contract requires the entity to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. Depending on its interrelation and other related factors with the insurance component, it is classified either as a distinct investment component, which is separated from insurance liabilities and accounted for under IFRS 9, or a non-distinct investment component, which is not separated and is accounted for under IFRS 17.

All investment components within the Group are classified as non-distinct investment components and mainly consist of the following:

- The savings portion of products with savings elements, such as endowment insurance, investment-linked products, whole life insurance, and saving-type P&C insurance products (e.g., maturity benefits and surrender benefits).
- Experience refunds or no-claim refunds that are determined based on claims experience under the contracts.

Investment components are excluded from insurance revenue and insurance service expenses.

e. Allocation between insurance coverage and investment-return services or investment-related services

For contracts that provide both insurance coverage and investment-return service or investment-related service, the Group determines the quantity of services by assessing the quantity of services of insurance coverage, and investment-return service or investment-related service, and then aggregating these amounts.

With respect to insurance coverage, the quantity of services are assessed using measures such as, for P&C insurance contracts, the sum insured and/or earned premium, and for life insurance contracts, the sum at risk (i.e., the amount of insurance coverage representing the sum insured net of the savings component which is the policyholder's share) and/or annualized premium.

With respect to investment-return service or investment-related service, the service quantity is assessed based on the amount of the savings component.

(2) Insurance revenue, insurance service expenses, and income or expenses from reinsurance contracts held

The following is a breakdown of insurance revenue, insurance service expenses, and income or expenses from reinsurance contracts held. The consolidated adjustments include reinsurance transactions from Japan P&C insurance business to the International insurance business, as well as reinsurance transactions from the International insurance business to Japan P&C insurance business.

a. Insurance revenue

(Yen in millions)

FY2024 (April 1, 2024 - March 31, 2025)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated adjustments	Total
Revenue from insurance contracts not measured under PAA	729,092	261,023	167,300	—	1,157,416
Changes in liabilities for remaining coverage	620,190	216,002	146,675	—	982,867
CSM recognized in profit or loss for services provided	85,641	86,749	34,237	—	206,628
Release of risk adjustment for non-financial risk	10,022	12,543	7,590	—	30,156
Expected incurred claims and other insurance service expenses	506,326	116,065	104,615	—	727,006
Others	18,199	643	232	—	19,075
Recoveries of insurance acquisition cash flows	108,901	45,021	20,625	—	174,548
Revenue from insurance contracts measured under PAA	2,206,001	5,853	4,081,761	(54,810)	6,238,805
Total insurance revenue	2,935,093	266,877	4,249,062	(54,810)	7,396,221

(Yen in millions)

FY2025 (April 1, 2025 - March 31, 2026)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated adjustments	Total
Revenue from insurance contracts not measured under PAA	772,162	259,786	172,222	—	1,204,171
Changes in liabilities for remaining coverage	633,961	207,239	146,639	—	987,841
CSM recognized in profit or loss for services provided	82,413	80,871	31,552	—	194,838
Release of risk adjustment for non-financial risk	11,328	12,015	4,637	—	27,981
Expected incurred claims and other insurance service expenses	520,393	115,839	109,643	—	745,876
Others	19,827	(1,488)	805	—	19,144
Recoveries of insurance acquisition cash flows	138,200	52,547	25,583	—	216,330
Revenue from insurance contracts measured under PAA	2,268,493	5,661	4,276,110	(60,875)	6,489,388
Total insurance revenue	3,040,655	265,448	4,448,332	(60,875)	7,693,560

Notes to Consolidated Financial Statements

b. Insurance service expenses

(Yen in millions)

FY2024 (April 1, 2024 - March 31, 2025)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated adjustments	Total
Incurred claims and other insurance service expenses	(1,908,501)	(114,461)	(2,633,340)	43,250	(4,613,053)
Amortization of insurance acquisition cash flows	(615,599)	(45,021)	(738,745)	—	(1,399,366)
Changes in liabilities for incurred claims related to past services	(41,746)	(1,000)	(17,769)	35,832	(24,683)
Losses and reversal of losses for onerous groups of contracts	(2,244)	(922)	(25,568)	71	(28,664)
Impairment losses and reversals on assets for insurance acquisition cash flows paid before the related group of insurance contracts is recognized	—	—	(252)	—	(252)
Total insurance service expenses	(2,568,092)	(161,406)	(3,415,676)	79,154	(6,066,020)

(Yen in millions)

FY2025 (April 1, 2025 - March 31, 2026)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated adjustments	Total
Incurred claims and other insurance service expenses	(1,922,003)	(112,288)	(2,587,995)	51,988	(4,570,298)
Amortization of insurance acquisition cash flows	(646,136)	(52,547)	(783,057)	—	(1,481,741)
Changes in liabilities for incurred claims related to past services	(29,861)	2,684	(23,398)	3,960	(46,614)
Losses and reversal of losses for onerous groups of contracts	509	(8,915)	(6,902)	(87)	(15,396)
Impairment losses and reversals on assets for insurance acquisition cash flows paid before the related group of insurance contracts is recognized	—	—	(335)	—	(335)
Total insurance service expenses	(2,597,492)	(171,067)	(3,401,688)	55,861	(6,114,387)

c. Income or expenses from reinsurance contracts held

(Yen in millions)

FY2024 (April 1, 2024 - March 31, 2025)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated adjustments	Total
Reinsurance premiums paid and recognized in profit or loss	(299,524)	(10,730)	(668,930)	54,810	(924,375)
Recoveries from reinsurers	91,295	8,436	536,316	(79,154)	556,892
Total income or expenses from reinsurance contracts held	(208,229)	(2,294)	(132,614)	(24,343)	(367,482)

(Yen in millions)

FY2025 (April 1, 2025 - March 31, 2026)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated adjustments	Total
Reinsurance premiums paid and recognized in profit or loss	(275,822)	(3,626)	(693,834)	60,875	(912,407)
Recoveries from reinsurers	90,121	17,805	430,840	(55,861)	482,904
Total income or expenses from reinsurance contracts held	(185,701)	14,179	(262,994)	5,014	(429,502)

(3) Insurance contracts reconciliation tables

The following reconciliation tables present the changes in the net carrying amounts of insurance contracts issued and reinsurance contracts held, together with their relationship to cash flows, income, and expenses.

a. Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims

The following provides an analysis of changes in the net carrying amounts of insurance contracts issued and reinsurance contracts held, broken down into movements in the liabilities for remaining coverage (excluding loss component), loss component, and the liabilities for incurred claims. The movements in liabilities for remaining coverage and liabilities for incurred claims presented in (a) Consolidated Total are derived from the aggregate of the figures presented in the insurance contract reconciliations for (b) Japan P&C insurance business, (c) Japan Life insurance business, and (d) International insurance business, after eliminating intersegment transactions. Such intersegment transactions include reinsurance transactions from Japan P&C insurance business to the International insurance business, as well as reinsurance transactions from the International insurance business to Japan P&C insurance business.

Notes to Consolidated Financial Statements

(a) Consolidated total

i. Insurance contracts issued

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract assets	(18,348)	786	(1,461)	1,215	28	(17,780)
Insurance contract liabilities	13,119,044	44,638	541,345	5,255,734	112,738	19,073,503
Beginning net balance (denotes assets)	13,100,695	45,425	539,883	5,256,950	112,766	19,055,722
Insurance revenue	(7,396,221)	—	—	—	—	(7,396,221)
Insurance service expenses	1,399,619	25,884	657,426	3,977,174	5,915	6,066,020
Incurred claims and other insurance service expenses	—	(2,779)	657,930	3,933,482	24,419	4,613,053
Amortization of insurance acquisition cash flows	1,399,366	—	—	—	—	1,399,366
Changes in liabilities for incurred claims related to past services	—	—	(503)	43,691	(18,504)	24,683
Losses on onerous groups of contracts and reversals of such losses	—	28,664	—	—	—	28,664
Impairment losses and reversals on assets for insurance acquisition cash flows before recognition of insurance contract groups	252	—	—	—	—	252
Insurance service result	(5,996,602)	25,884	657,426	3,977,174	5,915	(1,330,200)
Insurance finance income or expenses	(115,406)	1,891	(4,547)	202,967	5,719	90,625
Total changes recognized in profit or loss and other comprehensive income	(6,112,008)	27,776	652,879	4,180,142	11,634	(1,239,575)
Investment components and refunds of premiums, excluded from insurance service result	(1,025,943)	—	997,105	28,837	—	—
Cash flows	7,125,022	—	(1,655,863)	(3,946,646)	—	1,522,512
Premiums received	8,668,009	—	—	—	—	8,668,009
Insurance acquisition cash flows paid	(1,542,986)	—	—	—	—	(1,542,986)
Claims and other insurance service expenses paid	—	—	(1,655,863)	(3,946,646)	—	(5,602,510)
Others	31,058	(3,304)	(3,641)	(46)	(0)	24,064
Foreign currency translation adjustments	7,882	(95)	4,968	(36,455)	3,597	(20,102)
Ending net balance (denotes assets)	13,126,706	69,801	535,331	5,482,781	127,999	19,342,621
Insurance contract assets	(99,006)	621	296	83,255	55	(14,776)
Insurance contract liabilities	13,225,712	69,179	535,035	5,399,525	127,943	19,357,397

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract assets	(99,006)	621	296	83,255	55	(14,776)
Insurance contract liabilities	13,225,712	69,179	535,035	5,399,525	127,943	19,357,397
Beginning net balance (denotes assets)	13,126,706	69,801	535,331	5,482,781	127,999	19,342,621
Insurance revenue	(7,693,560)	—	—	—	—	(7,693,560)
Insurance service expenses	1,482,077	7,081	636,889	3,986,098	2,241	6,114,387
Incurred claims and other insurance service expenses	—	(8,315)	642,665	3,910,459	25,488	4,570,298
Amortization of insurance acquisition cash flows	1,481,741	—	—	—	—	1,481,741
Changes in liabilities for incurred claims related to past services	—	—	(5,775)	75,638	(23,247)	46,614
Losses on onerous groups of contracts and reversals of such losses	—	15,396	—	—	—	15,396
Impairment losses and reversals on assets for insurance acquisition cash flows before recognition of insurance contract groups	335	—	—	—	—	335
Insurance service result	(6,211,483)	7,081	636,889	3,986,098	2,241	(1,579,173)
Insurance finance income or expenses	4,321	2,660	(2,571)	196,578	6,099	207,088
Total changes recognized in profit or loss and other comprehensive income	(6,207,161)	9,742	634,318	4,182,676	8,340	(1,372,084)
Investment components and refunds of premiums, excluded from insurance service result	(1,112,497)	—	1,084,923	27,573	—	—
Cash flows	7,172,653	—	(1,739,172)	(3,974,557)	—	1,458,923
Premiums received	8,723,161	—	—	—	—	8,723,161
Insurance acquisition cash flows paid	(1,550,507)	—	—	—	—	(1,550,507)
Claims and other insurance service expenses paid	—	—	(1,739,172)	(3,974,557)	—	(5,713,729)
Others	26,135	(829)	(18,632)	858	(1,420)	6,110
Foreign currency translation adjustments	411,084	4,324	7,925	309,375	10,879	743,590
Ending net balance (denotes assets)	13,416,921	83,038	504,694	6,028,708	145,798	20,179,161
Insurance contract assets	(109,358)	1,498	86	67,730	85	(39,956)
Insurance contract liabilities	13,526,279	81,539	504,607	5,960,977	145,713	20,219,118

Notes to Consolidated Financial Statements

ii. Reinsurance contracts held

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)					
	Liabilities for remaining coverage			Liabilities for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets	(15,361)	(1,242)	(12,097)	(1,067,441)	(30,394)	(1,126,536)
Reinsurance contract liabilities	44,123	—	(55)	(21,981)	(560)	21,525
Beginning net balance (denotes assets)	28,762	(1,242)	(12,153)	(1,089,423)	(30,955)	(1,105,011)
Reinsurance premiums paid and recognized in profit or loss	924,375	—	—	—	—	924,375
Amount recovered from reinsurers	(0)	(5,964)	(26,531)	(516,871)	(7,523)	(556,892)
Recoveries of incurred claims and other insurance service expenses	—	—	(26,605)	(516,553)	(10,619)	(553,778)
Changes in recoveries of incurred claims related to past services	—	—	73	(482)	3,095	2,685
Changes in loss-recovery component related to contracts under PAA	—	(1,617)	—	—	—	(1,617)
Recognition of loss-recovery component related to onerous contracts not under PAA	—	(1,499)	—	—	—	(1,499)
Reversal of loss-recovery component related to contracts not under PAA	—	11	—	—	—	11
Changes in fulfillment cash flows of onerous contracts not under PAA	—	(2,859)	—	—	—	(2,859)
Effects of changes in reinsurer default risk	(0)	—	1	164	—	164
Reinsurance service result	924,374	(5,964)	(26,531)	(516,871)	(7,523)	367,482
Reinsurance finance income or expenses	6,015	(130)	(92)	(60,399)	(1,870)	(56,477)
Total changes recognized in profit or loss and other comprehensive income	930,389	(6,094)	(26,623)	(577,271)	(9,394)	311,004
Investment components and refunds of premiums, excluded from reinsurance service result	16,998	—	(11,184)	(5,813)	—	—
Cash flows	(1,522,020)	—	37,496	605,809	—	(878,713)
Reinsurance premiums paid	(1,522,020)	—	—	—	—	(1,522,020)
Recoveries from reinsurers	—	—	37,496	605,809	—	643,306
Others	(962)	21	—	(2,244)	0	(3,185)
Foreign currency translation adjustments	2,303	60	(356)	7,806	(2,496)	7,317
Ending net balance (denotes assets)	(544,528)	(7,255)	(12,821)	(1,061,136)	(42,845)	(1,668,587)
Reinsurance contract assets	(575,344)	(7,253)	(12,790)	(1,044,467)	(42,751)	(1,682,607)
Reinsurance contract liabilities	30,816	(1)	(31)	(16,669)	(94)	14,019

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss-recovery component	Loss-recovery component	Contracts not under PAA	Contracts under PAA		
Estimates of the present value of future cash flows				Risk adjustment for non-financial risk		
Reinsurance contract assets	(575,344)	(7,253)	(12,790)	(1,044,467)	(42,751)	(1,682,607)
Reinsurance contract liabilities	30,816	(1)	(31)	(16,669)	(94)	14,019
Beginning net balance (denotes assets)	(544,528)	(7,255)	(12,821)	(1,061,136)	(42,845)	(1,668,587)
Reinsurance premiums paid and recognized in profit or loss	912,407	—	—	—	—	912,407
Amount recovered from reinsurers	(2,241)	(2,751)	(23,922)	(459,631)	5,642	(482,904)
Recoveries of incurred claims and other insurance service expenses	—	—	(23,990)	(447,852)	(9,956)	(481,799)
Changes in recoveries of incurred claims related to past services	—	—	68	(11,891)	15,599	3,777
Changes in loss-recovery component related to contracts under PAA	—	1,250	—	—	—	1,250
Recognition of loss-recovery component related to onerous contracts not under PAA	—	(6,313)	—	—	—	(6,313)
Reversal of loss-recovery component related to contracts not under PAA	—	2,332	—	—	—	2,332
Changes in fulfillment cash flows of onerous contracts not under PAA	—	(21)	—	—	—	(21)
Effects of changes in reinsurer default risk	(2,241)	—	(0)	111	—	(2,130)
Reinsurance service result	910,165	(2,751)	(23,922)	(459,631)	5,642	429,502
Reinsurance finance income or expenses	40,928	(179)	140	(15,686)	(2,303)	22,900
Total changes recognized in profit or loss and other comprehensive income	951,094	(2,930)	(23,781)	(475,318)	3,339	452,403
Investment components and refunds of premiums, excluded from reinsurance service result	53,185	—	(50,244)	(2,940)	—	—
Cash flows	(1,757,635)	—	74,450	560,174	—	(1,123,010)
Reinsurance premiums paid	(1,757,635)	—	—	—	—	(1,757,635)
Recoveries from reinsurers	—	—	74,450	560,174	—	634,624
Others	5,485	(13)	0	(10,430)	1,420	(3,538)
Foreign currency translation adjustments	(4,367)	(640)	(1,199)	(74,947)	(4,338)	(85,492)
Ending net balance (denotes assets)	(1,296,766)	(10,839)	(13,596)	(1,064,599)	(42,424)	(2,428,226)
Reinsurance contract assets	(1,328,623)	(10,804)	(13,385)	(1,048,561)	(42,159)	(2,443,534)
Reinsurance contract liabilities	31,857	(35)	(210)	(16,037)	(264)	15,308

Notes to Consolidated Financial Statements

(b) Japan P&C insurance business

i. Insurance contracts issued

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)					
	Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		Total
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract assets	691	—	(1,632)	—	—	(941)
Insurance contract liabilities	2,795,093	1,308	197,243	1,098,379	3,030	4,095,055
Beginning net balance (denotes assets)	2,795,784	1,308	195,611	1,098,379	3,030	4,094,113
Insurance revenue	(2,935,093)	—	—	—	—	(2,935,093)
Insurance service expenses	615,599	1,968	439,658	1,510,964	(98)	2,568,092
Incurred claims and other insurance service expenses	—	(276)	440,389	1,468,461	(74)	1,908,501
Amortization of insurance acquisition cash flows	615,599	—	—	—	—	615,599
Changes in liabilities for incurred claims related to past services	—	—	(731)	42,502	(23)	41,746
Losses on onerous groups of contracts and reversals of such losses	—	2,244	—	—	—	2,244
Impairment losses and reversals on assets for insurance acquisition cash flows before recognition of insurance contract groups	—	—	—	—	—	—
Insurance service result	(2,319,493)	1,968	439,658	1,510,964	(98)	(367,000)
Insurance finance income or expenses	(35,528)	(10)	(1,131)	(2,134)	30	(38,774)
Total changes recognized in profit or loss and other comprehensive income	(2,355,022)	1,958	438,526	1,508,829	(67)	(405,774)
Investment components and refunds of premiums, excluded from insurance service result	(216,132)	—	187,389	28,743	—	—
Cash flows	2,352,373	—	(628,123)	(1,509,312)	—	214,937
Premiums received	3,047,627	—	—	—	—	3,047,627
Insurance acquisition cash flows paid	(695,253)	—	—	—	—	(695,253)
Claims and other insurance service expenses paid	—	—	(628,123)	(1,509,312)	—	(2,137,436)
Others	828	—	—	—	—	828
Foreign currency translation adjustments	—	—	—	—	—	—
Ending net balance (denotes assets)	2,577,831	3,266	193,403	1,126,640	2,962	3,904,104
Insurance contract assets	—	—	—	—	—	—
Insurance contract liabilities	2,577,831	3,266	193,403	1,126,640	2,962	3,904,104

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract assets	—	—	—	—	—	—
Insurance contract liabilities	2,577,831	3,266	193,403	1,126,640	2,962	3,904,104
Beginning net balance (denotes assets)	2,577,831	3,266	193,403	1,126,640	2,962	3,904,104
Insurance revenue	(3,040,655)	—	—	—	—	(3,040,655)
Insurance service expenses	646,136	(944)	417,437	1,535,275	(411)	2,597,492
Incurred claims and other insurance service expenses	—	(435)	420,050	1,502,777	(389)	1,922,003
Amortization of insurance acquisition cash flows	646,136	—	—	—	—	646,136
Changes in liabilities for incurred claims related to past services	—	—	(2,613)	32,497	(22)	29,861
Losses on onerous groups of contracts and reversals of such losses	—	(509)	—	—	—	(509)
Impairment losses and reversals on assets for insurance acquisition cash flows before recognition of insurance contract groups	—	—	—	—	—	—
Insurance service result	(2,394,518)	(944)	417,437	1,535,275	(411)	(443,162)
Insurance finance income or expenses	(31,007)	1	(626)	13,444	215	(17,973)
Total changes recognized in profit or loss and other comprehensive income	(2,425,525)	(943)	416,810	1,548,719	(196)	(461,135)
Investment components and refunds of premiums, excluded from insurance service result	(208,848)	—	181,286	27,561	—	—
Cash flows	2,405,745	—	(607,483)	(1,513,855)	—	284,406
Premiums received	3,105,745	—	—	—	—	3,105,745
Insurance acquisition cash flows paid	(699,999)	—	—	—	—	(699,999)
Claims and other insurance service expenses paid	—	—	(607,483)	(1,513,855)	—	(2,121,339)
Others	972	104	—	—	—	1,076
Foreign currency translation adjustments	—	—	—	—	—	—
Ending net balance (denotes assets)	2,350,175	2,427	184,017	1,189,065	2,766	3,728,452
Insurance contract assets	—	—	—	—	—	—
Insurance contract liabilities	2,350,175	2,427	184,017	1,189,065	2,766	3,728,452

Notes to Consolidated Financial Statements

ii. Reinsurance contracts held

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss-recovery component	Loss-recovery component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets	43,698	—	—	(168,883)	(326)	(125,511)
Reinsurance contract liabilities	—	—	—	—	—	—
Beginning net balance (denotes assets)	43,698	—	—	(168,883)	(326)	(125,511)
Reinsurance premiums paid and recognized in profit or loss	299,524	—	—	—	—	299,524
Amount recovered from reinsurers	—	—	—	(91,307)	12	(91,295)
Recoveries of incurred claims and other insurance service expenses	—	—	—	(87,601)	12	(87,589)
Changes in recoveries of incurred claims related to past services	—	—	—	(3,705)	0	(3,705)
Changes in loss-recovery component related to contracts under PAA	—	—	—	—	—	—
Recognition of loss-recovery component related to onerous contracts not under PAA	—	—	—	—	—	—
Reversal of loss-recovery component related to contracts not under PAA	—	—	—	—	—	—
Changes in fulfillment cash flows of onerous contracts not under PAA	—	—	—	—	—	—
Effects of changes in reinsurer default risk	—	—	—	—	—	—
Reinsurance service result	299,524	—	—	(91,307)	12	208,229
Reinsurance finance income or expenses	153	—	—	73	0	227
Total changes recognized in profit or loss and other comprehensive income	299,678	—	—	(91,234)	13	208,457
Investment components and refunds of premiums, excluded from reinsurance service result	769	—	—	(769)	—	—
Cash flows	(299,888)	—	—	134,036	—	(165,851)
Reinsurance premiums paid	(299,888)	—	—	—	—	(299,888)
Recoveries from reinsurers	—	—	—	134,036	—	134,036
Others	—	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—
Ending net balance (denotes assets)	44,258	—	—	(126,851)	(313)	(82,905)
Reinsurance contract assets	44,258	—	—	(126,851)	(313)	(82,905)
Reinsurance contract liabilities	—	—	—	—	—	—

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)					
	Liabilities for remaining coverage			Liabilities for incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets	44,258	—	—	(126,851)	(313)	(82,905)
Reinsurance contract liabilities	—	—	—	—	—	—
Beginning net balance (denotes assets)	44,258	—	—	(126,851)	(313)	(82,905)
Reinsurance premiums paid and recognized in profit or loss	275,822	—	—	—	—	275,822
Amount recovered from reinsurers	—	—	—	(90,170)	49	(90,121)
Recoveries of incurred claims and other insurance service expenses	—	—	—	(86,014)	49	(85,965)
Changes in recoveries of incurred claims related to past services	—	—	—	(4,155)	0	(4,155)
Changes in loss-recovery component related to contracts under PAA	—	—	—	—	—	—
Recognition of loss-recovery component related to onerous contracts not under PAA	—	—	—	—	—	—
Reversal of loss-recovery component related to contracts not under PAA	—	—	—	—	—	—
Changes in fulfillment cash flows of onerous contracts not under PAA	—	—	—	—	—	—
Effects of changes in reinsurer default risk	—	—	—	—	—	—
Reinsurance service result	275,822	—	—	(90,170)	49	185,701
Reinsurance finance income or expenses	(274)	—	—	(648)	(0)	(923)
Total changes recognized in profit or loss and other comprehensive income	275,548	—	—	(90,819)	48	184,778
Investment components and refunds of premiums, excluded from reinsurance service result	833	—	—	(833)	—	—
Cash flows	(291,565)	—	—	99,426	—	(192,139)
Reinsurance premiums paid	(291,565)	—	—	—	—	(291,565)
Recoveries from reinsurers	—	—	—	99,426	—	99,426
Others	—	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—
Ending net balance (denotes assets)	29,074	—	—	(119,077)	(264)	(90,267)
Reinsurance contract assets	29,074	—	—	(119,077)	(264)	(90,267)
Reinsurance contract liabilities	—	—	—	—	—	—

Notes to Consolidated Financial Statements

(c) Japan Life insurance business

i. Insurance contracts issued

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract assets	(10,799)	—	82	—	—	(10,717)
Insurance contract liabilities	6,248,960	9,373	271,288	2,816	—	6,532,439
Beginning net balance (denotes assets)	6,238,161	9,373	271,370	2,816	—	6,521,721
Insurance revenue	(266,877)	—	—	—	—	(266,877)
Insurance service expenses	45,021	575	109,358	6,451	—	161,406
Incurred claims and other insurance service expenses	—	(347)	108,354	6,454	—	114,461
Amortization of insurance acquisition cash flows	45,021	—	—	—	—	45,021
Changes in liabilities for incurred claims related to past services	—	—	1,003	(2)	—	1,000
Losses on onerous groups of contracts and reversals of such losses	—	922	—	—	—	922
Impairment losses and reversals on assets for insurance acquisition cash flows before recognition of insurance contract groups	—	—	—	—	—	—
Insurance service result	(221,855)	575	109,358	6,451	—	(105,470)
Insurance finance income or expenses	(432,057)	73	(3,376)	0	—	(435,361)
Total changes recognized in profit or loss and other comprehensive income	(653,913)	648	105,981	6,451	—	(540,831)
Investment components and refunds of premiums, excluded from insurance service result	(450,583)	—	450,583	—	—	—
Cash flows	644,164	—	(570,355)	(6,511)	—	67,296
Premiums received	740,342	—	—	—	—	740,342
Insurance acquisition cash flows paid	(96,178)	—	—	—	—	(96,178)
Claims and other insurance service expenses paid	—	—	(570,355)	(6,511)	—	(576,867)
Others	252	—	—	—	—	252
Foreign currency translation adjustments	—	—	—	—	—	—
Ending net balance (denotes assets)	5,778,081	10,021	257,579	2,756	—	6,048,439
Insurance contract assets	(9,480)	—	207	—	—	(9,272)
Insurance contract liabilities	5,787,562	10,021	257,371	2,756	—	6,057,712

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract assets	(9,480)	—	207	—	—	(9,272)
Insurance contract liabilities	5,787,562	10,021	257,371	2,756	—	6,057,712
Beginning net balance (denotes assets)	5,778,081	10,021	257,579	2,756	—	6,048,439
Insurance revenue	(265,448)	—	—	—	—	(265,448)
Insurance service expenses	52,547	7,000	105,956	5,562	—	171,067
Incurred claims and other insurance service expenses	—	(1,915)	108,638	5,564	—	112,288
Amortization of insurance acquisition cash flows	52,547	—	—	—	—	52,547
Changes in liabilities for incurred claims related to past services	—	—	(2,682)	(2)	—	(2,684)
Losses on onerous groups of contracts and reversals of such losses	—	8,915	—	—	—	8,915
Impairment losses and reversals on assets for insurance acquisition cash flows before recognition of insurance contract groups	—	—	—	—	—	—
Insurance service result	(212,900)	7,000	105,956	5,562	—	(94,380)
Insurance finance income or expenses	(266,822)	131	(1,919)	0	—	(268,610)
Total changes recognized in profit or loss and other comprehensive income	(479,723)	7,132	104,036	5,562	—	(362,990)
Investment components and refunds of premiums, excluded from insurance service result	(530,126)	—	530,126	—	—	—
Cash flows	718,353	—	(657,154)	(5,629)	—	55,569
Premiums received	809,387	—	—	—	—	809,387
Insurance acquisition cash flows paid	(91,033)	—	—	—	—	(91,033)
Claims and other insurance service expenses paid	—	—	(657,154)	(5,629)	—	(662,783)
Others	937	—	—	—	—	937
Foreign currency translation adjustments	—	—	—	—	—	—
Ending net balance (denotes assets)	5,487,523	17,154	234,588	2,689	—	5,741,955
Insurance contract assets	(21,957)	844	—	—	—	(21,113)
Insurance contract liabilities	5,509,480	16,310	234,588	2,689	—	5,763,069

Notes to Consolidated Financial Statements

ii. Reinsurance contracts held

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)					
	Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss-recovery component	Loss-recovery component	Contracts not under PAA	Contracts under PAA		Total
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets	(36)	—	(0)	—	—	(36)
Reinsurance contract liabilities	7,975	—	(0)	—	—	7,975
Beginning net balance (denotes assets)	7,939	—	(0)	—	—	7,939
Reinsurance premiums paid and recognized in profit or loss	10,730	—	—	—	—	10,730
Amount recovered from reinsurers	—	—	(8,436)	—	—	(8,436)
Recoveries of incurred claims and other insurance service expenses	—	—	(8,438)	—	—	(8,438)
Changes in recoveries of incurred claims related to past services	—	—	2	—	—	2
Changes in loss-recovery component related to contracts under PAA	—	—	—	—	—	—
Recognition of loss-recovery component related to onerous contracts not under PAA	—	—	—	—	—	—
Reversal of loss-recovery component related to contracts not under PAA	—	—	—	—	—	—
Changes in fulfillment cash flows of onerous contracts not under PAA	—	—	—	—	—	—
Effects of changes in reinsurer default risk	—	—	—	—	—	—
Reinsurance service result	10,730	—	(8,436)	—	—	2,294
Reinsurance finance income or expenses	7,395	—	—	—	—	7,395
Total changes recognized in profit or loss and other comprehensive income	18,125	—	(8,436)	—	—	9,689
Investment components and refunds of premiums, excluded from reinsurance service result	10,804	—	(10,804)	—	—	—
Cash flows	(593,447)	—	19,243	—	—	(574,204)
Reinsurance premiums paid	(593,447)	—	—	—	—	(593,447)
Recoveries from reinsurers	—	—	19,243	—	—	19,243
Others	—	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—
Ending net balance (denotes assets)	(556,577)	—	2	—	—	(556,574)
Reinsurance contract assets	(557,880)	—	0	—	—	(557,880)
Reinsurance contract liabilities	1,302	—	2	—	—	1,305

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss-recovery component	Loss-recovery component	Contracts not under PAA	Contracts under PAA		
Estimates of the present value of future cash flows				Risk adjustment for non-financial risk		
Reinsurance contract assets	(557,880)	—	0	—	—	(557,880)
Reinsurance contract liabilities	1,302	—	2	—	—	1,305
Beginning net balance (denotes assets)	(556,577)	—	2	—	—	(556,574)
Reinsurance premiums paid and recognized in profit or loss	3,626	—	—	—	—	3,626
Amount recovered from reinsurers	(2,242)	(4,105)	(11,457)	—	—	(17,805)
Recoveries of incurred claims and other insurance service expenses	—	—	(11,455)	—	—	(11,455)
Changes in recoveries of incurred claims related to past services	—	—	(1)	—	—	(1)
Changes in loss-recovery component related to contracts under PAA	—	—	—	—	—	—
Recognition of loss-recovery component related to onerous contracts not under PAA	—	(4,346)	—	—	—	(4,346)
Reversal of loss-recovery component related to contracts not under PAA	—	111	—	—	—	111
Changes in fulfillment cash flows of onerous contracts not under PAA	—	129	—	—	—	129
Effects of changes in reinsurer default risk	(2,242)	—	—	—	—	(2,242)
Reinsurance service result	1,384	(4,105)	(11,457)	—	—	(14,179)
Reinsurance finance income or expenses	43,789	56	(0)	—	—	43,845
Total changes recognized in profit or loss and other comprehensive income	45,173	(4,048)	(11,457)	—	—	29,666
Investment components and refunds of premiums, excluded from reinsurance service result	49,932	—	(49,932)	—	—	—
Cash flows	(822,012)	—	61,388	—	—	(760,623)
Reinsurance premiums paid	(822,012)	—	—	—	—	(822,012)
Recoveries from reinsurers	—	—	61,388	—	—	61,388
Others	—	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—
Ending net balance (denotes assets)	(1,283,484)	(4,048)	0	—	—	(1,287,532)
Reinsurance contract assets	(1,287,744)	(4,048)	0	—	—	(1,291,792)
Reinsurance contract liabilities	4,259	—	0	—	—	4,259

Notes to Consolidated Financial Statements

(d) International insurance business

i. Insurance contracts issued

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract assets	(8,240)	786	88	1,215	28	(6,121)
Insurance contract liabilities	4,098,803	34,044	72,813	4,311,586	110,910	8,628,158
Beginning net balance (denotes assets)	4,090,563	34,831	72,901	4,312,802	110,938	8,622,037
Insurance revenue	(4,249,062)	—	—	—	—	(4,249,062)
Insurance service expenses	738,998	23,412	108,410	2,538,984	5,870	3,415,676
Incurred claims and other insurance service expenses	—	(2,155)	109,185	2,501,831	24,479	2,633,340
Amortization of insurance acquisition cash flows	738,745	—	—	—	—	738,745
Changes in liabilities for incurred claims related to past services	—	—	(775)	37,152	(18,608)	17,769
Losses on onerous groups of contracts and reversals of such losses	—	25,568	—	—	—	25,568
Impairment losses and reversals on assets for insurance acquisition cash flows before recognition of insurance contract groups	252	—	—	—	—	252
Insurance service result	(3,510,064)	23,412	108,410	2,538,984	5,870	(833,385)
Insurance finance income or expenses	352,180	1,828	(38)	205,085	5,702	564,757
Total changes recognized in profit or loss and other comprehensive income	(3,157,883)	25,241	108,371	2,744,069	11,573	(268,628)
Investment components and refunds of premiums, excluded from insurance service result	(359,227)	—	359,133	94	—	—
Cash flows	4,173,889	—	(457,384)	(2,492,326)	—	1,224,179
Premiums received	4,925,444	—	—	—	—	4,925,444
Insurance acquisition cash flows paid	(751,554)	—	—	—	—	(751,554)
Claims and other insurance service expenses paid	—	—	(457,384)	(2,492,326)	—	(2,949,710)
Others	29,977	(3,304)	(3,641)	(46)	(0)	22,983
Foreign currency translation adjustments	7,900	(95)	4,968	(37,490)	3,599	(21,117)
Ending net balance (denotes assets)	4,785,219	56,672	84,349	4,527,102	126,111	9,579,455
Insurance contract assets	(89,525)	621	89	83,255	55	(5,503)
Insurance contract liabilities	4,874,745	56,050	84,260	4,443,846	126,055	9,584,958

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract assets	(89,525)	621	89	83,255	55	(5,503)
Insurance contract liabilities	4,874,745	56,050	84,260	4,443,846	126,055	9,584,958
Beginning net balance (denotes assets)	4,785,219	56,672	84,349	4,527,102	126,111	9,579,455
Insurance revenue	(4,448,332)	—	—	—	—	(4,448,332)
Insurance service expenses	783,392	937	113,495	2,501,400	2,461	3,401,688
Incurred claims and other insurance service expenses	—	(5,964)	113,976	2,454,301	25,682	2,587,995
Amortization of insurance acquisition cash flows	783,057	—	—	—	—	783,057
Changes in liabilities for incurred claims related to past services	—	—	(480)	47,099	(23,220)	23,398
Losses on onerous groups of contracts and reversals of such losses	—	6,902	—	—	—	6,902
Impairment losses and reversals on assets for insurance acquisition cash flows before recognition of insurance contract groups	335	—	—	—	—	335
Insurance service result	(3,664,939)	937	113,495	2,501,400	2,461	(1,046,643)
Insurance finance income or expenses	302,151	2,527	(25)	194,080	6,007	504,741
Total changes recognized in profit or loss and other comprehensive income	(3,362,788)	3,465	113,470	2,695,481	8,469	(541,901)
Investment components and refunds of premiums, excluded from insurance service result	(373,522)	—	373,510	12	—	—
Cash flows	4,102,261	—	(474,534)	(2,501,215)	—	1,126,512
Premiums received	4,861,735	—	—	—	—	4,861,735
Insurance acquisition cash flows paid	(759,473)	—	—	—	—	(759,473)
Claims and other insurance service expenses paid	—	—	(474,534)	(2,501,215)	—	(2,975,749)
Others	24,225	(934)	(18,632)	858	(1,420)	4,096
Foreign currency translation adjustments	411,206	4,324	7,925	309,430	10,894	743,781
Ending net balance (denotes assets)	5,586,602	63,528	86,088	5,031,669	144,054	10,911,942
Insurance contract assets	(87,400)	654	86	67,730	85	(18,842)
Insurance contract liabilities	5,674,002	62,873	86,001	4,963,938	143,968	10,930,785

Notes to Consolidated Financial Statements

ii. Reinsurance contracts held

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)					
	Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss-recovery component	Loss-recovery component	Contracts not under PAA	Contracts under PAA		Total
				Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets	(82,836)	(1,329)	(12,097)	(1,055,605)	(31,270)	(1,183,139)
Reinsurance contract liabilities	36,147	—	(55)	(21,981)	(560)	13,549
Beginning net balance (denotes assets)	(46,688)	(1,329)	(12,152)	(1,077,587)	(31,830)	(1,169,589)
Reinsurance premiums paid and recognized in profit or loss	668,930	—	—	—	—	668,930
Amount recovered from reinsurers	(0)	(6,036)	(18,095)	(504,790)	(7,393)	(536,316)
Recoveries of incurred claims and other insurance service expenses	—	—	(18,166)	(472,217)	(10,616)	(501,000)
Changes in recoveries of incurred claims related to past services	—	—	70	(32,737)	3,222	(29,444)
Changes in loss-recovery component related to contracts under PAA	—	(1,688)	—	—	—	(1,688)
Recognition of loss-recovery component related to onerous contracts not under PAA	—	(1,499)	—	—	—	(1,499)
Reversal of loss-recovery component related to contracts not under PAA	—	11	—	—	—	11
Changes in fulfillment cash flows of onerous contracts not under PAA	—	(2,859)	—	—	—	(2,859)
Effects of changes in reinsurer default risk	(0)	—	1	164	—	164
Reinsurance service result	668,929	(6,036)	(18,095)	(504,790)	(7,393)	132,614
Reinsurance finance income or expenses	(1,533)	(130)	(92)	(62,414)	(1,884)	(66,056)
Total changes recognized in profit or loss and other comprehensive income	667,396	(6,166)	(18,187)	(567,205)	(9,278)	66,558
Investment components and refunds of premiums, excluded from reinsurance service result	5,424	—	(380)	(5,043)	—	—
Cash flows	(674,090)	—	18,253	535,235	—	(120,600)
Reinsurance premiums paid	(674,090)	—	—	—	—	(674,090)
Recoveries from reinsurers	—	—	18,253	535,235	—	553,489
Others	(962)	21	—	(2,244)	0	(3,185)
Foreign currency translation adjustments	2,284	60	(356)	8,841	(2,498)	8,332
Ending net balance (denotes assets)	(46,635)	(7,414)	(12,824)	(1,108,003)	(43,607)	(1,218,485)
Reinsurance contract assets	(76,149)	(7,412)	(12,790)	(1,091,334)	(43,513)	(1,231,200)
Reinsurance contract liabilities	29,513	(1)	(33)	(16,669)	(94)	12,714

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss-recovery component	Loss-recovery component	Contracts not under PAA	Contracts under PAA		
Estimates of the present value of future cash flows				Risk adjustment for non-financial risk		
Reinsurance contract assets	(76,149)	(7,412)	(12,790)	(1,091,334)	(43,513)	(1,231,200)
Reinsurance contract liabilities	29,513	(1)	(33)	(16,669)	(94)	12,714
Beginning net balance (denotes assets)	(46,635)	(7,414)	(12,824)	(1,108,003)	(43,607)	(1,218,485)
Reinsurance premiums paid and recognized in profit or loss	693,834	—	—	—	—	693,834
Amount recovered from reinsurers	0	1,441	(12,464)	(425,601)	5,784	(430,840)
Recoveries of incurred claims and other insurance service expenses	—	—	(12,534)	(414,020)	(9,810)	(436,366)
Changes in recoveries of incurred claims related to past services	—	—	70	(11,692)	15,595	3,973
Changes in loss-recovery component related to contracts under PAA	—	1,338	—	—	—	1,338
Recognition of loss-recovery component related to onerous contracts not under PAA	—	(1,967)	—	—	—	(1,967)
Reversal of loss-recovery component related to contracts not under PAA	—	2,221	—	—	—	2,221
Changes in fulfillment cash flows of onerous contracts not under PAA	—	(151)	—	—	—	(151)
Effects of changes in reinsurer default risk	0	—	(0)	111	—	111
Reinsurance service result	693,834	1,441	(12,464)	(425,601)	5,784	262,994
Reinsurance finance income or expenses	(2,585)	(235)	141	(33,283)	(2,426)	(38,390)
Total changes recognized in profit or loss and other comprehensive income	691,248	1,206	(12,323)	(458,885)	3,358	224,603
Investment components and refunds of premiums, excluded from reinsurance service result	2,419	—	(312)	(2,107)	—	—
Cash flows	(697,764)	—	13,061	514,190	—	(170,511)
Reinsurance premiums paid	(697,764)	—	—	—	—	(697,764)
Recoveries from reinsurers	—	—	13,061	514,190	—	527,252
Others	5,485	(13)	0	(10,430)	1,420	(3,538)
Foreign currency translation adjustments	(4,488)	(640)	(1,199)	(75,002)	(4,353)	(85,683)
Ending net balance (denotes assets)	(49,735)	(6,862)	(13,597)	(1,140,238)	(43,181)	(1,253,615)
Reinsurance contract assets	(77,332)	(6,827)	(13,386)	(1,124,201)	(42,916)	(1,264,664)
Reinsurance contract liabilities	27,597	(35)	(211)	(16,037)	(264)	11,048

Notes to Consolidated Financial Statements

b. Reconciliation of Insurance Contracts that are not measured under PAA, categorized by components

The following is an analysis of changes in insurance contracts issued and reinsurance contracts held that are not measured under PAA, categorized by components (estimates of the present value of future cash flows, risk adjustment for non-financial risk, and CSM).

(a) Consolidated total

i. Insurance contracts issued

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Subtotal	CSM Contracts measured at transition under MRA	CSM Contracts measured at transition under FVA	Other contracts	Total
Insurance contract assets	(29,014)	1,612	15,396	15,293	4	98	(12,005)
Insurance contract liabilities	10,898,438	301,285	1,575,476	627,858	891,070	56,547	12,775,199
Beginning net balance (denotes assets)	10,869,423	302,897	1,590,872	643,151	891,075	56,645	12,763,194
Changes that relate to future service	(140,084)	15,854	147,196	(25,462)	(3,362)	176,021	22,966
Changes in estimates that adjust CSM	32,010	(9,362)	(22,648)	(25,462)	(3,362)	6,176	(0)
Changes in estimates of losses and reversal of losses on onerous contracts	2,921	(628)	—	—	—	—	2,292
Effects of contracts initially recognized in the period	(175,016)	25,845	169,845	—	—	169,845	20,673
Changes that relate to current service	(92,793)	(29,916)	(206,628)	(52,340)	(119,819)	(34,469)	(329,339)
CSM recognized in profit or loss for services provided	—	—	(206,628)	(52,340)	(119,819)	(34,469)	(206,628)
Changes in risk adjustment for non-financial risk	—	(29,916)	—	—	—	—	(29,916)
Experience adjustments	(92,793)	—	—	—	—	—	(92,793)
Changes that relate to past service	(418)	(84)	—	—	—	—	(503)
Changes in fulfillment cash flows related to liabilities for incurred claims	(418)	(84)	—	—	—	—	(503)
Insurance finance income or expenses	(98,363)	(37,678)	21,754	8,114	10,563	3,075	(114,288)
Cash flows before initial recognition of insurance contracts derecognized or other changes	(736)	—	—	—	—	—	(736)
Cash flows	345,979	—	—	—	—	—	345,979
Premiums received	2,309,808	—	—	—	—	—	2,309,808
Insurance acquisition cash flows paid	(307,965)	—	—	—	—	—	(307,965)
Claims and other insurance service expenses paid	(1,655,863)	—	—	—	—	—	(1,655,863)
Others	(12,996)	0	0	—	0	—	(12,995)
Foreign currency translation adjustments	7,832	2,830	6,627	2,352	2,902	1,372	17,290
Ending net balance (denotes assets)	10,877,842	253,902	1,559,823	575,816	781,360	202,646	12,691,568
Insurance contract assets	(28,130)	1,585	16,926	14,215	3	2,706	(9,617)
Insurance contract liabilities	10,905,972	252,316	1,542,896	561,600	781,356	199,939	12,701,185

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Subtotal	CSM Contracts measured at transition under MRA	CSM Contracts measured at transition under FVA	Other contracts	Total
Insurance contract assets	(28,130)	1,585	16,926	14,215	3	2,706	(9,617)
Insurance contract liabilities	10,905,972	252,316	1,542,896	561,600	781,356	199,939	12,701,185
Beginning net balance (denotes assets)	10,877,842	253,902	1,559,823	575,816	781,360	202,646	12,691,568
Changes that relate to future service	(20,469)	33,092	7,825	(60,094)	(80,938)	148,857	20,447
Changes in estimates that adjust CSM	136,336	7,876	(144,213)	(60,094)	(80,938)	(3,181)	—
Changes in estimates of losses and reversal of losses on onerous contracts	9,973	567	—	—	—	—	10,541
Effects of contracts initially recognized in the period	(166,779)	24,647	152,038	—	—	152,038	9,906
Changes that relate to current service	(127,642)	(31,009)	(194,838)	(45,642)	(76,690)	(72,505)	(353,490)
CSM recognized in profit or loss for services provided	—	—	(194,838)	(45,642)	(76,690)	(72,505)	(194,838)
Changes in risk adjustment for non-financial risk	—	(31,009)	—	—	—	—	(31,009)
Experience adjustments	(127,642)	—	—	—	—	—	(127,642)
Changes that relate to past service	(5,491)	(284)	—	—	—	—	(5,775)
Changes in fulfillment cash flows related to liabilities for incurred claims	(5,491)	(284)	—	—	—	—	(5,775)
Insurance finance income or expenses	13,088	(40,805)	24,607	8,159	10,880	5,567	(3,109)
Cash flows before initial recognition of insurance contracts derecognized or other changes	(491)	—	—	—	—	—	(491)
Cash flows	154,552	—	—	—	—	—	154,552
Premiums received	2,194,366	—	—	—	—	—	2,194,366
Insurance acquisition cash flows paid	(300,642)	—	—	—	—	—	(300,642)
Claims and other insurance service expenses paid	(1,739,172)	—	—	—	—	—	(1,739,172)
Others	(21,965)	2	(1,016)	(102)	(869)	(44)	(22,979)
Foreign currency translation adjustments	341,502	5,700	23,466	2,532	13,515	7,418	370,668
Ending net balance (denotes assets)	11,210,924	220,598	1,419,867	480,667	647,258	291,941	12,851,390
Insurance contract assets	(375,056)	42,181	311,246	203,851	72,153	35,241	(21,627)
Insurance contract liabilities	11,585,980	178,416	1,108,620	276,816	575,105	256,699	12,873,018

Notes to Consolidated Financial Statements

ii. Reinsurance contracts held

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Subtotal	Contracts measured at transition under MRA	Contracts measured at transition under FVA	Other contracts	
Reinsurance contract assets	(31,633)	(4,601)	(11,566)	21	(4,400)	(7,188)	(47,802)
Reinsurance contract liabilities	57,626	(13,252)	(36,305)	(18,304)	(18,000)	—	8,067
Beginning net balance (denotes assets)	25,992	(17,854)	(47,872)	(18,283)	(22,400)	(7,188)	(39,734)
Changes that relate to future service	(104,863)	1,735	98,245	65	(2,448)	100,628	(4,882)
Changes in estimates that adjust CSM	(9,319)	4,477	4,842	65	(144)	4,921	—
Changes in estimates of losses and reversal of losses on onerous contracts	(595)	—	(2,787)	—	(2,304)	(482)	(3,382)
Effects of contracts initially recognized in the period	(94,947)	(2,741)	96,189	—	—	96,189	(1,499)
Changes that relate to current service	(4,232)	2,635	7,632	954	2,254	4,423	6,034
CSM recognized in profit or loss for services provided	—	—	7,745	954	2,279	4,512	7,745
Changes in risk adjustment for non-financial risk	—	2,635	—	—	—	—	2,635
Experience adjustments	(4,232)	—	(113)	—	(24)	(88)	(4,346)
Changes that relate to past service	73	—	—	—	—	—	73
Changes in fulfilment cash flows related to liabilities for incurred claims	73	—	—	—	—	—	73
Effects of changes in reinsurer default risk	0	—	—	—	—	—	0
Reinsurance finance income or expenses	5,487	735	(1,249)	(218)	(642)	(388)	4,973
Cash flows	(570,945)	—	—	—	—	—	(570,945)
Reinsurance premiums paid	(608,442)	—	—	—	—	—	(608,442)
Recoveries from reinsurers	37,496	—	—	—	—	—	37,496
Others	—	—	—	—	6	(6)	—
Foreign currency translation adjustments	326	(332)	(9)	0	(158)	149	(14)
Ending net balance (denotes assets)	(648,161)	(13,080)	56,746	(17,482)	(23,389)	97,618	(604,495)
Reinsurance contract assets	(691,917)	(8,648)	94,559	28	(3,552)	98,084	(606,005)
Reinsurance contract liabilities	43,755	(4,432)	(37,813)	(17,510)	(19,836)	(465)	1,510

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Subtotal	Contracts measured at transition under MRA	Contracts measured at transition under FVA	Other contracts	
Reinsurance contract assets	(691,917)	(8,648)	94,559	28	(3,552)	98,084	(606,005)
Reinsurance contract liabilities	43,755	(4,432)	(37,813)	(17,510)	(19,836)	(465)	1,510
Beginning net balance (denotes assets)	(648,161)	(13,080)	56,746	(17,482)	(23,389)	97,618	(604,495)
Changes that relate to future service	(143,219)	(13,705)	150,589	3,293	5,846	141,450	(6,335)
Changes in estimates that adjust CSM	(9,068)	(10,414)	19,482	3,275	5,901	10,305	—
Changes in estimates of losses and reversal of losses on onerous contracts	—	—	(21)	17	(55)	16	(21)
Effects of contracts initially recognized in the period	(134,151)	(3,290)	131,128	—	—	131,128	(6,313)
Changes that relate to current service	6,522	2,540	(9,632)	706	1,465	(11,805)	(569)
CSM recognized in profit or loss for services provided	—	—	(9,395)	706	1,597	(11,699)	(9,395)
Changes in risk adjustment for non-financial risk	—	2,540	—	—	—	—	2,540
Experience adjustments	6,522	—	(237)	—	(131)	(105)	6,285
Changes that relate to past service	39	29	—	—	—	—	68
Changes in fulfillment cash flows related to liabilities for incurred claims	39	29	—	—	—	—	68
Effects of changes in reinsurer default risk	(2,242)	—	—	—	—	—	(2,242)
Reinsurance finance income or expenses	37,895	3,047	1,754	(208)	(677)	2,640	42,697
Cash flows	(763,527)	—	—	—	—	—	(763,527)
Reinsurance premiums paid	(837,977)	—	—	—	—	—	(837,977)
Recoveries from reinsurers	74,450	—	—	—	—	—	74,450
Others	228	(5)	(182)	(36)	(127)	(18)	41
Foreign currency translation adjustments	(2,348)	(594)	(653)	(0)	(431)	(220)	(3,596)
Ending net balance (denotes assets)	(1,514,812)	(21,767)	198,621	(13,728)	(17,314)	229,665	(1,337,958)
Reinsurance contract assets	(1,516,365)	(22,017)	195,802	(13,721)	(20,160)	229,684	(1,342,580)
Reinsurance contract liabilities	1,552	249	2,819	(6)	2,845	(19)	4,621

Notes to Consolidated Financial Statements

(b) Japan P&C insurance business

i. Insurance contracts issued

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)						Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Subtotal	CSM		Other contracts	
				Contracts measured at transition under MRA	Contracts measured at transition under FVA		
Insurance contract assets	(941)	—	—	—	—	—	(941)
Insurance contract liabilities	2,314,318	23,874	270,387	—	270,387	—	2,608,580
Beginning net balance (denotes assets)	2,313,377	23,874	270,387	—	270,387	—	2,607,639
Changes that relate to future service	(56,436)	13,995	43,889	—	(15,959)	59,849	1,448
Changes in estimates that adjust CSM	8,228	3,860	(12,088)	—	(15,959)	3,871	—
Changes in estimates of losses and reversal of losses on onerous contracts	52	(5)	—	—	—	—	46
Effects of contracts initially recognized in the period	(64,716)	10,140	55,978	—	—	55,978	1,402
Changes that relate to current service	(84,612)	(9,823)	(85,641)	—	(68,329)	(17,311)	(180,076)
CSM recognized in profit or loss for services provided	—	—	(85,641)	—	(68,329)	(17,311)	(85,641)
Changes in risk adjustment for non-financial risk	—	(9,823)	—	—	—	—	(9,823)
Experience adjustments	(84,612)	—	—	—	—	—	(84,612)
Changes that relate to past service	(659)	(72)	—	—	—	—	(731)
Changes in fulfilment cash flows related to liabilities for incurred claims	(659)	(72)	—	—	—	—	(731)
Insurance finance income or expenses	(37,335)	(465)	201	—	144	57	(37,599)
Cash flows before initial recognition of insurance contracts derecognized or other changes	—	—	—	—	—	—	—
Cash flows	(27,528)	—	—	—	—	—	(27,528)
Premiums received	765,108	—	—	—	—	—	765,108
Insurance acquisition cash flows paid	(164,513)	—	—	—	—	—	(164,513)
Claims and other insurance service expenses paid	(628,123)	—	—	—	—	—	(628,123)
Others	828	—	—	—	—	—	828
Foreign currency translation adjustments	—	—	—	—	—	—	—
Ending net balance (denotes assets)	2,107,633	27,509	228,837	—	186,242	42,594	2,363,979
Insurance contract assets	—	—	—	—	—	—	—
Insurance contract liabilities	2,107,633	27,509	228,837	—	186,242	42,594	2,363,979

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)						Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Subtotal	CSM		Other contracts	
				Contracts measured at transition under MRA	Contracts measured at transition under FVA		
Insurance contract assets	—	—	—	—	—	—	—
Insurance contract liabilities	2,107,633	27,509	228,837	—	186,242	42,594	2,363,979
Beginning net balance (denotes assets)	2,107,633	27,509	228,837	—	186,242	42,594	2,363,979
Changes that relate to future service	(57,496)	8,324	49,425	—	(25,023)	74,448	253
Changes in estimates that adjust CSM	21,725	(2,948)	(18,777)	—	(25,023)	6,246	—
Changes in estimates of losses and reversal of losses on onerous contracts	(302)	(33)	—	—	—	—	(335)
Effects of contracts initially recognized in the period	(78,920)	11,306	68,202	—	—	68,202	589
Changes that relate to current service	(120,751)	(11,182)	(82,413)	—	(33,311)	(49,101)	(214,346)
CSM recognized in profit or loss for services provided	—	—	(82,413)	—	(33,311)	(49,101)	(82,413)
Changes in risk adjustment for non-financial risk	—	(11,182)	—	—	—	—	(11,182)
Experience adjustments	(120,751)	—	—	—	—	—	(120,751)
Changes that relate to past service	(2,400)	(212)	—	—	—	—	(2,613)
Changes in fulfilment cash flows related to liabilities for incurred claims	(2,400)	(212)	—	—	—	—	(2,613)
Insurance finance income or expenses	(37,815)	(140)	1,091	—	631	459	(36,864)
Cash flows before initial recognition of insurance contracts derecognized or other changes	—	—	—	—	—	—	—
Cash flows	45,672	—	—	—	—	—	45,672
Premiums received	823,104	—	—	—	—	—	823,104
Insurance acquisition cash flows paid	(169,948)	—	—	—	—	—	(169,948)
Claims and other insurance service expenses paid	(607,483)	—	—	—	—	—	(607,483)
Others	2,188	(0)	(1,111)	—	(926)	(185)	1,076
Foreign currency translation adjustments	—	—	—	—	—	—	—
Ending net balance (denotes assets)	1,937,030	24,298	195,828	—	127,611	68,216	2,157,158
Insurance contract assets	—	—	—	—	—	—	—
Insurance contract liabilities	1,937,030	24,298	195,828	—	127,611	68,216	2,157,158

Notes to Consolidated Financial Statements

(c) Japan Life insurance business

i. Insurance contracts issued

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Subtotal	CSM		Other contracts	Total
				Contracts measured at transition under MRA	Contracts measured at transition under FVA		
Insurance contract assets	(27,579)	1,576	15,285	15,285	—	—	(10,717)
Insurance contract liabilities	5,239,005	219,001	1,071,490	588,274	483,216	—	6,529,498
Beginning net balance (denotes assets)	5,211,426	220,578	1,086,775	603,559	483,216	—	6,518,780
Changes that relate to future service	(37,810)	2,319	37,812	(26,308)	(14,430)	78,551	2,320
Changes in estimates that adjust CSM	56,326	(6,128)	(50,197)	(26,308)	(14,430)	(9,459)	—
Changes in estimates of losses and reversal of losses on onerous contracts	2,488	(167)	—	—	—	—	2,320
Effects of contracts initially recognized in the period	(96,625)	8,615	88,010	—	—	88,010	—
Changes that relate to current service	(10,099)	(12,543)	(86,749)	(46,775)	(36,720)	(3,253)	(109,393)
CSM recognized in profit or loss for services provided	—	—	(86,749)	(46,775)	(36,720)	(3,253)	(86,749)
Changes in risk adjustment for non-financial risk	—	(12,543)	—	—	—	—	(12,543)
Experience adjustments	(10,099)	—	—	—	—	—	(10,099)
Changes that relate to past service	937	66	—	—	—	—	1,003
Changes in fulfilment cash flows related to liabilities for incurred claims	937	66	—	—	—	—	1,003
Insurance finance income or expenses	(411,196)	(40,458)	16,293	6,663	8,987	642	(435,361)
Cash flows before initial recognition of insurance contracts derecognized or other changes	—	—	—	—	—	—	—
Cash flows	67,989	—	—	—	—	—	67,989
Premiums received	734,523	—	—	—	—	—	734,523
Insurance acquisition cash flows paid	(96,178)	—	—	—	—	—	(96,178)
Claims and other insurance service expenses paid	(570,355)	—	—	—	—	—	(570,355)
Others	252	—	—	—	—	—	252
Foreign currency translation adjustments	—	—	—	—	—	—	—
Ending net balance (denotes assets)	4,821,498	169,962	1,054,131	537,139	441,052	75,939	6,045,592
Insurance contract assets	(27,718)	1,557	16,888	14,211	—	2,676	(9,272)
Insurance contract liabilities	4,849,217	168,405	1,037,243	522,927	441,052	73,263	6,054,865

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Subtotal	CSM		Other contracts	Total
				Contracts measured at transition under MRA	Contracts measured at transition under FVA		
Insurance contract assets	(27,718)	1,557	16,888	14,211	—	2,676	(9,272)
Insurance contract liabilities	4,849,217	168,405	1,037,243	522,927	441,052	73,263	6,054,865
Beginning net balance (denotes assets)	4,821,498	169,962	1,054,131	537,139	441,052	75,939	6,045,592
Changes that relate to future service	47,778	10,037	(48,900)	(57,842)	(39,064)	48,006	8,915
Changes in estimates that adjust CSM	106,813	4,099	(110,912)	(57,842)	(39,064)	(14,005)	—
Changes in estimates of losses and reversal of losses on onerous contracts	4,323	(201)	—	—	—	—	4,122
Effects of contracts initially recognized in the period	(63,358)	6,139	62,012	—	—	62,012	4,793
Changes that relate to current service	(7,628)	(12,015)	(80,871)	(40,203)	(31,822)	(8,845)	(100,515)
CSM recognized in profit or loss for services provided	—	—	(80,871)	(40,203)	(31,822)	(8,845)	(80,871)
Changes in risk adjustment for non-financial risk	—	(12,015)	—	—	—	—	(12,015)
Experience adjustments	(7,628)	—	—	—	—	—	(7,628)
Changes that relate to past service	(2,672)	(9)	—	—	—	—	(2,682)
Changes in fulfilment cash flows related to liabilities for incurred claims	(2,672)	(9)	—	—	—	—	(2,682)
Insurance finance income or expenses	(240,761)	(44,997)	17,149	6,843	8,342	1,963	(268,610)
Cash flows before initial recognition of insurance contracts derecognized or other changes	—	—	—	—	—	—	—
Cash flows	55,495	—	—	—	—	—	55,495
Premiums received	803,683	—	—	—	—	—	803,683
Insurance acquisition cash flows paid	(91,033)	—	—	—	—	—	(91,033)
Claims and other insurance service expenses paid	(657,154)	—	—	—	—	—	(657,154)
Others	937	—	—	—	—	—	937
Foreign currency translation adjustments	—	—	—	—	—	—	—
Ending net balance (denotes assets)	4,674,647	122,976	941,508	445,936	378,507	117,064	5,739,133
Insurance contract assets	(374,509)	42,153	311,243	203,851	72,149	35,241	(21,113)
Insurance contract liabilities	5,049,157	80,823	630,265	242,084	306,358	81,822	5,760,246

Notes to Consolidated Financial Statements

ii. Reinsurance contracts held

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM			Other contracts	Total
			Subtotal	Contracts measured at transition under MRA	Contracts measured at transition under FVA		
Reinsurance contract assets	—	(30)	(6)	18	(25)	—	(36)
Reinsurance contract liabilities	57,509	(13,241)	(36,292)	(18,304)	(17,987)	—	7,975
Beginning net balance (denotes assets)	57,509	(13,271)	(36,298)	(18,286)	(18,012)	—	7,939
Changes that relate to future service	(103,028)	4,367	98,138	19	(3,177)	101,297	(523)
Changes in estimates that adjust CSM	(5,950)	5,418	532	19	(3,177)	3,690	—
Changes in estimates of losses and reversal of losses on onerous contracts	(523)	—	—	—	—	—	(523)
Effects of contracts initially recognized in the period	(96,555)	(1,051)	97,606	—	—	97,606	—
Changes that relate to current service	(391)	626	2,579	961	1,518	98	2,815
CSM recognized in profit or loss for services provided	—	—	2,579	961	1,518	98	2,579
Changes in risk adjustment for non-financial risk	—	626	—	—	—	—	626
Experience adjustments	(391)	—	—	—	—	—	(391)
Changes that relate to past service	2	—	—	—	—	—	2
Changes in fulfillment cash flows related to liabilities for incurred claims	2	—	—	—	—	—	2
Effects of changes in reinsurer default risk	—	—	—	—	—	—	—
Reinsurance finance income or expenses	6,905	1,088	(599)	(219)	(373)	(5)	7,395
Cash flows	(574,204)	—	—	—	—	—	(574,204)
Reinsurance premiums paid	(593,447)	—	—	—	—	—	(593,447)
Recoveries from reinsurers	19,243	—	—	—	—	—	19,243
Others	—	—	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	—
Ending net balance (denotes assets)	(613,206)	(7,189)	63,820	(17,524)	(20,045)	101,390	(556,574)
Reinsurance contract assets	(656,853)	(2,768)	101,741	(13)	(85)	101,840	(557,880)
Reinsurance contract liabilities	43,647	(4,421)	(37,920)	(17,510)	(19,959)	(449)	1,305

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM			Other contracts	Total
			Subtotal	Contracts measured at transition under MRA	Contracts measured at transition under FVA		
Reinsurance contract assets	(656,853)	(2,768)	101,741	(13)	(85)	101,840	(557,880)
Reinsurance contract liabilities	43,647	(4,421)	(37,920)	(17,510)	(19,959)	(449)	1,305
Beginning net balance (denotes assets)	(613,206)	(7,189)	63,820	(17,524)	(20,045)	101,390	(556,574)
Changes that relate to future service	(147,009)	(11,076)	153,869	3,228	8,041	142,599	(4,216)
Changes in estimates that adjust CSM	(11,985)	(9,892)	21,878	3,228	8,041	10,608	—
Changes in estimates of losses and reversal of losses on onerous contracts	—	—	129	—	—	129	129
Effects of contracts initially recognized in the period	(135,023)	(1,183)	131,861	—	—	131,861	(4,346)
Changes that relate to current service	3,564	306	(11,590)	714	865	(13,170)	(7,718)
CSM recognized in profit or loss for services provided	—	—	(11,590)	714	865	(13,170)	(11,590)
Changes in risk adjustment for non-financial risk	—	306	—	—	—	—	306
Experience adjustments	3,564	—	—	—	—	—	3,564
Changes that relate to past service	(31)	29	—	—	—	—	(1)
Changes in fulfillment cash flows related to liabilities for incurred claims	(31)	29	—	—	—	—	(1)
Effects of changes in reinsurer default risk	(2,242)	—	—	—	—	—	(2,242)
Reinsurance finance income or expenses	37,902	3,784	2,158	(209)	(434)	2,802	43,845
Cash flows	(760,623)	—	—	—	—	—	(760,623)
Reinsurance premiums paid	(822,012)	—	—	—	—	—	(822,012)
Recoveries from reinsurers	61,388	—	—	—	—	—	61,388
Others	—	—	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	—
Ending net balance (denotes assets)	(1,481,645)	(14,145)	208,258	(13,791)	(11,572)	233,622	(1,287,532)
Reinsurance contract assets	(1,482,995)	(14,444)	205,647	(13,716)	(14,297)	233,661	(1,291,792)
Reinsurance contract liabilities	1,350	298	2,611	(75)	2,725	(38)	4,259

Notes to Consolidated Financial Statements

(d) International insurance business

i. Insurance contracts issued

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Subtotal	Contracts measured at transition under MRA	Contracts measured at transition under FVA	Other contracts	
Insurance contract assets	(493)	35	111	8	4	98	(346)
Insurance contract liabilities	3,345,113	58,408	233,598	39,584	137,467	56,547	3,637,121
Beginning net balance (denotes assets)	3,344,620	58,444	233,709	39,592	137,471	56,645	3,636,774
Changes that relate to future service	(45,838)	(459)	65,495	845	27,028	37,621	19,197
Changes in estimates that adjust CSM	(32,544)	(7,094)	39,638	845	27,028	11,764	(0)
Changes in estimates of losses and reversal of losses on onerous contracts	380	(455)	—	—	—	—	(74)
Effects of contracts initially recognized in the period	(13,674)	7,089	25,856	—	—	25,856	19,271
Changes that relate to current service	1,918	(7,550)	(34,237)	(5,565)	(14,768)	(13,903)	(39,869)
CSM recognized in profit or loss for services provided	—	—	(34,237)	(5,565)	(14,768)	(13,903)	(34,237)
Changes in risk adjustment for non-financial risk	—	(7,550)	—	—	—	—	(7,550)
Experience adjustments	1,918	—	—	—	—	—	1,918
Changes that relate to past service	(696)	(78)	—	—	—	—	(775)
Changes in fulfilment cash flows related to liabilities for incurred claims	(696)	(78)	—	—	—	—	(775)
Insurance finance income or expenses	350,168	3,244	5,259	1,451	1,432	2,375	358,672
Cash flows before initial recognition of insurance contracts derecognized or other changes	(736)	—	—	—	—	—	(736)
Cash flows	305,519	—	—	—	—	—	305,519
Premiums received	810,177	—	—	—	—	—	810,177
Insurance acquisition cash flows paid	(47,273)	—	—	—	—	—	(47,273)
Claims and other insurance service expenses paid	(457,384)	—	—	—	—	—	(457,384)
Others	(14,077)	0	0	—	0	—	(14,077)
Foreign currency translation adjustments	7,832	2,830	6,627	2,352	2,902	1,372	17,290
Ending net balance (denotes assets)	3,948,710	56,430	276,854	38,676	154,066	84,111	4,281,995
Insurance contract assets	(411)	28	38	4	3	30	(345)
Insurance contract liabilities	3,949,122	56,402	276,816	38,672	154,062	84,080	4,282,340

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Subtotal	Contracts measured at transition under MRA	Contracts measured at transition under FVA	Other contracts	
Insurance contract assets	(411)	28	38	4	3	30	(345)
Insurance contract liabilities	3,949,122	56,402	276,816	38,672	154,062	84,080	4,282,340
Beginning net balance (denotes assets)	3,948,710	56,430	276,854	38,676	154,066	84,111	4,281,995
Changes that relate to future service	(10,751)	14,730	7,299	(2,251)	(16,850)	26,402	11,278
Changes in estimates that adjust CSM	7,797	6,726	(14,523)	(2,251)	(16,850)	4,578	—
Changes in estimates of losses and reversal of losses on onerous contracts	5,951	803	—	—	—	—	6,754
Effects of contracts initially recognized in the period	(24,500)	7,201	21,823	—	—	21,823	4,523
Changes that relate to current service	736	(7,812)	(31,552)	(5,439)	(11,555)	(14,558)	(38,628)
CSM recognized in profit or loss for services provided	—	—	(31,552)	(5,439)	(11,555)	(14,558)	(31,552)
Changes in risk adjustment for non-financial risk	—	(7,812)	—	—	—	—	(7,812)
Experience adjustments	736	—	—	—	—	—	736
Changes that relate to past service	(418)	(62)	—	—	—	—	(480)
Changes in fulfilment cash flows related to liabilities for incurred claims	(418)	(62)	—	—	—	—	(480)
Insurance finance income or expenses	291,665	4,332	6,367	1,315	1,906	3,144	302,365
Cash flows before initial recognition of insurance contracts derecognized or other changes	(491)	—	—	—	—	—	(491)
Cash flows	53,384	—	—	—	—	—	53,384
Premiums received	567,579	—	—	—	—	—	567,579
Insurance acquisition cash flows paid	(39,659)	—	—	—	—	—	(39,659)
Claims and other insurance service expenses paid	(474,534)	—	—	—	—	—	(474,534)
Others	(25,091)	2	95	(102)	57	140	(24,993)
Foreign currency translation adjustments	341,502	5,700	23,466	2,532	13,515	7,418	370,668
Ending net balance (denotes assets)	4,599,246	73,322	282,530	34,731	141,139	106,659	4,955,099
Insurance contract assets	(546)	28	3	—	3	(0)	(514)
Insurance contract liabilities	4,599,792	73,293	282,526	34,731	141,135	106,659	4,955,613

Notes to Consolidated Financial Statements

ii. Reinsurance contracts held

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Subtotal	Contracts measured at transition under MRA	Contracts measured at transition under FVA	Other contracts	
Reinsurance contract assets	(31,633)	(4,571)	(11,560)	2	(4,375)	(7,188)	(47,765)
Reinsurance contract liabilities	116	(10)	(13)	—	(13)	—	92
Beginning net balance (denotes assets)	(31,517)	(4,582)	(11,573)	2	(4,388)	(7,188)	(47,673)
Changes that relate to future service	(1,834)	(2,631)	106	46	729	(668)	(4,358)
Changes in estimates that adjust CSM	(3,369)	(941)	4,310	46	3,033	1,230	—
Changes in estimates of losses and reversal of losses on onerous contracts	(72)	—	(2,787)	—	(2,304)	(482)	(2,859)
Effects of contracts initially recognized in the period	1,607	(1,690)	(1,416)	—	—	(1,416)	(1,499)
Changes that relate to current service	(3,841)	2,008	5,052	(7)	736	4,324	3,219
CSM recognized in profit or loss for services provided	—	—	5,166	(7)	760	4,413	5,166
Changes in risk adjustment for non-financial risk	—	2,008	—	—	—	—	2,008
Experience adjustments	(3,841)	—	(113)	—	(24)	(88)	(3,955)
Changes that relate to past service	70	—	—	—	—	—	70
Changes in fulfilment cash flows related to liabilities for incurred claims	70	—	—	—	—	—	70
Effects of changes in reinsurer default risk	0	—	—	—	—	—	0
Reinsurance finance income or expenses	(1,418)	(353)	(650)	0	(268)	(382)	(2,421)
Cash flows	3,258	—	—	—	—	—	3,258
Reinsurance premiums paid	(14,994)	—	—	—	—	—	(14,994)
Recoveries from reinsurers	18,253	—	—	—	—	—	18,253
Others	—	—	—	—	6	(6)	—
Foreign currency translation adjustments	326	(332)	(9)	0	(158)	149	(14)
Ending net balance (denotes assets)	(34,955)	(5,890)	(7,074)	42	(3,344)	(3,772)	(47,920)
Reinsurance contract assets	(35,063)	(5,879)	(7,181)	42	(3,467)	(3,756)	(48,125)
Reinsurance contract liabilities	108	(10)	107	0	122	(15)	204

(Yen in millions)

	FY2025 (April 1, 2025 - March 31, 2026)						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Subtotal	CSM			Total
				Contracts measured at transition under MRA	Contracts measured at transition under FVA	Other contracts	
Reinsurance contract assets	(35,063)	(5,879)	(7,181)	42	(3,467)	(3,756)	(48,125)
Reinsurance contract liabilities	108	(10)	107	0	122	(15)	204
Beginning net balance (denotes assets)	(34,955)	(5,890)	(7,074)	42	(3,344)	(3,772)	(47,920)
Changes that relate to future service	3,789	(2,628)	(3,279)	64	(2,195)	(1,149)	(2,118)
Changes in estimates that adjust CSM	2,917	(521)	(2,396)	47	(2,139)	(303)	—
Changes in estimates of losses and reversal of losses on onerous contracts	—	—	(151)	17	(55)	(113)	(151)
Effects of contracts initially recognized in the period	872	(2,107)	(732)	—	—	(732)	(1,967)
Changes that relate to current service	2,958	2,233	1,957	(7)	599	1,365	7,149
CSM recognized in profit or loss for services provided	—	—	2,194	(7)	731	1,471	2,194
Changes in risk adjustment for non-financial risk	—	2,233	—	—	—	—	2,233
Experience adjustments	2,958	—	(237)	—	(131)	(105)	2,720
Changes that relate to past service	70	—	—	—	—	—	70
Changes in fulfillment cash flows related to liabilities for incurred claims	70	—	—	—	—	—	70
Effects of changes in reinsurer default risk	(0)	—	—	—	—	—	(0)
Reinsurance finance income or expenses	(6)	(736)	(404)	1	(243)	(162)	(1,148)
Cash flows	(2,903)	—	—	—	—	—	(2,903)
Reinsurance premiums paid	(15,965)	—	—	—	—	—	(15,965)
Recoveries from reinsurers	13,061	—	—	—	—	—	13,061
Others	228	(5)	(182)	(36)	(127)	(18)	41
Foreign currency translation adjustments	(2,348)	(594)	(653)	(0)	(431)	(220)	(3,596)
Ending net balance (denotes assets)	(33,167)	(7,622)	(9,637)	63	(5,742)	(3,957)	(50,426)
Reinsurance contract assets	(33,370)	(7,573)	(9,845)	(5)	(5,862)	(3,977)	(50,788)
Reinsurance contract liabilities	202	(48)	207	68	119	19	361

Notes to Consolidated Financial Statements

(4) Effects of contracts initially recognized during the period

The following summarizes the impacts on measurement elements arising from the initial recognition of insurance contracts issued and reinsurance contracts held that are not measured under PAA during the period.

a. Insurance contracts issued

(Yen in millions)

FY2024 (April 1, 2024 - March 31, 2025)	Japan P&C insurance business		Japan Life insurance business		International insurance business		Consolidated total	
	Other than onerous contracts	Onerous contracts	Other than onerous contracts	Onerous contracts	Other than onerous contracts	Onerous contracts	Other than onerous contracts	Onerous contracts
Expected incurred claims and other insurance service expenses	386,438	16,658	380,878	—	103,913	563,236	871,230	579,894
Insurance acquisition cash flows	120,451	4,573	88,193	—	19,311	25,385	227,956	29,958
Expected insurance premiums to be received	(572,810)	(20,027)	(565,698)	—	(152,596)	(572,925)	(1,291,104)	(592,953)
Risk adjustment for non-financial risk	9,941	198	8,615	—	3,515	3,574	22,072	3,773
CSM	55,978	—	88,010	—	25,856	—	169,845	—
Losses at initial recognition	—	1,402	—	—	—	19,271	—	20,673

(Yen in millions)

FY2025 (April 1, 2025 - March 31, 2026)	Japan P&C insurance business		Japan Life insurance business		International insurance business		Consolidated total	
	Other than onerous contracts	Onerous contracts	Other than onerous contracts	Onerous contracts	Other than onerous contracts	Onerous contracts	Other than onerous contracts	Onerous contracts
Expected incurred claims and other insurance service expenses	406,837	11,118	283,982	96,319	389,123	41,832	1,079,944	149,270
Insurance acquisition cash flows	128,262	808	75,393	4,013	31,140	9,251	234,795	14,073
Expected insurance premiums to be received	(614,578)	(11,369)	(427,330)	(95,737)	(445,456)	(50,392)	(1,487,364)	(157,499)
Risk adjustment for non-financial risk	11,274	31	5,941	198	3,369	3,832	20,585	4,061
CSM	68,202	—	62,012	—	21,823	—	152,038	—
Losses at initial recognition	—	589	—	4,793	—	4,523	—	9,906

b. Reinsurance contracts held

(Yen in millions)

FY2024 (April 1, 2024 - March 31, 2025)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated total
Expected recoveries of incurred claims and other insurance service expenses	—	(684,115)	(11,363)	(695,478)
Expected reinsurance premiums to be paid	—	587,560	12,970	600,530
Risk adjustment for non-financial risk	—	(1,051)	(1,690)	(2,741)
CSM	—	97,606	(1,416)	96,189
Losses at initial recognition (represents profit)	—	—	(1,499)	(1,499)

(Yen in millions)

FY2025 (April 1, 2025 - March 31, 2026)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated total
Expected recoveries of incurred claims and other insurance service expenses	—	(1,094,670)	(12,796)	(1,107,467)
Expected reinsurance premiums to be paid	—	959,647	13,668	973,315
Risk adjustment for non-financial risk	—	(1,183)	(2,107)	(3,290)
CSM	—	131,861	(732)	131,128
Losses at initial recognition (represents profit)	—	(4,346)	(1,967)	(6,313)

Notes to Consolidated Financial Statements

(5) Timing of recognition of CSM in profit or loss

The timing of the Group's expected recognition of the remaining CSM in profit or loss for insurance contracts issued and reinsurance contracts held that are not measured under PAA is as follows:

As of April 1, 2024 (Transition date)

	(Yen in millions)								
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-20 years	Over 20 years	Total
Insurance contracts issued	171,317	132,420	116,736	102,927	89,432	334,471	376,983	266,583	1,590,872
Japan P&C insurance business	70,177	38,923	30,339	23,446	16,472	44,329	35,332	11,364	270,387
Japan Life insurance business	78,721	73,084	67,735	62,847	58,163	236,012	286,171	224,039	1,086,775
International insurance business	22,418	20,412	18,661	16,633	14,795	54,129	55,479	31,179	233,709
Reinsurance contracts held	(3,090)	(2,708)	(2,611)	(2,482)	(2,352)	(10,014)	(12,764)	(11,846)	(47,872)

As of March 31, 2025

	(Yen in millions)								
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-20 years	Over 20 years	Total
Insurance contracts issued	172,124	133,940	117,673	102,063	89,022	334,529	368,278	242,190	1,559,823
Japan P&C insurance business	63,032	34,296	26,626	19,016	13,171	34,569	28,830	9,294	228,837
Japan Life insurance business	81,267	75,076	69,272	63,797	58,807	236,059	273,715	196,135	1,054,131
International insurance business	27,824	24,566	21,775	19,249	17,043	63,900	65,732	36,761	276,854
Reinsurance contracts held	3,807	3,845	3,621	3,438	3,254	13,681	16,449	8,646	56,746

As of March 31, 2026

	(Yen in millions)								
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-20 years	Over 20 years	Total
Insurance contracts issued	165,838	125,615	108,584	94,465	82,071	305,548	331,105	206,638	1,419,867
Japan P&C insurance business	61,617	31,134	22,860	16,530	10,733	24,882	21,337	6,732	195,828
Japan Life insurance business	75,698	69,720	63,961	58,747	54,192	215,273	241,746	162,168	941,508
International insurance business	28,523	24,760	21,762	19,187	17,144	65,392	68,020	37,738	282,530
Reinsurance contracts held	19,976	18,810	17,278	15,894	14,559	54,623	46,024	11,454	198,621

(6) Assets for insurance acquisition cash flows

a. Reconciliation of assets for insurance acquisition cash flows

The carrying amounts and movements in assets for insurance acquisition cash flows recognized by the Group are as follows:

	(Yen in millions)	
	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Opening balance	1,141	1,548
Cash flows recognized as an asset during the year	2,149	25,497
Amounts derecognized on initial recognition of groups of insurance contracts	(1,448)	(1,335)
Impairment losses recognized during the year	(252)	(335)
Foreign currency translation effects	(40)	2,540
Closing balance	1,548	27,915

b. Expected derecognition of assets for insurance acquisition cash flows

The expected timing of derecognition of assets for insurance acquisition cash flows and their inclusion in the measurement of the related groups of insurance contracts is as follows:

	(Yen in millions)		
	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Less than 1 year	813	823	1,583
1-2 years	114	388	1,147
2-3 years	111	260	976
Over 3 years	102	76	24,208
Total	1,141	1,548	27,915

(7) Underlying items of insurance contracts with direct participation features

The composition of the underlying items for insurance contracts with direct participation features, together with their respective fair values, is as follows:

	(Yen in millions)		
	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	35,128	50,303	41,715
Derivative assets/liabilities	(5,204)	(5,540)	4,208
Debt instruments	896,708	908,514	977,711
Equity instruments	600,332	712,785	916,619
Others (Note)	(128,450)	(59,060)	21,430
Total	1,398,514	1,607,003	1,961,684

(Note) "Others" as of the transition date and as of March 31, 2025 includes repo transactions of (146,700) million yen and (63,157) million yen, respectively.

Notes to Consolidated Financial Statements

(8) Information on claim development related to the liabilities for incurred claims

The following information compares the actual payments of insurance claims with their previously estimated amounts (before discounting). The disclosed figures represent net amounts after reflecting the impact of the related groups of reinsurance contracts held. Due to the application of the transitional provisions of IFRS 17, claim development information is not disclosed for claims with an accident year of fiscal year 2020 or earlier.

(Yen in millions)

	Accident year					Total
	2021	2022	2023	2024	2025	
Estimate of ultimate claim costs						
Loss reserves at the end of the accident year	2,822,307	3,430,529	3,344,230	3,593,171	3,571,800	
1 year later	2,823,042	3,449,624	3,329,606	3,561,962		
2 years later	2,822,273	3,421,620	3,326,053			
3 years later	2,809,418	3,416,463				
4 years later	2,804,284					
Estimate of ultimate claim costs	2,804,284	3,416,463	3,326,053	3,561,962	3,571,800	16,680,562
Cumulative claim payments						
Accident year	1,209,203	1,640,768	1,490,395	1,596,107	1,576,018	
1 year later	1,872,198	2,462,772	2,291,684	2,471,410		
2 years later	2,099,626	2,728,364	2,562,440			
3 years later	2,285,939	2,892,366				
4 years later	2,398,700					
Cumulative claim payments	2,398,700	2,892,366	2,562,440	2,471,410	1,576,018	11,900,935
Expected cash flows (undiscounted)	405,584	524,097	763,613	1,090,552	1,995,781	4,779,627
Impact amount before the fiscal year 2020 (undiscounted)						1,436,351
Effect of discounting						(998,740)
Others (Note)						341,343
Liabilities for incurred claims (Net)						5,558,581

(Note) This includes amounts excluded from the triangle because the uncertainty regarding the amount and timing of claim payments is generally resolved within one year, risk adjustment amounts, and similar items.

(9) Information on transition approach

The Group applies the full retrospective approach, to the extent practicable, in its transition to IFRS 17.

However, the Group applies either the modified retrospective approach or the fair value approach for certain insurance contracts due to the unavailability of reasonable and supportable information required to apply IFRS 17 retrospectively, as described below.

Japan P&C insurance business:

Where the full retrospective approach is impracticable, the Group applies the fair value approach.

Japan Life insurance business:

Where the full retrospective approach is impracticable, the Group, in principle, applies the modified retrospective approach. However, for contracts issued in or prior to fiscal year 2015, the Group applies the fair value approach.

International insurance business:

Where the full retrospective approach is impracticable, the Group selects between the modified retrospective approach and the fair value approach, taking into account data availability and other factors.

For groups of insurance contracts to which the modified retrospective approach is applied, the Group measures CSM or the loss component of the liability for remaining coverage as of the transition date retrospectively to the extent that reasonable and supportable information is available. In case they cannot be measured retrospectively, the Group measures them based on reasonable and supportable assumptions and estimates of cash flows available as of the transition date.

For groups of insurance contracts to which the fair value approach is applied, the Group measures CSM or the loss component of the liability for remaining coverage as of the transition date as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows, based on reasonable and supportable information available as of the transition date. In addition, for all groups of insurance contracts measured using the fair value approach, the cumulative amount of insurance finance income or expenses accumulated in other comprehensive income as of the transition date is set to zero.

Notes to Consolidated Financial Statements

a. Insurance revenue by transition approach

The Group applies the modified retrospective approach (MRA) and the fair value approach (FVA) as of the transition date. The insurance revenue for insurance contracts to which these approaches were applied as of the transition date, and all other insurance contracts (namely, insurance contracts to which IFRS 17 was retrospectively applied as of the transition date and insurance contracts recognized after the transition date) is as follows. The consolidated adjustments include reinsurance transactions from Japan P&C insurance business to the International insurance business, as well as reinsurance transactions from the International insurance business to Japan P&C insurance business.

(Yen in millions)

FY2024 (April 1, 2024 - March 31, 2025)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated adjustments	Total
Insurance revenue	2,935,093	266,877	4,249,062	(54,810)	7,396,221
Insurance contracts measured at transition under MRA	—	140,590	36,938	—	177,528
Insurance contracts measured at transition under FVA	92,241	113,227	46,931	—	252,400
All other insurance contracts	2,842,851	13,059	4,165,192	(54,810)	6,966,292

(Yen in millions)

FY2025 (April 1, 2025 - March 31, 2026)	Japan P&C insurance business	Japan Life insurance business	International insurance business	Consolidated adjustments	Total
Insurance revenue	3,040,655	265,448	4,448,332	(60,875)	7,693,560
Insurance contracts measured at transition under MRA	—	130,436	35,081	—	165,518
Insurance contracts measured at transition under FVA	46,954	105,052	40,509	—	192,516
All other insurance contracts	2,993,700	29,958	4,372,742	(60,875)	7,335,525

b. Reconciliation of AOCI related to FVOCI financial assets

The Group applies an accounting policy under which insurance finance income or expenses are disaggregated between profit or loss and other comprehensive income. For FVOCI financial assets related to groups of insurance contracts to which this policy is applied, including those measured using the modified retrospective approach or the fair value approach for which the cumulative amount of OCI was reset to zero at the transition date, the reconciliation of the cumulative OCI balance from the beginning to the end of the period is as follows.

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Opening balance	(138,774)	(393,313)
Changes during the year	(309,875)	(195,242)
Reclassification adjustments (after tax effect adjustment)	55,336	(22,896)
Closing balance	(393,313)	(611,452)

(10) Risks related to insurance contracts

a. Basic information regarding the nature of risks

The Group recognizes the causes of risks arising from insurance contracts as follows:

P&C insurance risks

Insurance companies underwrite a variety of risks, including catastrophe risks and long-term risks. The Group sets appropriate coverage and premium levels and transfers a portion of its risks to other insurers through reinsurance contracts. However, if economic conditions, the frequency of insured events, or other relevant factors deviate from the assumptions used in premium setting, the Group's operating results and financial position may be affected.

Japan is also highly susceptible to natural disasters such as earthquakes, typhoons, and floods, and in recent years such events have been occurring more frequently worldwide. In particular, large-scale natural disasters occurring either domestically or internationally could have an impact on the Group's operating results and financial position.

Life insurance risks

In life insurance, if benefit payments and operating expenses differ significantly from underlying assumptions due to uncertainties regarding the incidence of insured events, cancellation trends, interest rates, equity price levels, and other factors arising from the long duration of insurance contracts, the Group's operating results and financial position may be affected.

Reinsurance risks

Insurance companies diversify their risks by ceding a portion of their claim payment obligations to domestic and international insurers through reinsurance contracts. Like other P&C and life insurers, the Group utilizes reinsurance to secure underwriting capacity and prepare for catastrophic events and large-scale natural disasters. However, reinsurance premiums may rise significantly because reinsurance premium levels may fluctuate substantially due to changes in the reinsurance market environment. There is also a risk that adequate risk diversification may not be achieved if reinsurance arrangements are insufficient. Furthermore, recoveries from reinsurers are subject to credit risk.

Notes to Consolidated Financial Statements

The Group manages risks above as follows:

P&C insurance risks

The Group sets appropriate policy terms and conditions, premium rates and risk assessment criteria based on statistical and other relevant information, and on reasonable methodologies in developing new products and revising existing products, and in establishing underwriting terms and conditions for individual contracts.

Following the developments or revisions of products, the Group implements appropriate measures such as reviewing products, premium rates and underwriting policies when necessary, taking into account the sales environment, underwriting results and other factors. These activities are subject to periodic review and validation.

Life insurance risks

The Group establishes appropriate premium rates, methodologies for calculating insurance liabilities and retention policies in developing or revising products, and the Group manages underwriting risk through the establishment of appropriate underwriting guidelines, underwriting in accordance with such guidelines, and the implementation of appropriate medical examinations and/or underwriting assessments in underwriting insurance contracts.

In addition, the Group implements appropriate measures such as reviewing products, premium rates and underwriting policies upon necessity, taking into account differences from, or changes in, economic conditions, the incidence rates of insured events and other factors compared with the assumptions assessed at the time of product development or revision.

Reinsurance risks

The Group determines its reinsurance schemes based on quantitative risk assessments using advanced analytical techniques, and arranges reinsurance on a stable and continuous basis with respect to large losses arising from catastrophes such as earthquakes and typhoons.

In addition, the Group sets its retention policy in consideration of its risk profile and cedes risks accordingly. In arranging reinsurance, the Group selects reinsurers with high credibility, based on ratings assigned by major rating agencies.

The Group also establishes counterparty concentration limits and manages its reinsurance programme to avoid undue concentration with any single reinsurer.

The Group implements Risk-based Management, or Enterprise Risk Management (ERM), with the aim of achieving high ROE by continually managing the relationship among risk, capital, and return, and by ensuring both financial soundness relative to risk and profitability.

Specifically, based on its risk appetite framework, the Group appropriately controls risk, capital, and return through an ERM cycle consisting of the formulation and validation of business plans and the determination of capital allocation plans based on those business plans, with the aim of achieving sustainable growth in corporate value.

Qualitative risk management

To comprehensively identify and address the various risks faced in its business operations, the Group implements a PDCA cycle for the identification of emerging risks, determination and assessment of significant risks, and related countermeasures, and reports them to the Board annually.

Quantitative risk management

The Board confirms that the Group maintains sufficient capital to cover the risks it assumes from various perspectives and secures financial soundness to maintain credit ratings and avoid insolvency.

Specifically, the Group measures risk using a 99.5% VaR and assesses capital adequacy through the Economic Solvency Ratio (ESR), calculated as capital divided by the risk amount.

The Group also conducts stress testing to verify capital adequacy and cash liquidity for significant risks such as economic and financial crisis, catastrophic earthquakes, and the outbreak of an infectious disease. These tests include scenarios that could cause significant economic losses and scenarios where multiple severe risks occur simultaneously. In addition, the Group conducts stress testing to verify cash liquidity for catastrophic wind and flood risks.

The Group confirms that no issues have been identified based on these assessments.

Crisis management

Although the Group performs both qualitative and quantitative risk management, it is difficult to fully control all risks, and there are also risks, such as natural disasters, that cannot be prevented.

To minimize economic losses and ensure prompt business recovery, the Group has established crisis management frameworks and action plans for emergency situations.

The Company also provides support, direction and guidance to its Group companies, and the Group companies report to, communicate with and consult with the Company. Through this framework, the Group companies develop and maintain crisis management systems and emergency response procedures in normal times, while striving to respond swiftly and appropriately to recovery and business continuity requirements in the event of an emergency.

In addition, the Group conducts simulation drills based on potential emergency scenarios such as natural disasters and cyberattacks to enhance its response capabilities and adaptability in emergency situations.

b. Concentration of risk

Concentrations of risk arising from insurance contracts are observed mainly in natural disaster risk, life insurance risk and accumulated risk of P&C insurance other than natural disaster.

The Group achieves significant risk-diversification effect to reduce the risk amount through its well-diversified risk portfolio.

Please refer to "5. Segment Information (1) Information on reportable segments" and "7. Insurance Contracts (3) Insurance contracts reconciliation tables" for exposures by segments.

Notes to Consolidated Financial Statements

c. Sensitivity analysis of insurance risk and market risk

The tables below show the impact on income before income taxes, other comprehensive income before taxes, and equity, assuming that a single risk variable changes within a reasonably possible range. While all other risk variables are assumed to remain unchanged, in practice there are correlations among risk variables. Furthermore, the impact of changes in risk variables is non-linear, and actual outcomes may be greater or smaller than those implied by simple interpolation or extrapolation.

As of April 1, 2024 (Transition date)

Insurance Risk Sensitivity

Insurance Risk Sensitivity										(Yen in millions)
		Liabilities for incurred claims		Mortality rate		Morbidity rate	Surrender and lapse rate		Expense ratio	
		Loss ratio		Mortality risk		Longevity risk				
		×105%	+5%	×105%	×95%	×105%	×105%	×95%	×110%	
Equity	Before reinsurance	(201,362)	(22,594)	(4,202)	1,347	1,415	(14,258)	15,136	(5,677)	
	After reinsurance	(160,868)	(21,445)	(3,177)	1,580	1,259	(14,397)	15,354	(4,682)	

Interest Rate Sensitivity

(Yen in millions)

		Net Sensitivity of Insurance Contracts and Financial Instruments					
		Breakdown: Sensitivity of Insurance Contracts		Breakdown: Sensitivity of Financial Instruments			
		+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Equity		(158,194)	116,700	528,605	(631,904)	(686,799)	748,604

Stock Price Sensitivity

(Yen in millions)

		Net Sensitivity of Insurance Contracts and Financial Instruments					
		Breakdown: Sensitivity of Insurance Contracts		Breakdown: Sensitivity of Financial Instruments			
		+10%	-10%	+10%	-10%	+10%	-10%
Equity		262,207	(267,277)	(47,791)	48,155	309,999	(315,432)

(Note) This shows the sensitivity related to the referenced stock indices and the fair value of listed equity securities held.

As of March 31, 2025

Insurance Risk Sensitivity

(Yen in millions)									
		Liabilities for incurred claims	Loss ratio	Mortality rate		Morbidity rate	Surrender and lapse rate		Expense ratio
				Mortality risk	longevity risk				
		× 105%	+ 5%	× 105%	× 95%	× 105%	× 105%	× 95%	× 110%
Income before income taxes	Before reinsurance	(277,419)	(37,297)	(6,399)	(1,971)	(6,388)	(695)	331	(11,671)
	After reinsurance	(225,772)	(36,222)	(5,363)	(2,119)	(5,906)	(718)	138	(10,951)
Other comprehensive income before taxes	Before reinsurance	4,084	1,235	(8,997)	2,221	9,601	(22,893)	24,732	3,353
	After reinsurance	3,817	1,233	(7,430)	3,350	8,040	(21,645)	23,181	3,405
Equity	Before reinsurance	(210,011)	(27,402)	(11,313)	160	2,241	(17,082)	18,146	(6,499)
	After reinsurance	(170,127)	(26,569)	(9,348)	866	1,475	(16,215)	16,909	(5,884)

Interest Rate Sensitivity

(Yen in millions)

		Net Sensitivity of Insurance Contracts and Financial Instruments					
		Breakdown: Sensitivity of Insurance Contracts		Breakdown: Sensitivity of Financial Instruments			
		+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Income before income taxes		17,841	(20,953)	45,391	(54,533)	(27,550)	33,580
	Other comprehensive income before taxes	(226,083)	196,497	473,112	(553,619)	(699,195)	750,116
Equity		(166,743)	143,859	385,084	(450,660)	(551,827)	594,519

Stock Price Sensitivity

(Yen in millions)

		Net Sensitivity of Insurance Contracts and Financial Instruments					
		Breakdown: Sensitivity of Insurance Contracts		Breakdown: Sensitivity of Financial Instruments			
		+10%	-10%	+10%	-10%	+10%	-10%
Income before income taxes		(2,248)	(4,858)	(77,995)	77,681	75,747	(82,539)
	Other comprehensive income before taxes	218,294	(218,282)	(3)	15	218,297	(218,297)
Equity		154,653	(160,255)	(61,773)	61,537	216,427	(221,792)

(Note) This shows the sensitivity related to the referenced stock indices and the fair value of listed equity securities held.

Notes to Consolidated Financial Statements

As of March 31, 2026

Insurance Risk Sensitivity

(Yen in millions)

		Liabilities for incurred Loss ratio		Mortality rate		Morbidity rate	Surrender and lapse rate		Expense ratio
		claims		Mortality risk longevity risk					
		× 105%	+ 5%	× 105%	× 95%	× 105%	× 105%	× 95%	× 110%
Income before income taxes	Before reinsurance	(319,150)	(40,730)	(6,204)	(2,970)	(8,812)	(714)	498	(13,355)
	After reinsurance	(263,194)	(39,757)	(4,991)	(3,029)	(8,246)	(1,402)	1,255	(12,063)
Other comprehensive income before taxes	Before reinsurance	1,160	1,967	3,876	13,784	29,743	(33,909)	34,935	9,639
	After reinsurance	509	1,971	5,460	14,461	27,438	(26,291)	26,658	9,646
Equity	Before reinsurance	(242,376)	(29,510)	(1,948)	7,767	14,946	(25,051)	25,644	(3,315)
	After reinsurance	(200,222)	(28,754)	214	8,212	13,705	(20,072)	20,245	(2,264)

Interest Rate Sensitivity

(Yen in millions)

Net Sensitivity of Insurance Contracts and Financial Instruments						
		Breakdown: Sensitivity of Insurance Contracts		Breakdown: Sensitivity of Financial Instruments		
		+ 0.5%	-0.5%	+ 0.5%	-0.5%	
Income before income taxes		38,828	(46,042)	49,003	(59,127)	13,085
Other comprehensive income before taxes		(290,336)	271,302	312,644	(369,455)	640,757
Equity		(199,989)	181,536	274,542	(324,402)	505,938

Stock Price Sensitivity

(Yen in millions)

Net Sensitivity of Insurance Contracts and Financial Instruments						
		Breakdown: Sensitivity of Insurance Contracts		Breakdown: Sensitivity of Financial Instruments		
		+ 10%	-10%	+ 10%	-10%	
Income before income taxes		24,526	(39,138)	(86,820)	79,470	(118,608)
Other comprehensive income before taxes		194,013	(194,015)	47	(49)	(193,966)
Equity		159,430	(170,978)	(66,950)	61,139	(232,117)

(Note) This shows the sensitivity related to the referenced stock indices and the fair value of listed equity securities held.

d. Credit risk exposure by credit risk rating grades (insurance contracts)

(a) Maximum exposure to credit risk as at the end of the reporting period

The maximum exposure to credit risk arising from contracts within the scope of IFRS 17 as at the end of the reporting period (amounts related to insurance contracts issued before consideration of reinsurance) is as follows. This exposure includes unpaid premiums receivable from policyholders and intermediaries such as agents.

(Yen in millions)

As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
750,653	751,035	761,055

(b) Information regarding the creditworthiness of reinsurance contract assets

The maximum exposure to credit risk of reinsurance contract assets held as at the end of the reporting period, based on their carrying amounts, is as follows. The amounts are classified according to the Group's credit risk rating grades.

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
AAA	66,480	87,202	96,115
AA	556,669	1,092,117	1,884,645
A	395,820	400,983	349,593
BBB	7,188	1,732	1,006
Below BBB	2,920	7,255	3,590
Unrated	97,457	93,316	108,582
Total of carrying amount	1,126,536	1,682,607	2,443,534

e. Liquidity risk (maturity analysis for insurance contracts and amounts payable on demand)

(a) Liquidity management policy

To mitigate the risk (liquidity risk) that the Group may be forced to sell assets at significantly lower prices than normal to secure funds due to liquidity deterioration—such as a decline in premium income resulting from weakened financial conditions, increased surrender benefit payments from large-scale or large-amount cancellations, or capital outflows following a catastrophic disaster—the Group's policy is to hold sufficient cash, government bonds, and other highly liquid securities on the asset side to ensure stable cash flows and maintain appropriate operations. In addition, the Group verifies and monitors overall liquidity through stress testing and continuous monitoring of cash flow conditions.

Notes to Consolidated Financial Statements

(b) Maturity analysis for insurance contracts

The following presents the maturity analysis for insurance contracts issued and reinsurance contracts held, allocating the undiscounted net cash flows from these contracts to the periods in which they are expected to occur.

This maturity analysis excludes the assets and liabilities related to the remaining coverage of insurance contracts issued and reinsurance contracts held to which PAA is applied. In addition, the consolidated adjustments include reinsurance transactions between Japan P&C insurance business and International insurance business.

(Yen in millions)

As of April 1, 2024 (Transition date)	Total undiscounted cash flows	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Insurance contract liabilities	23,217,528	2,672,987	1,596,073	1,211,109	1,042,695	956,878	15,737,783
Japan P&C insurance business	3,753,644	1,023,680	622,066	436,174	307,106	235,289	1,129,327
Japan Life insurance business	8,221,713	(110,472)	(76,287)	(45,457)	(20,542)	5,190	8,469,283
International insurance business	11,426,578	1,804,903	1,079,871	841,815	772,556	729,260	6,198,170
Consolidation adjustment	(184,407)	(45,124)	(29,577)	(21,423)	(16,425)	(12,861)	(58,997)
Reinsurance contract liabilities	79,687	(6,207)	(3,183)	(1,828)	(872)	(397)	92,177
Total	23,297,215	2,666,780	1,592,890	1,209,281	1,041,823	956,481	15,829,960

(Yen in millions)

As of March 31, 2025	Total undiscounted cash flows	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Insurance contract liabilities	24,093,522	2,714,781	1,664,481	1,318,168	1,166,870	1,057,406	16,171,814
Japan P&C insurance business	3,671,287	1,020,207	604,999	417,620	290,391	227,633	1,110,434
Japan Life insurance business	8,199,758	(25,281)	(31,849)	(6,296)	12,099	22,565	8,228,521
International insurance business	12,435,292	1,769,250	1,124,793	931,650	883,441	821,855	6,904,300
Consolidation adjustment	(212,815)	(49,395)	(33,462)	(24,806)	(19,061)	(14,647)	(71,441)
Reinsurance contract liabilities	81,441	(875)	(2,173)	(1,140)	(641)	(348)	86,620
Total	24,174,963	2,713,906	1,662,308	1,317,028	1,166,229	1,057,058	16,258,434

(Yen in millions)

As of March 31, 2026	Total undiscounted cash flows	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Insurance contract liabilities	25,726,676	3,205,460	2,022,181	1,707,434	1,495,501	1,241,810	16,054,286
Japan P&C insurance business	3,710,388	1,095,459	601,697	403,544	290,227	223,695	1,095,763
Japan Life insurance business	8,418,277	137,269	135,937	159,431	177,131	210,928	7,597,580
International insurance business	13,832,664	2,027,271	1,321,097	1,172,156	1,049,232	822,683	7,440,222
Consolidation adjustment	(234,653)	(54,539)	(36,550)	(27,697)	(21,089)	(15,496)	(79,279)
Reinsurance contract liabilities	(15,295)	(2,388)	(11,072)	(1,876)	(956)	(247)	1,244
Total	25,711,381	3,203,072	2,011,109	1,705,558	1,494,545	1,241,563	16,055,530

(c) Amounts payable on demand

The amounts payable on demand related to insurance contracts issued, together with their corresponding carrying amounts, are as follows. Amounts payable on demand represent the amounts equivalent to surrender values that would be required if all contracts held as at the end of the reporting period were surrendered.

(Yen in millions)

As of April 1, 2024 (Transition date)		As of March 31, 2025		As of March 31, 2026	
Amounts payable on demand	Carrying amounts	Amounts payable on demand	Carrying amounts	Amounts payable on demand	Carrying amounts
13,037,353	19,055,722	13,668,107	19,342,621	14,454,031	20,179,161

- f. There is no information on the Group's exposure to risk at the end of the reporting period that is not representative of its exposure during the period

Notes to Consolidated Financial Statements

8. Financial Instruments

(1) Investment in financial instruments

a. Breakdown of investments

The breakdown of investments (excluding cash and cash equivalents) are as follows:

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Investment securities			
Debt instruments			
Government bonds, government-guaranteed bonds and local government bonds	11,390,355	9,813,201	8,589,329
Japan	7,765,245	5,975,752	4,200,328
US	2,516,289	2,596,521	2,850,265
Others	1,108,820	1,240,927	1,538,736
Corporate bonds	3,026,649	3,286,254	3,646,316
Securitized products	3,102,203	3,544,185	4,392,409
Others	692,473	759,439	925,937
Total debt instruments	18,211,682	17,403,081	17,553,993
Equity instruments			
Japanese equity instruments	4,560,841	3,311,004	3,422,175
Others	47,229	55,135	86,557
Total equity instruments	4,608,070	3,366,140	3,508,733
Total investment securities	22,819,753	20,769,221	21,062,726
Loans			
Mortgage loans	2,033,983	1,992,317	2,065,113
Others	769,759	780,572	787,520
Total loans	2,803,743	2,772,889	2,852,633
Derivative			
Derivative assets			
Foreign currency	10,848	30,454	25,951
Interest rate	66,881	95,048	255,211
Equity	29,145	13,723	18,440
Others	15,399	23,027	28,423
Total derivative assets	122,274	162,253	328,026
Derivative Liabilities			
Foreign currency	66,638	28,497	81,871
Interest rate	82,892	91,076	169,193
Equity	44	3	—
Others	22,013	20,732	19,333
Total derivative liabilities	171,589	140,309	270,398
Derivative assets and liabilities (net)	(49,314)	21,944	57,627

b. Breakdown by classification of financial instruments

The breakdown by classification of financial instruments (excluding cash and cash equivalents) are as follows:

Financial assets:

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
At FVPL			
Derivative assets	122,274	162,253	328,026
Investment securities (Debt instruments)	1,637,084	1,866,056	2,436,928
Investment securities (Equity instruments)	796,995	935,483	1,242,939
At FVPL - designated			
Investment securities (Debt instruments) (Note)	674,178	681,216	723,606
Loans	8,255	4,937	3,424
At FVOCI			
Investment securities (Debt instruments)	15,840,383	14,790,198	14,315,796
Investment securities (Equity instruments)	3,811,075	2,430,656	2,265,794
At amortized cost			
Investment securities (Debt instruments)	60,036	65,610	77,662
Loans	2,795,487	2,767,952	2,849,209
Other financial assets	880,547	944,981	1,104,332
Total financial assets	26,626,319	24,649,347	25,347,719

(Note) The Group mainly recognizes insurance finance income or expenses arising from direct participating insurance contracts in profit or loss. To eliminate or substantially reduce accounting mismatches, the Group designates the debt instruments that are underlying items of these insurance contracts as measured at FVPL.

Financial liabilities:

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
At FVPL			
Derivative liabilities	171,589	140,309	270,398
At amortized cost			
Repurchase agreements and other similar secured borrowings	711,974	63,514	61,648
Investment contract liabilities (Note)	744,168	869,021	1,178,840
Bonds and borrowings	474,272	549,444	598,007
Other financial liabilities	573,452	704,653	945,701
Total financial liabilities	2,675,457	2,326,943	3,054,597

(Note) Investment contract liabilities are financial liabilities arising from the investment contracts that have the legal form of insurance contracts but do not transfer significant insurance risk to the issuer. They mainly consist of funding agreements issued to institutional investors and the Federal Home Loan Bank (hereinafter referred to as "FHLB").

Notes to Consolidated Financial Statements

c. Equity instruments designated at FVOCI

The Group mainly designates equity instruments held for enhancing corporate value through strengthening business relationships as measured at FVOCI at initial recognition.

The fair values of the major equity instruments designated at FVOCI are as follows:

As of April 1, 2024 (Transition date)

(Yen in millions)	
Stock name	Fair value
TOYOTA MOTOR CORPORATION	968,186
Mitsubishi Corporation	375,947
HONDA MOTOR CO., LTD.	160,939
SUZUKI MOTOR CORPORATION	112,518
Shin-Etsu Chemical Co., Ltd.	90,252
ITOCHU Corporation	76,938
Samsung Fire & Marine Insurance Co., Ltd.	51,229
DAIICHI SANKYO COMPANY, LIMITED	37,503
AEON CO., LTD.	36,171
FUJIFILM Holdings Corporation	36,109

As of March 31, 2025

(Yen in millions)	
Stock name	Fair value
TOYOTA MOTOR CORPORATION	445,284
Mitsubishi Corporation	225,489
SUZUKI MOTOR CORPORATION	117,040
ITOCHU Corporation	82,114
Samsung Fire & Marine Insurance Co., Ltd.	54,105
Shin-Etsu Chemical Co., Ltd.	46,291
AEON Co., LTD.	37,731
FUJIFILM Holdings Corporation	30,478
Marubeni Corporation	29,660
Mitsubishi Estate Company, Limited	29,621

As of March 31, 2026

(Yen in millions)	
Stock name	Fair value
TOYOTA MOTOR CORPORATION	403,666
ITOCHU Corporation	117,472
The Toa Reinsurance Company, Limited	84,960
Marubeni Corporation	70,028
Samsung Fire & Marine Insurance Co., Ltd.	68,699
AEON Co., LTD.	56,883
Mitsubishi Estate Company., Ltd.	52,629
Shin-Etsu Chemical Co., Ltd.	49,402
Mitsubishi UFJ Financial Group, Inc.	37,844
Mitsubishi Electric Corporation	34,263

For equity instruments designated at FVOCI, the Group disposed of a portion during the fiscal year for purposes such as reducing business related equities that could potentially impede fair competition, as well as maintaining and enhancing financial soundness and improving capital efficiency. The fair value at derecognition, accumulated gains and losses on disposal, and dividend income are as follows:

(Yen in millions)		
	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Fair value at derecognition	942,342	776,974
Accumulated gains/ (losses) on disposal	807,117	664,048
Dividend income from equity instruments held at the end of the reporting period	77,063	59,572
Dividend income from equity instruments derecognized during the reporting period	9,043	8,586

When equity instruments designated at FVOCI are decognized due to sales or other reasons, the cumulative amount of gains and losses (net of tax effects) recorded in other components of equity is transferred to retained earnings. The amounts transferred in the previous fiscal year and the current fiscal year were 592,885 million yen (gain) and 487,187 million yen (gain), respectively.

Notes to Consolidated Financial Statements

d. Transfers of financial assets that do not qualify for derecognition

The Group enters into securities lending transactions and sale and repurchase agreements (hereinafter referred to as "repos") involving certain bonds held by the Group. Under securities lending transactions, the Group lends bonds and receives cash collateral. However, the Group retains the right to receive interest income arising from the bonds and continues to bear the risk of changes in the fair value of the bonds. Under repos, the Group sells bonds and agrees to repurchase them at a fixed price in the future, and accordingly continues to bear the risk of changes in the fair value of the bonds. As the Group retains substantially all the risks and rewards of ownership of these bonds, the transfers do not qualify for derecognition of financial assets, and therefore the bonds continue to be recognized in the consolidated statement of financial position. In addition, during the term of certain securities lending transactions and repos, the Group is restricted from selling or pledging the related bonds.

The carrying amounts of the transferred financial assets and the associated liabilities are presented below and are included in "Investment securities" and "Repurchase agreements and other similar secured borrowings" in the consolidated statement of financial position, respectively. The bonds are measured at fair value.

(Yen in millions)

	As of April 1, 2024 (Transition date)		As of March 31, 2025		As of March 31, 2026	
	Carrying amounts of transferred financial assets	Carrying amounts of associated liabilities	Carrying amounts of transferred financial assets	Carrying amounts of associated liabilities	Carrying amounts of transferred financial assets	Carrying amounts of associated liabilities
Securities lending transactions and repos	707,084	711,974	65,084	63,514	57,515	61,648
Total	707,084	711,974	65,084	63,514	57,515	61,648

e. Offsetting of financial assets and financial liabilities

The following table presents financial assets and financial liabilities that are subject to enforceable master netting arrangements or similar agreements, showing the amounts presented in the consolidated statement of financial position, the related amounts not offset in the consolidated statement of financial position, and the resulting net amounts. The rights of set-off under master netting arrangements and similar agreements are generally enforceable only in the event of default or other specified circumstances, which are not expected to occur in the normal course of business. "Financial instruments" and "Received/pledged financial collateral" become enforceable for set-off only upon the occurrence of such events.

Amounts that have already been offset in the consolidated statement of financial position in accordance with the offsetting criteria for financial assets and financial liabilities are not material.

As of April 1, 2024 (Transition date)

	Net amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net amount
		Financial instruments	Received/pledged financial collateral (including cash collateral)	
Financial assets				
Derivative assets	122,274	12,889	38,313	71,071
Financial liabilities				
Derivative liabilities	171,589	12,889	93,134	65,565
Repurchase agreements and other similar secured borrowings	711,974	—	707,084	4,889

As of March 31, 2025

	Net amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net amount
		Financial instruments	Received/pledged financial collateral (including cash collateral)	
Financial assets				
Derivative assets	162,253	25,073	31,687	105,493
Financial liabilities				
Derivative liabilities	140,309	25,073	15,514	99,721
Repurchase agreements and other similar secured borrowings	63,514	—	63,514	—

As of March 31, 2026

	Net amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net amount
		Financial instruments	Received/pledged financial collateral (including cash collateral)	
Financial assets				
Derivative assets	328,026	75,811	100,218	151,996
Financial liabilities				
Derivative liabilities	270,398	75,811	67,318	127,268
Repurchase agreements and other similar secured borrowings	61,648	—	57,515	4,133

Notes to Consolidated Financial Statements

(2) Hedge accounting

a. Cash flow hedge

(a) Risk management strategy

Certain Group companies apply hedge accounting to qualifying hedging relationships for interest rate risk based on the risk management policy in (5) Risk management. Interest rate swaps are used to hedge variability in profit or loss arising from changes in interest income on floating-rate financial assets. This fixes a portion of the future interest cash flows from floating-rate assets and reduces volatility in profit or loss arising from changes in interest rates.

Bond futures are used to hedge the risk of changes in bond prices at the time of purchase, primarily the risk of price changes arising from movements in market interest rates. This fixes the purchase price of highly probable forecast purchases of bonds and reduces variability in future cash flows.

(b) Hedge effectiveness assessment policy

At the inception of a hedging relationship and on an ongoing basis, the existence of an economic relationship between the hedged item and the hedging instrument is assessed both qualitatively and quantitatively. The qualitative assessment considers whether the critical terms of the hedged item and the hedging instrument match or are closely aligned. The quantitative assessment considers the extent to which changes in the values of the hedged item and the hedging instrument offset each other as a result of exposure to the same hedged risk.

Hedge ineffectiveness is measured as the difference between the actual change in the fair value of the hedging instrument and the change in the future cash flows attributable to the hedged item that corresponds to the hedged risk and is recognized in profit or loss.

(c) Sources of hedge ineffectiveness

Potential hedge ineffectiveness arises mainly from mismatches between the critical terms of the hedged item and those of the hedging instrument. The Group's hedging relationships are structured so that those critical terms match or are closely aligned. As a result, hedge ineffectiveness is not material.

(d) Breakdown of hedging instruments by maturity

Interest rate risk - nominal amount	(Yen in millions)					
	As of April 1, 2024 (Transition date)		As of March 31, 2025		As of March 31, 2026	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year	Within 1 year	Over 1 year
Interest rate swaps	—	—	—	—	—	159,880
Bond futures	11,770	36,525	14,309	40,224	14,258	28,826

(e) Carrying amount and other information of hedging instruments

As of April 1, 2024(Transition date)

Interest rate risk	Nominal amount	Carrying amount		Line item in the consolidated statement of financial position that including hedging instruments
		Assets	Liabilities	
Bond futures	48,296	875	4,834	Derivative assets and liabilities

As of March 31, 2025

Interest rate risk	Nominal amount	Carrying amount		Line item in the consolidated statement of financial position that including hedging instruments	Changes in the fair value of hedging instruments used as the basis for recognizing the ineffective portion of the hedge
		Assets	Liabilities		
Bond futures	54,534	5,329	840	Derivative assets and liabilities	7,347

As of March 31, 2026

Interest rate risk	Nominal amount	Carrying amount		Line item in the consolidated statement of financial position that including hedging instruments	Changes in the fair value of hedging instruments used as the basis for recognizing the ineffective portion of the hedge
		Assets	Liabilities		
Interest rate swaps	159,880	489	—	Derivative assets	353
Bond futures	43,085	11,052	—	Derivative assets	6,233

(f) Hedged items

There is no applicable information as of the transition date for forecast purchases of bonds. In addition, because no hedge ineffectiveness was recognized in profit or loss in the previous fiscal year or the current fiscal year, information such as changes in the fair value of the hedged item used as the basis for recognizing hedge ineffectiveness is omitted.

As of March 31, 2026

Interest rate risk	(Yen in millions)		
	Change in the value of the hedged item used in calculating hedge ineffectiveness	Balance in cash flow hedges for continuing hedges	Balance in cash flow hedges arising from hedging relationships for which hedge accounting is no longer applied
Debt instruments	(370)	461	—

Notes to Consolidated Financial Statements

(g) Information on the effectiveness of hedge relationships

As of March 31, 2025

(Yen in millions)

Interest rate risk	Change in the value of the hedging instrument recognized in other comprehensive income	Ineffective portion recognized in profit or loss	Line item in the consolidated statement of income that including recognized hedge ineffectiveness	Reclassification adjustments from cash flow hedges	Line item in the consolidated statement of income that including reclassification adjustments
Bond futures	7,347	—	—	—	—

As of March 31, 2026

(Yen in millions)

Interest rate risk	Change in the value of the hedging instrument recognized in other comprehensive income	Ineffective portion recognized in profit or loss	Line item in the consolidated statement of income that including recognized hedge ineffectiveness	Reclassification adjustments from cash flow hedges	Line item in the consolidated statement of income that including reclassification adjustments
Interest rate swaps	461	—	—	—	—
Bond futures	6,233	—	—	—	—

b. Net investment hedge

(a) Risk management strategy

Certain Group companies apply hedge accounting to qualifying hedging relationships for foreign exchange risk based on the risk management policy in (5) Risk Management.

Foreign exchange forward contracts are used to hedge variability in other comprehensive income and profit or loss arising from foreign currency fluctuations in net investments in foreign operations. This offsets a portion of the foreign exchange risk associated with those net investments and reduces the impact of changes in foreign exchange rates on equity and profit or loss.

(b) Hedge effectiveness assessment policy

At the inception of a hedging relationship and on an ongoing basis, the existence of an economic relationship between the hedged item and the hedging instrument is assessed both qualitatively and quantitatively. The qualitative assessment considers whether the critical terms of the hedged item and the hedging instrument match or are closely aligned. The quantitative assessment considers whether changes in the values of the hedged item and the hedging instrument offset each other as a result of exposure to the same hedged risk.

Hedge ineffectiveness is measured as the difference between the actual change in the fair value of the hedging instrument and the portion of the change in foreign currency translation adjustments arising from the hedged item, which is the net investment in a foreign operation, that is attributable to the hedged risk, and is recognized in profit or loss.

(c) Sources of hedge ineffectiveness

Material hedge ineffectiveness is not expected to arise since only the spot element of foreign exchange forward contracts is designated as the hedging instrument and the amounts of the hedging instrument and the hedged item match.

(d) Breakdown of hedging instruments by maturity

(Yen in millions)

	As of April 1, 2024 (Transition date)		As of March 31, 2025		As of March 31, 2026	
Foreign exchange risk - Foreign exchange forwards	Maturity		Maturity		Maturity	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year	Within 1 year	Over 1 year
Nominal amount (JPY/USD)	1,285,280	—	1,261,265	—	1,277,449	—
Average exchange rate (JPY/USD)	146.68 yen		150.44 yen		153.67 yen	
Nominal amount (JPY/EUR)	195,307	—	212,765	—	254,193	—
Average exchange rate (JPY/EUR)	159.71 yen		159.59 yen		183.35 yen	

Notes to Consolidated Financial Statements

(e) Carrying amount and other information of hedging instruments

As of April 1, 2024 (Transition date)

Foreign exchange risk	Nominal amount	Carrying amount		Line item in the consolidated statement of financial position including hedging instruments
		Assets	Liabilities	
Foreign exchange forwards	1,480,588	455	36,176	Derivative assets and liabilities

As of March 31, 2025

Foreign exchange risk	Nominal amount	Carrying amount		Line item in the consolidated statement of financial position including hedging instruments	Changes in the foreign currency translation adjustments of the hedging instruments used as the basis for recognizing the ineffective portion of the hedge.
		Assets	Liabilities		
Foreign exchange forwards	1,474,030	17,930	6,836	Derivative assets and liabilities	17,130

As of March 31, 2026

Foreign exchange risk	Nominal amount	Carrying amount		Line item in the consolidated statement of financial position including hedging instruments	Changes in the hedged items used to measure hedge ineffectiveness
		Assets	Liabilities		
Foreign exchange forwards	1,531,642	833	47,141	Derivative assets and liabilities	(113,164)

(f) Hedged items

As of April 1, 2024 (Transition date)

A first-time adopter may elect to deem the cumulative foreign currency translation adjustments for all foreign operations to be zero at the transition date. The Group elected to deem the cumulative foreign currency translation adjustments for all foreign operations to be zero at the transition date. Accordingly, there is no "Balance of foreign currency translation adjustments related to continuing hedges" at the transition date.

As of March 31, 2025

Foreign exchange risk	Changes in the value of the hedged items used to calculate the ineffective portion of the hedge	Balance of foreign currency translation adjustments related to continuing hedges	Balance of foreign currency translation adjustments arising from hedge relationships where hedge accounting is no longer applied
Net investment in foreign operations	(17,130)	14,712	—

As of March 31, 2026

Foreign exchange risk	Changes in the value of the hedged items used to calculate the ineffective portion of the hedge	Balance of foreign currency translation adjustments related to continuing hedges	Balance of foreign currency translation adjustments arising from hedge relationships where hedge accounting is no longer applied
Net investment in foreign operations	113,164	(92,596)	—

(g) Information on the effectiveness of hedge relationships

As of March 31, 2025

Foreign exchange risk	Changes in the value of hedge instruments recognized in other comprehensive income	Ineffective portion recognized in profit or loss	Line item in the consolidated statement of comprehensive income including recognized ineffective portion of hedge	Reclassification adjustments from hedges of net investments in foreign operations	Line item in the consolidated statement of comprehensive income including reclassification adjustment amount
Net investment in foreign operations	17,130	—	—	(1,211)	Other investment gains and losses

As of March 31, 2026

Foreign exchange risk	Changes in the value of hedge instruments recognized in other comprehensive income	Ineffective portion recognized in profit or loss	Line item in the consolidated statement of comprehensive income including recognized ineffective portion of hedge	Reclassification adjustments from hedges of net investments in foreign operations	Line item in the consolidated statement of comprehensive income including reclassification adjustment amount
Net investment in foreign operations	(113,164)	—	—	(853)	Other investment gains and losses

Notes to Consolidated Financial Statements

c. Reconciliation of other component of equity

Changes recognized in other components of equity in the consolidated statement of financial position arising from cash flow hedges and hedges of net investments in foreign operations for the current and prior fiscal years are as follows:

(Cash flow hedges)

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Opening balance	—	5,877
Changes for the year	7,347	6,694
Tax effects	(1,469)	(1,246)
Closing balance	5,877	11,326

(Hedges of net investments in foreign operations)

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Opening balance	—	14,712
Changes for the year	17,130	(113,164)
Reclassification for the year	(1,211)	(853)
Tax effects	(1,207)	6,708
Closing balance	14,712	(92,596)

(Notes) "Reclassification for the year" mainly represents reclassification adjustments arising when the hedged item affects profit or loss.

(3) Fair value measurement

a. Fair value hierarchy

The Group classifies the fair values of financial instruments into the following three levels depending on the observability and significance of the inputs used in the fair value calculation. The Group recognizes transfers between levels as of the beginning of the reporting period.

Level 1: Fair value measured by the unadjusted quoted prices of assets or liabilities in active markets among the observable inputs.

Level 2: Fair value measured by the observable inputs other than Level 1 inputs.

Level 3: Fair value measured by the unobservable inputs.

b. Financial instruments measured at fair value on a recurring basis

(a) Breakdown of fair value hierarchy by class of financial instruments measured at fair value on a recurring basis

The breakdown of fair value hierarchy by class of financial instruments measured at fair value on a recurring basis is as follows:

As of April 1, 2024 (Transition date)

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative assets	13,212	79,402	29,659	122,274
Investment securities (Debt instruments)	6,515,418	10,767,928	868,298	18,151,645
Investment securities (Equity instruments)	4,221,347	132,960	253,762	4,608,070
Loans	—	—	8,255	8,255
Total financial assets	10,749,978	10,980,291	1,159,977	22,890,247
Financial liabilities				
Derivative liabilities	66	170,749	773	171,589
Total financial liabilities	66	170,749	773	171,589

Notes to Consolidated Financial Statements

As of March 31, 2025

	Level 1	Level 2	Level 3	Total
(Yen in millions)				
Financial assets				
Derivative assets	15,756	132,152	14,344	162,253
Investment securities (Debt instruments)	5,531,605	10,871,870	933,994	17,337,470
Investment securities (Equity instruments)	2,937,000	161,565	267,574	3,366,140
Loans	—	—	4,937	4,937
Total financial assets	8,484,362	11,165,588	1,220,850	20,870,801
Financial liabilities				
Derivative liabilities	35	139,554	718	140,309
Total financial liabilities	35	139,554	718	140,309

As of March 31, 2026

	Level 1	Level 2	Level 3	Total
(Yen in millions)				
Financial assets				
Derivative assets	11,575	296,965	19,485	328,026
Investment securities (Debt instruments)	4,560,240	11,708,951	1,207,138	17,476,330
Investment securities (Equity instruments)	2,896,188	238,898	373,647	3,508,733
Loans	—	—	3,424	3,424
Total financial assets	7,468,004	12,244,815	1,603,694	21,316,514
Financial liabilities				
Derivative liabilities	826	268,690	881	270,398
Total financial liabilities	826	268,690	881	270,398

(b) Transfers between Levels

There were no significant transfers between levels during the period.

(c) Valuation techniques and inputs

Description of valuation techniques and inputs used in the measurement of financial instruments classified within Level 2 or Level 3

Investment securities

Financial instruments for which quoted prices in active markets are available are classified within Level 1. These primarily include listed equities and certain debt securities. If quoted prices are available but the market is not active, the instruments are classified within Level 2.

For debt securities and securitized products other than those mentioned above, if quoted prices are not available, prices obtained primarily from third parties such as external information vendors are used as the fair value. The fair value is measured using valuation techniques such as discounted cash flow or matrix pricing. These valuation techniques use inputs such as yield curves, credit spreads, prepayment rates, and quoted prices of comparable instruments. If unobservable inputs are not used in the fair value measurement, or if they are used but are not significant to the measurement, the instruments are classified within Level 2. If unobservable inputs are significant to the fair value measurement, the instruments are classified within Level 3.

The fair value of investment trusts is measured using the net asset values obtained from the asset management companies and primarily classified within Level 2.

The fair value of investments in limited partnerships is measured at the amount corresponding to the ownership interest in the fair value of the underlying net assets of the investees and is primarily classified within Level 3.

The fair value of unlisted equities is measured using appropriate valuation techniques such as the comparable company valuation multiple technique. As significant unobservable inputs, such as price-to-book ratio multiple of comparable companies, are used, the instruments are classified within Level 3.

Loans

The fair value is measured using prices calculated by models such as discounted cash flow. These valuation techniques use inputs such as yield curves and credit spreads, and the fair value is classified within Level 3.

Derivative transactions

With regard to exchange-traded derivative transactions, the fair value is measured using the quoted closing prices on the relevant exchange or other active markets. For over-the-counter derivative transactions, the fair value is measured using valuation techniques such as the Black-Scholes model and discounted cash flow, including prices obtained from third parties such as external information vendors. These valuation techniques use inputs such as swap rates, forward rates, volatilities, and basis swap spreads.

The fair value of derivative transactions which is measured using quoted closing prices on the relevant exchange or other active markets is classified within Level 1. It is classified within Level 2 if unobservable inputs are either not included or not significant in the valuation techniques. It is classified within Level 3 if unobservable inputs are significant in the valuation techniques.

(d) Changes in valuation techniques

There were no significant changes in valuation techniques for financial instruments classified within Level 2 or Level 3 during the period.

Notes to Consolidated Financial Statements

c. Financial instruments classified within Level 3

(a) Valuation techniques and inputs

Information on significant unobservable inputs is as follows:

As of April 1, 2024 (Transition date)

Classification	Valuation technique	Significant unobservable inputs	Input range
Unlisted equities	Comparable company valuation multiple technique	Price-to-book ratio multiple	0.41 - 5.43

As of March 31, 2025

Classification	Valuation technique	Significant unobservable inputs	Input range
Unlisted equities	Comparable company valuation multiple technique	Price-to-book ratio multiple	0.37 - 4.35

As of March 31, 2026

Classification	Valuation technique	Significant unobservable inputs	Input range
Unlisted equities	Comparable company valuation multiple technique	Price-to-book ratio multiple	0.46 - 4.21

(b) Sensitivity analysis

The results of sensitivity analysis for significant unobservable inputs used to measure financial instruments classified within Level 3 are as follows:

Unlisted equities

The fair value of unlisted equities measured using the comparable company valuation multiple technique increases (decreases) due to the rise (fall) in the price-to-book ratio multiple.

(c) Reconciliation table of financial instruments classified within Level 3

The following table summarizes the changes in the balances of Level 3 financial instruments during the period. This table includes gains and losses, as well as the amounts of all assets and liabilities transferred to and from Level 3 during the period.

Transfers are reflected as if they were executed at the beginning of the reporting period in which the events or changes in circumstances that caused the transfers occurred.

FY2024 (April 1, 2024 - March 31, 2025)

(Yen in millions)

	Investment securities		Loans	Derivative assets and liabilities (net) (Note 3)
	(Debt instruments)	(Equity instruments)		
Opening balance classified as Level 3	868,298	253,762	8,255	28,886
Transfers to Level 3	1,321	—	—	—
Transfers from Level 3	(2,475)	(842)	—	(94)
Net gains (losses) recognized in net profit or loss (Note 1)	(9,411)	(649)	40	2,640
Net gains (losses) recognized in other comprehensive income (Note 2)	(7,386)	12,377	(36)	(58)
Purchases	214,688	13,127	54	18,816
Issues	—	—	—	—
Sales	(115,190)	(10,201)	(771)	—
Settlements	(15,850)	—	(2,606)	(36,564)
Closing balance classified as Level 3	933,994	267,574	4,937	13,626
Unrealized gains (losses) on financial assets and liabilities held at the end of the period, of the amount recorded in profit or loss for the period	3,115	(1,257)	83	(3,307)

Notes to Consolidated Financial Statements

FY2025 (April 1, 2025 - March 31, 2026)

(Yen in millions)

	Investment securities		Loans	Derivative assets and liabilities (net) (Note 3)
	(Debt instruments)	(Equity instruments)		
Opening balance classified as Level 3	933,994	267,574	4,937	13,626
Transfers to Level 3	2,755	35	—	—
Transfers from Level 3	(11,321)	(100)	—	—
Net gains (losses) recognized in net profit or loss (Note 1)	19,179	(2,725)	32	14,780
Net gains (losses) recognized in other comprehensive income (Note 2)	51,048	91,234	235	1,660
Purchases	323,367	28,569	52	18,815
Issues	—	—	—	(1,024)
Sales	(91,635)	(10,797)	(300)	—
Settlements	(20,249)	(143)	(1,532)	(29,254)
Closing balance classified as Level 3	1,207,138	373,647	3,424	18,604
Unrealized gains (losses) on financial assets and liabilities held at the end of the period, of the amount recorded in profit or loss for the period	34,700	(2,287)	(82)	151

(Notes) 1. The main line item within profit or loss is "Other investment gains and losses".

2. The main line item within other comprehensive income is "Investments in equity instruments".

3. Derivative transactions recorded as assets and liabilities are presented collectively. The net receivables, payables, and gains or losses arising from derivative transactions are presented on a net basis, and items resulting in net liabilities or losses are presented in parentheses.

(d) Valuation process

The Group's policies and procedures for fair value measurement are established by a department which is independent of the trading departments.

In regard to the measured fair value and the classified levels, the Group verifies the appropriateness of the valuation techniques and inputs used for the fair value measurement.

In measuring the fair value, the valuation models are appropriately selected by nature, characteristics and risks of each financial instrument. When using the quoted market prices obtained from third parties, the prices are verified by appropriate methods such as confirming the valuation techniques and inputs, or comparing with the prices of similar financial instruments.

d. Financial instruments measured at amortized cost

(a) Analysis by fair value hierarchy level of financial instruments measured at amortized cost

The carrying amounts, the fair value and the levels within the fair value hierarchy of financial instruments measured at amortized cost are as follows.

Note that the financial instruments for which the carrying amount is a reasonable approximation of fair value are not included.

Notes to Consolidated Financial Statements

As of April 1, 2024 (Transition date)

						(Yen in millions)
	Carrying amount	Fair value				Difference between carrying amount and fair value
		Level 1	Level 2	Level 3	Total	
Financial assets						
Investment securities (Debt instruments)	60,036	—	45,701	13,830	59,531	(505)
Loans	2,795,487	—	—	2,785,097	2,785,097	(10,389)
Total financial assets	2,855,524	—	45,701	2,798,927	2,844,629	(10,895)
Financial liabilities						
Bonds and borrowings	474,272	—	335,882	127,895	463,778	(10,494)
Investment contract liabilities	744,168	—	—	724,077	724,077	(20,091)
Total financial liabilities	1,218,441	—	335,882	851,972	1,187,855	(30,586)

As of March 31, 2025

						(Yen in millions)
	Carrying amount	Fair value				Difference between carrying amount and fair value
		Level 1	Level 2	Level 3	Total	
Financial assets						
Investment securities (Debt instruments)	65,610	—	52,399	13,093	65,493	(117)
Loans	2,767,952	—	—	2,766,690	2,766,690	(1,262)
Total financial assets	2,833,563	—	52,399	2,779,784	2,832,183	(1,379)
Financial liabilities						
Bonds and borrowings	549,444	—	333,813	204,145	537,958	(11,485)
Investment contract liabilities	869,021	—	—	858,631	858,631	(10,390)
Total financial liabilities	1,418,466	—	333,813	1,062,777	1,396,590	(21,875)

As of March 31, 2026

(Yen in millions)						
	Carrying amount	Fair value				Difference between carrying amount and fair value
		Level 1	Level 2	Level 3	Total	
Financial assets						
Investment securities (Debt instruments)	77,662	—	57,459	20,722	78,181	518
Loans	2,849,209	—	—	2,854,052	2,854,052	4,843
Total financial assets	2,926,871	—	57,459	2,874,774	2,932,234	5,362
Financial liabilities						
Bonds and borrowings	598,007	—	392,821	192,212	585,034	(12,973)
Investment contract liabilities	1,178,840	—	—	1,139,579	1,139,579	(39,260)
Total financial liabilities	1,776,848	—	392,821	1,331,792	1,724,613	(52,234)

(b) Valuation techniques and inputs

Investment securities

If quoted prices are available but the market is not active, the instruments are classified within Level 2.

For debt instruments other than those mentioned above, if quoted prices are not available, the fair value is measured using valuation techniques such as discounted cash flow, including prices obtained primarily from third parties such as external information vendors. These valuation techniques use inputs such as yield curves and credit spreads. If unobservable inputs are not used in the fair value measurement, or if they are used but are not significant to the measurement, the instruments are classified within Level 2. If unobservable inputs are significant to the fair value measurement, the instruments are classified within Level 3.

Loans

The fair value is measured using prices calculated by models such as discounted cash flow. These valuation techniques use inputs such as yield curves and credit spreads, and the fair value is classified within Level 3.

Bonds and borrowings

For corporate bonds, the fair value is measured using quoted market prices and is primarily classified within Level 2.

For borrowings, the fair value is measured using prices calculated by models such as discounted cash flow. These valuation techniques use inputs such as yield curves and credit spreads, and the fair value is primarily classified within Level 3.

Investment contract liabilities

The fair value is measured using prices calculated by models such as discounted cash flow. These valuation techniques use inputs such as forward rates, and the fair value is classified within Level 3.

(c) Changes in valuation techniques

There were no significant changes in valuation techniques for financial instruments classified within Level 2 or Level 3 during the period.

Notes to Consolidated Financial Statements

(4) Expected Credit Losses (ECL)

a. Recognition and measurement of ECL

The Group measures loss allowances at 12-month expected credit losses (hereinafter referred to as "12-month ECL") where credit risk has not significantly increased since initial recognition, and at lifetime expected credit losses (hereinafter referred to as "lifetime ECL") where credit risk has significantly increased since initial recognition. Certain subsidiaries manage credit risk by grouping exposures with similar credit risk characteristics based on the type of financial instruments and credit ratings, and measure ECL on a collective basis.

In assessing whether credit risk has significantly increased and in measuring ECL on a 12-month or lifetime basis, the Group considers both reasonable and supportable quantitative and qualitative information. ECL is based on probability of default (hereinafter referred to as "PD"), loss given default (hereinafter referred to as "LGD") and exposure at default (hereinafter referred to as "EAD"). These parameters are derived from historical credit loss experience, internal information such as internal credit ratings aligned with external ratings, as well as forward-looking macroeconomic information reasonably calculated based on publicly available data, including historical GDP growth rates. As a general rule, credit risk is considered to have significantly increased when the PD has increased by more than two times since initial recognition. In addition, financial instruments that are investment grade are considered to have low credit risk as at the reporting date, it is presumed that credit risk has not significantly increased since initial recognition.

Default is determined based on factors such as significant financial difficulty of the issuer or debtor and breaches of contract, including past-due status. A financial asset is considered to be in default where, as at the reporting date, the debtor is subject to legal insolvency proceedings or is in bankruptcy, or, while not bankrupt, is experiencing significant financial difficulty such that there are serious concerns regarding repayment, or where payments of principal or interest are more than three months past due. In such cases, objective evidence of credit impairment is considered to exist.

For credit-impaired financial assets, while loss allowances are generally measured on the same basis as for other financial assets, ECL is estimated individually based on the latest available information and events, by discounting expected future cash flows using the original effective interest rate, or, where applicable, based on the fair value of collateral and other credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery of all or part of the asset. This includes cases where write-offs arise due to legal insolvency proceedings, where it is evident that the debtor's assets and repayment capacity do not support full recovery, or where no repayment is made after a certain period following suspension of transactions.

Impairment gains or losses arising from changes in loss allowances are recognized in profit or loss.

b. Quantitative and qualitative information on amounts arising from ECL

(a) Reconciliation of the gross carrying amount and ECL allowances.

(Yen in millions)

Loans	Reconciliation of the gross carrying amount				Reconciliation of the ECL allowance			
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
	12-month ECL	Lifetime ECL Non-credit-impaired	Lifetime ECL Credit-impaired		12-month ECL	Lifetime ECL Non-credit-impaired	Lifetime ECL Credit-impaired	
As of April 1, 2024 (Transition date)	1,661,766	904,634	304,965	—	(9,509)	(22,960)	(43,409)	—
Transfer								
-Transfer to Stage 1	134,468	(128,919)	(5,548)	—	(1,602)	1,549	53	—
-Transfer to Stage 2	(346,678)	385,297	(38,618)	—	4,865	(11,537)	6,671	—
-Transfer to Stage 3	(139,262)	(240,852)	380,114	—	2,021	12,797	(14,819)	—
Derecognized during the period	(540,093)	(130,816)	(100,433)	—	2,657	2,040	13,380	—
Newly originated or acquired	849,012	—	—	—	(8,439)	—	—	—
Modifications not resulting in derecognition	560	—	—	—	—	—	—	—
Changes in models and risk variables (Note)	—	—	—	—	(644)	(19,950)	(64,052)	—
Foreign exchange	(17,200)	(8,892)	(8,431)	—	140	593	1,735	—
Others	(1,437)	2,100	640	—	(2)	—	—	—
As of March 31, 2025	1,601,135	782,551	532,687	—	(10,512)	(37,468)	(100,440)	—
Transfer								
-Transfer to Stage 1	172,622	(146,471)	(26,151)	—	(2,059)	1,665	394	—
-Transfer to Stage 2	(182,369)	217,762	(35,393)	—	2,497	(6,862)	4,364	—
-Transfer to Stage 3	(48,392)	(45,106)	93,499	—	1,855	2,996	(4,852)	—
Derecognized during the period	(464,114)	(206,336)	(213,809)	—	2,490	5,647	31,800	—
Newly originated or acquired	770,651	—	—	—	(5,990)	—	—	—
Modifications not resulting in derecognition	—	—	231	—	—	—	—	—
Changes in models and risk variables	—	—	—	—	(2,069)	(5,612)	(3,467)	—
Foreign exchange	119,335	43,182	25,257	—	(978)	(2,696)	(5,200)	—
Others	1,264	2,137	(10,454)	—	(924)	501	412	—
As of March 31, 2026	1,970,133	647,719	365,865	—	(15,690)	(41,829)	(76,989)	—

(Note) Changes in models and risk parameters in the previous fiscal year were primarily attributable to U.S. commercial real estate-backed loans, reflecting declines in collateral property values and changes in the economic environment, including persistently high interest rates and inflation.

Notes to Consolidated Financial Statements

(Yen in millions)

Investment securities (Debt instruments)	Reconciliation of the gross carrying amount				Reconciliation of the ECL allowance			
	Stage 1	Stage 2	Stage 3	Purchased or originated credit- impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit- impaired
	12-month ECL	Lifetime ECL			12-month ECL	Lifetime ECL		
		Non-credit- impaired	Credit- impaired			Non-credit- impaired	Credit- impaired	
As of April 1, 2024 (Transition date)	16,974,901	62,833	4,879	110,368	(3,293)	(2,420)	(157)	(1,877)
Transfer								
-Transfer to Stage 1	5,170	(4,988)	(181)	—	(251)	251	—	—
-Transfer to Stage 2	(26,017)	26,017	—	—	395	(395)	—	—
-Transfer to Stage 3	(949)	(11)	961	—	0	2	(2)	—
Derecognized during the period	(3,849,713)	(18,109)	(815)	(7,203)	854	597	12	74
Newly originated or acquired	3,509,438	—	—	3,009	(1,394)	—	—	(1)
Modifications not resulting in derecognition	—	—	—	—	—	—	—	—
Changes in models and risk variables	—	—	—	—	(182)	(376)	(18)	203
Foreign exchange	(44,068)	(852)	(65)	(4,517)	29	29	2	17
Others	(138,803)	3,779	239	(32,082)	2	(18)	—	—
As of March 31, 2025	16,429,958	68,668	5,018	69,575	(3,838)	(2,330)	(163)	(1,584)
Transfer								
-Transfer to Stage 1	11,672	(10,941)	(730)	—	(145)	145	—	—
-Transfer to Stage 2	(37,430)	37,463	(33)	—	1,685	(1,692)	6	—
-Transfer to Stage 3	(1,232)	(1,008)	2,241	—	63	1	(65)	—
Derecognized during the period	(5,414,281)	(20,963)	(806)	(8,651)	567	382	18	114
Newly originated or acquired	4,431,139	580	—	1,547	(1,266)	(40)	—	(4)
Modifications not resulting in derecognition	—	—	—	—	—	—	—	—
Changes in models and risk variables	—	—	—	—	1,478	(4,214)	(152)	(243)
Foreign exchange	683,282	4,962	408	4,381	(237)	(356)	(23)	(117)
Others	64,328	(2,589)	316	(83)	(2,224)	2,236	—	—
As of March 31, 2026	16,167,437	76,171	6,413	66,768	(3,916)	(5,867)	(378)	(1,834)

(b) Modified financial assets

For financial assets whose contractual cash flows were modified while the loss allowance was measured at an amount equal to lifetime expected credit losses, the amortized cost before modification and the modification gain or loss recognized are as follows. There were no material financial assets whose contractual cash flows were modified while the loss allowance was measured at an amount equal to lifetime expected credit losses during the previous fiscal year. In addition, there were no financial assets that were modified while the loss allowance was measured at lifetime expected credit losses and for which the loss allowance subsequently changed to an amount equal to 12-month expected credit losses during either the previous fiscal year or the current fiscal year.

(Yen in millions)

	As of March 31, 2026
Amortized cost before modification	23,582
Modification gain or loss	231

(c) Credit risk exposure

i. Maximum exposure to credit risk

The Group's maximum exposure to credit risk is as follows:

The maximum exposure to credit risk represents the maximum exposure to credit risk without taking into account the collateral held and other credit enhancements.

The definition of maximum exposure to credit risk within the Group is as follows:

Type	Description	Definition of maximum exposure to credit risk
Financial assets (including derivatives)	The breakdown of financial assets is stated in "(1) Fair Value Measurement."	The carrying amount of the financial asset (including the carrying amount of a derivative asset if the financial asset is a derivative).
Loan commitments	Loan commitments that are irrevocable over the period of the contract or can only be revoked if a material adverse change occurs.	The full amount of the commitment.

Notes to Consolidated Financial Statements

As of April 1, 2024 (Transition date)

(Yen in millions)

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL		Purchased or originated credit-impaired	Total
		Non-credit-impaired	Credit-impaired (Note)		
Loans					
AAA	—	—	—	—	—
AA	2,000	—	—	—	2,000
A	401,268	33,349	—	—	434,617
BBB	596,891	582,509	—	—	1,179,400
Below BBB or not rated	661,606	288,776	304,965	—	1,255,348
Gross carrying amount (total)	1,661,766	904,634	304,965	—	2,871,366
ECL allowance	(9,509)	(22,960)	(43,409)	—	(75,879)
Carrying amount	1,652,256	881,674	261,556	—	2,795,487
Investment securities (Debt instruments)					
AAA	1,290,883	334	—	—	1,291,218
AA	9,867,085	279	—	0	9,867,365
A	3,307,451	429	—	—	3,307,880
BBB	1,948,227	1,670	—	12	1,949,910
Below BBB or not rated	561,252	60,120	4,879	110,356	736,609
Gross carrying amount (total)	16,974,901	62,833	4,879	110,368	17,152,984
ECL allowance	(3,293)	(2,420)	(157)	(1,877)	(7,748)
Changes in fair value recognized in other comprehensive income	(1,241,948)	(5,226)	303	2,056	(1,244,815)
Carrying amount	15,729,660	55,186	5,025	110,547	15,900,420
Loan commitments - other than those designated at FVPL					
AAA	—	—	—	—	—
AA	—	—	—	—	—
A	4,765	14,411	—	—	19,176
BBB	51,865	107,709	—	—	159,575
Below BBB or not rated	33,539	45,083	14,143	—	92,766
Maximum exposure to credit risk	90,169	167,204	14,143	—	271,517
ECL allowance	(280)	(3,690)	(29)	—	(4,000)
Carrying amount - net of ECL allowance	(280)	(3,690)	(29)	—	(4,000)

(Note) For loans classified as credit-impaired financial assets, recovery is primarily expected from the underlying collateral or other credit enhancements.

As of March 31, 2025

(Yen in millions)

	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total
	12-month ECL	Lifetime ECL			
		Non-credit- impaired	Credit-impaired (Note)		
Loans					
AAA	—	—	—	—	—
AA	2,000	—	—	—	2,000
A	651,161	86,862	—	—	738,024
BBB	367,176	547,221	—	—	914,397
Below BBB or not rated	580,797	148,467	532,687	—	1,261,952
Gross carrying amount (total)	1,601,135	782,551	532,687	—	2,916,373
ECL allowance	(10,512)	(37,468)	(100,440)	—	(148,421)
Carrying amount	1,590,623	745,083	432,246	—	2,767,952
Investment securities (Debt instruments)					
AAA	1,566,971	—	—	—	1,566,971
AA	2,591,477	583	—	0	2,592,061
A	9,733,099	4,217	—	2	9,737,319
BBB	2,060,580	2,971	—	12	2,063,564
Below BBB or not rated	477,829	60,895	5,018	69,559	613,302
Gross carrying amount (total)	16,429,958	68,668	5,018	69,575	16,573,219
ECL allowance	(3,838)	(2,330)	(163)	(1,584)	(7,916)
Changes in fair value recognized in other comprehensive income	(1,707,351)	(4,185)	307	1,734	(1,709,494)
Carrying amount	14,718,768	62,152	5,162	69,725	14,855,808
Loan commitments - other than those designated at FVPL					
AAA	—	—	—	—	—
AA	—	—	—	—	—
A	50,925	3,172	2	—	54,101
BBB	56,412	70,134	2,735	—	129,282
Below BBB or not rated	32,257	37,766	28,169	—	98,193
Maximum exposure to credit risk	139,596	111,073	30,906	—	281,576
ECL allowance	(51)	(473)	(9)	—	(534)
Carrying amount - net of ECL allowance	(51)	(473)	(9)	—	(534)

(Note) For loans classified as credit-impaired financial assets, recovery is primarily expected from the underlying collateral or other credit enhancements.

Notes to Consolidated Financial Statements

As of March 31, 2026

(Yen in millions)

	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total
	12-month ECL	Lifetime ECL Non-credit-impaired	Credit-impaired (Note)		
Loans					
AAA	—	—	—	—	—
AA	—	—	—	—	—
A	976,368	104,453	—	—	1,080,821
BBB	395,347	355,696	—	—	751,043
Below BBB or not rated	598,417	187,570	365,865	—	1,151,853
Gross carrying amount (total)	1,970,133	647,719	365,865	—	2,983,719
ECL allowance	(15,690)	(41,829)	(76,989)	—	(134,509)
Carrying amount	1,954,442	605,890	288,876	—	2,849,209
Investment securities (Debt instruments)					
AAA	1,897,937	—	—	8	1,897,946
AA	2,929,103	—	—	4	2,929,108
A	8,339,069	4,715	—	4	8,343,789
BBB	2,423,935	2,545	—	11	2,426,492
Below BBB or not rated	577,392	68,909	6,413	66,739	719,454
Gross carrying amount (total)	16,167,437	76,171	6,413	66,768	16,316,791
ECL allowance	(3,916)	(5,867)	(378)	(1,834)	(11,998)
Changes in fair value recognized in other comprehensive income	(1,909,453)	(5,259)	(172)	3,550	(1,911,334)
Carrying amount	14,254,067	65,044	5,862	68,484	14,393,458
Loan commitments - other than those designated at FVPL					
AAA	—	—	—	—	—
AA	—	—	—	—	—
A	67,534	1,375	—	—	68,909
BBB	84,691	30,457	—	—	115,149
Below BBB or not rated	35,213	31,508	14,238	—	80,959
Maximum exposure to credit risk	187,439	63,340	14,238	—	265,018
ECL allowance	(760)	(3,596)	(122)	—	(4,478)
Carrying amount - net of ECL allowance	(760)	(3,596)	(122)	—	(4,478)

(Note) For loans classified as credit-impaired financial assets, recovery is primarily expected from the underlying collateral or other credit enhancements.

ii. Descriptive information on collateral and other credit enhancements held as security

The Company holds collateral and other credit enhancements for certain credit exposures. Loans primarily comprise U.S. commercial real estate-backed loans originated by overseas consolidated subsidiaries and are, in principle, secured by first-lien mortgages on the underlying properties. Collateral underwriting processes are rigorous, and exposures are managed to avoid concentration within individual portfolios. Given the significance of the underlying collateral, independent external valuations are obtained. Overseas consolidated subsidiaries periodically review reported property values. For debt securities, financial guarantee insurance is accepted as the primary form of collateral or other credit enhancement.

(Yen in millions)

	As of April 1, 2024 (Transition date)		As of March 31, 2025		As of March 31, 2026	
	Carrying amount (total)	Of which, gross carrying amount of financial assets subject to collateral or other credit enhancements	Carrying amount (total)	Of which, gross carrying amount of financial assets subject to collateral or other credit enhancements	Carrying amount (total)	Of which, gross carrying amount of financial assets subject to collateral or other credit enhancements
Loans	2,871,366	2,659,904	2,916,373	2,629,530	2,983,719	2,717,039
Investment securities (Debt instruments)	17,152,984	68,422	16,573,219	73,016	16,316,791	81,314

iii. Quantitative information about the collateral held as security and other credit enhancements

In the previous fiscal year and the current fiscal year, assets acquired by the Group through taking possession of collateral or by calling on other credit enhancements comprised real estate, with a carrying amount of 74,776 million yen and 189,344 million yen, respectively.

Notes to Consolidated Financial Statements

(5) Risk management

The following describes the principal matters concerning risks arising from financial instruments held by the Group that the Group believes may have a material effect on the judgments of users of the financial statements, as well as matters considered important for understanding the Group's business operations. Risks relating to insurance contracts are described in "7. Insurance Contracts."

a. Overview of risk management for financial instruments

The Group implements ERM with the aim of achieving high ROE by continually managing the relationship among risk, capital, and return, and by ensuring both financial soundness relative to risk and profitability.

Specifically, the Group seeks to enhance corporate value by appropriately managing risk, capital, and return through the business planning process, continuous validation, and application of the ERM cycle, including the formulation of capital allocation plans based on the Risk Appetite Framework.

To secure financial soundness, the Group manages market risk, credit risk, liquidity risk and other risks arising from financial instruments both quantitatively and qualitatively, using methods appropriate for each company's business profile, scale, location, risk characteristics and other relevant factors. Through this process, the Group appropriately controls the overall amount of risk across the Group.

b. Investment policies

The core operation of the Group is its insurance business, and it invests utilizing the cash inflows mainly arising from insurance premiums. Therefore, the Group seeks to appropriately control risks based on the characteristics of insurance products primarily through ALM. The Group thereby aims to ensure stable, long-term earnings while realizing efficient management of liquidity.

Specifically, the Group's approach entails controlling interest rate risk associated with insurance liabilities by utilizing ultra-long-term bonds, interest rate swaps and other transactions while assuming a certain degree of credit risk by investing in bonds with high credit ratings. At the same time, the Group endeavors to ensure medium-to-long-term earnings by diversifying risks and asset management approaches in Japan and overseas through the utilization of a wide range of products including foreign securities and alternative investments. Foreign exchange forward contracts and other derivative transactions are used to mitigate risks associated with the Group's asset portfolio.

Through these approaches, the Group aims to steadily increase investment income in order to enhance net asset value in the medium-to-long term and maintain financial soundness.

With regard to financing, the Group issues corporate bonds and undertakes borrowings mainly to secure funds for business investments. When financing is necessary, amounts and sources of financing are determined based on the Group's cash flow status.

c. Overview of risks arising from financial instruments

The financial instruments held by the Group are exposed to market risk, which refers to the risk of losses arising from declines in value or income due to fluctuations in interest rates, exchange rates, stock prices, and other market variables. They are also exposed to credit risk, which refers to the risk of losses when the value of an investment declines or is lost due to deterioration in the financial condition or changes in the creditworthiness of the debtor. Other risks to which these instruments are exposed include market liquidity risk, which refers to the risk that the Group may incur losses if, due to market disruption or other factors, it becomes unable to execute market transactions or is forced to transact at significantly unfavorable prices.

(a) Market risk

i. Interest rate risk

The Group invests in bonds, loans, interest rate swaps, and other instruments. If interest rates rise, the fair value of financial instruments such as bonds and other investments may decline or future cash flows may decrease, which could affect the Group's operating results and financial position. In assessing the effect of an increase in interest rates, it is necessary to consider changes in the fair values of both assets and liabilities, because even if the fair values of bonds and other instruments decline as interest rates rise, the fair values of interest-bearing liabilities arising from savings-type insurance contracts and long-term life and P&C insurance contracts also decline.

ii. Exchange rate risk

The Group holds assets and liabilities denominated in foreign currencies, including U.S. dollars, euros, and British pounds. Fluctuations in exchange rates may lead to a decrease in the value of these assets or an increase in the value of liabilities, which could affect the Group's operating results and financial position. The Group hedges a portion of the foreign exchange risk associated with its investments in securities by using foreign exchange forward contracts, currency swaps, and other derivative transactions.

iii. Stock price risk

The Group holds listed equity securities. If stock prices decline, this may result in a decline in the fair value of financial instruments, a decrease in future cash flows, or other effects, which could affect the Group's operating results and financial position.

Notes to Consolidated Financial Statements

(b) Credit risk

The Group invests in corporate bonds, loans, and other instruments as part of its asset management activities. If issuers of corporate bonds, borrowers, or other counterparties fail to fulfill obligations, and payments of principal, interest, or other amounts related to such instruments are delayed or not made, the value of financial instruments may decline, which could affect the Group's operating results and financial position.

(c) Liquidity risk

i. Funding liquidity risk

The Group's liquidity position may deteriorate as a result of a decrease in premium income due to a decline in new policies following a deterioration in its financial condition or other factors, an increase in surrender value payments associated with a large number of surrenders or large-scale surrenders, or cash outflows in connection with major catastrophes or other events. Such deterioration may force the Group to sell assets at prices significantly lower than normal in order to secure funds, which could result in losses.

ii. Market liquidity risk

The Group may incur losses if, due to market disruption or other factors, it becomes unable to execute market transactions or is forced to transact at significantly unfavorable prices.

d. Risk management framework for financial instruments

Through the Risk Management Department and other supervisory divisions, the Company provides basic policies, guidance, instructions, and monitoring related to risk management to Group companies in Japan and overseas. Each Group company, in line with the Group-wide policy, establishes its own risk management policies, as well as investment guidelines, which set the rules for which instruments to invest in, risk limits, and actions to take when limits are exceeded. In addition, management departments that are independent of trading departments take a leading role in risk management, including through the review of asset management plans prepared by trading departments and the monitoring of compliance with investment guidelines.

Through these initiatives, the Group appropriately manages market risk, credit risk, and liquidity risk arising from financial instruments across the Group both quantitatively and qualitatively, thereby seeking to maintain financial soundness.

The amount of investment risk, including market risk and credit risk, is measured using a VaR-based approach, and the Group manages investment risk and return. Regarding credit risk, in addition to the above, the Group appropriately manages credit risk through the regular monitoring of large credit exposures and exposures to counterparties subject to country risk. With regard to funding liquidity risk, the Group manages liquidity risk related to funding through treasury management that takes into account the impact on liquidity of significant insurance claim payments, substantial fluctuations in financial markets, and other events, while also controlling payment schedules and ensuring various ways of financing.

The status of these risk management activities is reported periodically to the responsible officers of the Company and its group companies, and is also reported to the Board of Directors depending on materiality.

e. Exposure to market risk

Market risk sensitivity analysis

The tables below show the impact on Income before income taxes, Other comprehensive income before taxes, and Equity, assuming that a single risk variable changes within a reasonably possible range. While all other risk variables are assumed to remain unchanged, in practice there are correlations among risk variables. Furthermore, the impact of changes in risk variables is non-linear, and actual outcomes may be greater or smaller than those implied by simple interpolation or extrapolation. The impact amounts are calculated based on the following assumptions.

Interest Rates

- Impact of a 0.5% increase in interest rates.
- Impact of a 0.5% decrease in interest rates.

Exchange Rates

- Impact of a 5% appreciation of the functional currency against foreign currencies.

Major consolidated subsidiaries manage exchange rate risk through ALM, and other consolidated subsidiaries implement similar management practices. Therefore, the sensitivity analysis for exchange rates is presented as the sum of sensitivities related to insurance contracts and those related to financial instruments.

Stocks

- Impact of a 10% decline in the referenced stock indices and the fair value of listed equity securities held.

Notes to Consolidated Financial Statements

As of April 1, 2024 (Transition date)

	(Yen in millions)		
	Income before income taxes	Other comprehensive income before taxes	Equity
Interest rates			
+0.5%	(46,687)	(869,363)	(686,799)
−0.5%	56,189	943,537	748,604
Foreign exchange rates			
US Dollar			
+5%	9,070	61,134	50,325
British Pound			
+5%	(4,765)	5,165	284
Euro			
+5%	(3,283)	14,744	8,256
Stocks			
−10%	(74,058)	(357,653)	(315,432)

As of March 31, 2025

	(Yen in millions)		
	Income before income taxes	Other comprehensive income before taxes	Equity
Interest rates			
+0.5%	(27,550)	(699,195)	(551,827)
−0.5%	33,580	750,116	594,519
Foreign exchange rates			
US Dollar			
+5%	10,386	59,222	49,858
British Pound			
+5%	(4,265)	5,602	1,073
Euro			
+5%	(5,104)	13,895	5,897
Stocks			
−10%	(82,539)	(218,297)	(221,792)

As of March 31, 2026

	(Yen in millions)		
	Income before income taxes	Other comprehensive income before taxes	Equity
Interest rates			
+0.5%	(10,175)	(602,980)	(474,531)
−0.5%	13,085	640,757	505,938
Foreign exchange rates			
US Dollar			
+5%	8,851	63,423	51,785
British Pound			
+5%	(4,650)	6,429	1,406
Euro			
+5%	(4,548)	17,370	9,179
Stocks			
−10%	(118,608)	(193,966)	(232,117)

Notes to Consolidated Financial Statements

f. Liquidity risk

Maturity analysis of financial instruments

(Yen in millions)								
As of April 1, 2024 (Transition date)	Carrying amount	Total undiscounted cash flows	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Derivatives	(49,314)							
Derivative contracts settled on a net basis		14,243	27,743	(640)	794	(700)	(4,902)	(8,049)
Derivative contracts settled on a gross basis (cash outflows)		2,251,235	2,214,734	2,570	937	931	5,385	26,677
Derivative contracts settled on a gross basis (cash inflows)		2,162,403	2,137,998	1,696	426	422	3,739	18,119
Liabilities presented in the consolidated statement of financial position								
Repurchase agreements and other similar secured borrowings	711,974	711,974	711,974	—	—	—	—	—
Bonds and borrowings	474,272	687,521	69,713	3,710	159,672	1,920	4,236	448,268
Investment contract liabilities	744,168	806,695	257,902	233,704	119,346	92,207	95,496	8,037
Lease liabilities	131,641	145,913	31,194	27,871	22,363	19,030	16,143	29,310
Assets presented in the consolidated statement of financial position								
Loans	2,803,743	3,073,988	1,170,540	554,559	283,049	190,297	165,475	710,065
Investment securities (Debt instruments)	18,211,683	19,746,429	726,498	692,169	648,013	775,192	1,086,792	15,817,762

(Notes) 1. The carrying amounts of derivatives are presented on a net basis, offsetting derivative assets and liabilities.
 2. For derivative contracts settled on a net basis, cash inflows are presented as positive amounts and cash outflows as negative amounts.
 3. In addition to the above, major items not recognized in the consolidated statement of financial position include loan commitments. The earliest period in which payment could be required is within one year. The maximum exposure to credit risk arising from loan commitments is disclosed in "(4) Expected Credit Losses (ECL)."

(Yen in millions)								
As of March 31, 2025	Carrying amount	Total undiscounted cash flows	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Derivatives	21,944							
Derivative contracts settled on a net basis		26,753	3,482	1,368	924	(2,292)	169	23,101
Derivative contracts settled on a gross basis (cash outflows)		2,182,782	2,149,124	929	923	5,321	747	25,736
Derivative contracts settled on a gross basis (cash inflows)		2,165,099	2,142,391	426	422	3,739	401	17,717
Liabilities presented in the consolidated statement of financial position								
Repurchase agreements and other similar secured borrowings	63,514	63,514	63,514	—	—	—	—	—
Bonds and borrowings	549,444	853,365	69,267	172,714	75,941	7,940	6,293	521,208
Investment contract liabilities	869,021	944,536	383,577	208,698	98,045	101,280	143,252	9,681
Lease liabilities	133,016	148,054	34,933	29,960	24,226	19,032	10,758	29,143
Assets presented in the consolidated statement of financial position								
Loans	2,772,889	3,008,806	1,111,208	443,470	457,231	275,796	322,864	398,234
Investment securities (Debt instruments)	17,403,081	19,621,651	1,112,575	624,803	705,471	890,449	781,851	15,506,500

(Notes) 1. The carrying amounts of derivatives are presented on a net basis, offsetting derivative assets and liabilities.
 2. For derivative contracts settled on a net basis, cash inflows are presented as positive amounts and cash outflows as negative amounts.
 3. In addition to the above, major items not recognized in the consolidated statement of financial position include loan commitments. The earliest period in which payment could be required is within one year. The maximum exposure to credit risk arising from loan commitments is disclosed in "(4) Expected Credit Losses (ECL)."

Notes to Consolidated Financial Statements

(Yen in millions)

As of March 31, 2026	Carrying amount	Total undiscounted cash flows	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Derivatives	57,627							
Derivative contracts settled on a net basis		208,308	14,513	(1,032)	(2,376)	968	(51)	196,287
Derivative contracts settled on a gross basis (cash outflows)		2,477,249	2,388,592	2,513	7,168	2,299	48,446	28,229
Derivative contracts settled on a gross basis (cash inflows)		2,388,121	2,319,702	864	4,359	1,095	44,784	17,315
Liabilities presented in the consolidated statement of financial position								
Repurchase agreements and other similar secured borrowings	61,648	61,648	61,648	—	—	—	—	—
Bonds and borrowings	598,007	919,645	239,108	75,075	7,596	4,067	18,628	575,170
Investment contract liabilities	1,178,840	1,256,213	596,321	116,114	198,906	160,112	88,851	95,906
Lease liabilities	128,939	143,306	36,507	31,335	24,394	14,165	10,880	26,022
Assets presented in the consolidated statement of financial position								
Loans	2,852,633	2,993,821	904,172	507,429	441,190	451,003	244,140	445,885
Investment securities (Debt instruments)	17,553,993	20,234,820	1,110,720	708,138	856,170	855,837	831,239	15,872,713

(Notes) 1. The carrying amounts of derivatives are presented on a net basis, offsetting derivative assets and liabilities.
2. For derivative contracts settled on a net basis, cash inflows are presented as positive amounts and cash outflows as negative amounts.
3. In addition to the above, major items not recognized in the consolidated statement of financial position include loan commitments. The earliest period in which payment could be required is within one year. The maximum exposure to credit risk arising from loan commitments is disclosed in "(4) Expected Credit Losses (ECL)."

g. Exposure to credit risk

The maximum exposure to credit risk for financial instruments not subject to the impairment requirements of IFRS 9 (financial instruments measured at FVPL and designated at FVPL) is as follows. The maximum exposure to credit risk for financial instruments subject to the impairment requirements of IFRS 9 is disclosed in "(4) Expected Credit Losses (ECL)."

(Yen in millions)

As of April 1, 2024 (Transition date)	Maximum exposure to credit risk	Financial effects of collateral held and other credit enhancements	Net exposure to credit risk
Financial assets			
Derivative assets	122,274	38,313	83,961
Investment securities (Debt instruments)	2,311,262	—	2,311,262
Loans	8,255	—	8,255
Total	2,441,793	38,313	2,403,479

(Yen in millions)

As of March 31, 2025	Maximum exposure to credit risk	Financial effects of collateral held and other credit enhancements	Net exposure to credit risk
Financial assets			
Derivative assets	162,253	43,392	118,861
Investment securities (Debt instruments)	2,547,272	—	2,547,272
Loans	4,937	—	4,937
Total	2,714,463	43,392	2,671,070

(Yen in millions)

As of March 31, 2026	Maximum exposure to credit risk	Financial effects of collateral held and other credit enhancements	Net exposure to credit risk
Financial assets			
Derivative assets	328,026	109,628	218,397
Investment securities (Debt instruments)	3,160,534	1,017	3,159,517
Loans	3,424	—	3,424
Total	3,491,984	110,645	3,381,338

Notes to Consolidated Financial Statements

9. Finance Result

(1) Breakdown of investment gains and losses

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
(Yen in millions)		
Interest income		
Interest income (financial assets measured at amortized cost)	297,795	271,290
Interest income (financial assets measured at FVOCI)	508,256	514,113
Total interest income	806,051	785,404
Other investment gains and losses		
Dividend income	86,107	68,158
Gains and losses on investment securities (financial assets measured at FVPL)	232,290	333,522
Gains and losses on investment securities (financial assets designated at FVPL)	48,400	47,907
Gains and losses on investment securities (financial assets measured at amortized cost and measured at FVOCI)	(285,593)	(461,497)
Gains and losses arising from the derecognition of financial assets measured at amortized cost	(7,477)	(5,895)
Gains and losses arising from the derecognition of financial assets measured at FVOCI	(278,116)	(455,602)
Credit impairment losses	(135,949)	(27,252)
Derivative gains and losses	(85,766)	(38,143)
Others	(45,652)	17,455
Total other investment gains and losses	(186,163)	(59,848)
Investment expenses	(56,733)	(58,998)
Total investment gains and losses	563,154	666,557

(Note) Gains and losses on financial assets measured at FVPL and designated at FVPL include interest income and dividend income.

(2) Breakdown of insurance finance income or expenses

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
(Yen in millions)		
	Insurance contracts issued	Reinsurance contracts held
Amounts of insurance finance expenses (net) and reinsurance finance income (net) recognized in profit or loss	(598,713)	66,352
Interest accreted	(443,302)	59,450
Effects of changes in fair value of underlying items and changes in assumptions related to interest rates and other financial risks	(160,727)	(1,097)
Foreign exchange gains or losses	5,316	7,999
Amounts of insurance finance expenses (net) and reinsurance finance income (net) recognized in other comprehensive income	508,087	(9,875)
	Insurance contracts issued	Reinsurance contracts held
	(681,184)	39,867
	(462,989)	56,085
	(197,812)	335
	(20,382)	(16,553)
	474,095	(62,767)

(3) Investment gains and losses and insurance finance income or expenses

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
(Yen in millions)		
Recognized in profit or loss		
Investment gains and losses	563,154	666,557
Insurance finance expenses (net)	(598,713)	(681,184)
Reinsurance finance income (net)	66,352	39,867
Recognized in other comprehensive income		
Investment gains and losses	(935,378)	417,959
Insurance finance expenses (net)	508,087	474,095
Reinsurance finance income (net)	(9,875)	(62,767)

Notes to Consolidated Financial Statements

10. Management of Shareholders' Equity

(1) Shareholders' equity

The Group promotes ERM as the foundation for executing its business strategies. Based on the ERM framework, the Group ensures capital adequacy in relation to risk and maintain strong profitability, thereby enhancing capital efficiency while preserving financial soundness and achieving sustainable growth in corporate value. With respect to capital adequacy, we conduct integrated risk management and perform stress testing to complement the assessment of capital sufficiency, thereby maintaining financial soundness and ensuring compliance with capital regulations. In pursuing sustainable growth in corporate value, the Group uses adjusted ROE (adjusted net income divided by adjusted net assets) as a key performance indicator. Through disciplined capital management, we have set a clear aspiration to raise ROE to the level of global peers. The Group makes capital allocation decisions-such as business investments and shareholder returns-based on their impact on adjusted ROE, and adjusted net assets are managed as part of this framework. Adjusted net assets are calculated by excluding unrealized gains and losses related to financial assets and insurance liabilities from the Group's accounting net assets.

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Adjusted net asset	5,970,275	6,439,140	7,183,250

(2) Regulatory capital

The Group is subject to capital adequacy regulations under the Insurance Business Act and is supervised by the Financial Services Agency (FSA), the relevant regulatory authority in Japan.

The Group's subsidiaries engage in P&C and life insurance businesses both in Japan and overseas. Insurance groups are required to maintain sufficient ability to meet their obligations even under risks beyond normal expectations, such as large-scale catastrophic events or significant declines in asset prices.

The consolidated solvency margin ratio and the standalone solvency margin ratio are key indicators of financial soundness for regulatory purposes. These ratios are calculated by dividing the total amount of available financial resources-such as capital and retained earnings-by the total amount of risks representing such "risks beyond normal expectations." A ratio of 100% or higher is considered to satisfy one of the regulatory standards for financial soundness.

The Company and its domestic insurance subsidiaries regularly monitor both the consolidated and standalone solvency margin ratios and ensure financial soundness through appropriate risk management.

Overseas insurance subsidiaries are subject to capital adequacy regulations in their respective jurisdictions and are supervised by local regulatory authorities. The Company ensures financial soundness by monitoring their compliance with such regulations.

11. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Cash and bank deposits	936,804	1,064,876	1,151,516
Money market funds	380,747	451,310	563,806
Other short-term investments	10,178	423,620	617,084
Total	1,327,730	1,939,807	2,332,406

Other short-term investments consist of reverse repurchase agreements and other similar secured lending, and debt instruments, all of which meet the definition of cash equivalents.

12. Equity-method Investments

(1) Equity-method investments that are individually material
None.

(2) Equity-method investments that are individually immaterial
The carrying amounts of investments in associates and joint ventures accounted for using the equity method, which are individually immaterial, are as follows:

(Yen in millions)

Carrying amount	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Associates	82,707	92,548	98,137
Joint Ventures	48,146	40,165	47,556
Total	130,853	132,714	145,693

(Yen in millions)

Total amount of the Group's share	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Associates		
Net income	3,791	2,776
Other comprehensive income	696	934
Total comprehensive income	4,487	3,711
Joint Ventures		
Net income	3,747	5,534
Other comprehensive income	—	—
Total comprehensive income	3,747	5,534

(3) Significant restrictions on fund transfers, etc.

Among the associates, insurance companies are subject to laws and regulations in their country of domicile and are typically supervised by the local regulatory authorities. Accordingly, transfers of funds may be restricted by dividend remittance regulation and other applicable regulations.

Notes to Consolidated Financial Statements

13. Investment Property

(1) Changes in investment property

The acquisition costs, accumulated depreciation and accumulated impairment losses, and carrying amount of investment properties are as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Acquisition costs	55,281	73,169	73,537
Accumulated depreciation and accumulated impairment losses	(1,781)	(2,960)	(4,557)
Carrying amount	53,500	70,209	68,979

The increase in the carrying amount of investment property in the previous fiscal year was primarily attributable to acquisitions through business combinations, which amounted to 14,144 million yen. There were no material changes in the carrying amount of investment property in the current fiscal year.

(2) Fair value of Investment property

The fair value of investment property is as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Fair Value	120,022	142,639	137,641

The fair value of investment property is primarily based on appraisal values prepared by independent external appraisers and is classified as Level 3 in the fair value hierarchy. The valuation is mainly determined using the income approach, based on significant unobservable inputs such as expected rental income, discount rates, and other relevant assumptions for each property, in accordance with the valuation standards of the country in which the property is located.

Notes to Consolidated Financial Statements

14. Property and Equipment

The acquisition costs, accumulated depreciation and accumulated impairment losses, and changes in the carrying amount of Property and equipment are as follows:

	(Yen in millions)				
	Land	Buildings	Construction in progress	Other	Total
As of April 1, 2024 (Transition date)					
Acquisition costs	107,137	125,093	6,998	132,037	371,267
Accumulated depreciation and accumulated impairment losses	(3,187)	(42,320)	—	(82,894)	(128,402)
Carrying amount	103,950	82,773	6,998	49,142	242,864
Changes in carrying amount					
Acquisitions	18	8,103	3,359	13,952	25,433
Acquisitions through business combinations	29,747	22,547	4,314	3,163	59,772
Sale or disposal	(1,566)	(1,300)	—	(8,275)	(11,142)
Transfers	—	1,913	(1,975)	53	(7)
Depreciation (Note 1)	—	(6,816)	—	(11,262)	(18,078)
Impairment losses (Note 2)	(1)	(2)	—	(10)	(13)
Foreign translation differences	994	424	(0)	28	1,447
Others	117	19	—	(33)	102
Total changes	29,309	24,890	5,697	(2,383)	57,514
As of March 31, 2025					
Acquisition costs	136,448	151,963	12,696	131,149	432,258
Accumulated depreciation and accumulated impairment losses	(3,188)	(44,300)	—	(84,389)	(131,878)
Carrying amount	133,260	107,663	12,696	46,759	300,379
Changes in carrying amount					
Acquisitions	208	7,655	25,186	9,900	42,950
Acquisitions through business combinations	—	74	—	160	235
Sale or disposal	(324)	(1,166)	(80)	(2,684)	(4,256)
Transfers	3,748	1,626	(3,215)	1,351	3,510
Depreciation (Note 1)	—	(7,902)	—	(10,732)	(18,634)
Impairment losses (Note 2)	(45)	(200)	—	—	(245)
Foreign translation differences	1,175	2,596	457	1,385	5,614
Others	(4,842)	(4,318)	(1)	(1,476)	(10,638)
Total changes	(81)	(1,634)	22,346	(2,095)	18,534
As of March 31, 2026					
Acquisition costs	133,224	146,884	35,042	135,699	450,851
Accumulated depreciation and accumulated impairment losses	(45)	(40,856)	—	(91,035)	(131,937)
Carrying amount	133,178	106,028	35,042	44,664	318,913

(Notes) 1. Depreciation is recognized as Insurance service expenses, Investment expenses and Administrative expenses in the consolidated statement of income.

2. Impairment losses are recognized as Other expenses in the consolidated statement of income.

15. Intangible Assets

(1) Intangible assets

The acquisition costs, accumulated amortization and accumulated impairment losses, and changes in the carrying amount of intangible assets are as follows:

	(Yen in millions)				
	Goodwill	Software	Customer relationships	Other	Total
As of April 1, 2024 (Transition date)					
Acquisition costs	395,395	485,219	802,421	122,520	1,805,557
Accumulated amortization and accumulated impairment losses	—	(194,597)	(375,937)	(40,221)	(610,756)
Carrying amount	395,395	290,621	426,484	82,299	1,194,800
Changes in carrying amount					
Acquisitions	—	26,613	—	3,052	29,665
Internal developments	—	72,780	—	—	72,780
Acquisitions through business combinations	7,528	632	424	6,160	14,745
Sale or disposal	—	(1,309)	—	(80)	(1,389)
Amortization (Note 2)	—	(59,958)	(41,891)	(3,598)	(105,447)
Impairment losses (Note 3)	—	(796)	—	(1)	(798)
Foreign translation differences	(3,105)	(83)	(4,471)	(160)	(7,820)
Others	—	(820)	—	6,502	5,682
Total changes	4,423	37,057	(45,938)	11,874	7,417
As of March 31, 2025					
Acquisition costs	399,819	586,079	794,599	140,006	1,920,505
Accumulated amortization and accumulated impairment losses	—	(258,401)	(414,054)	(45,832)	(718,287)
Carrying amount	399,819	327,678	380,545	94,174	1,202,218
Changes in carrying amount					
Acquisitions	—	26,120	—	4,793	30,914
Internal developments	—	82,048	—	—	82,048
Acquisitions through business combinations	156,019	3,214	126,915	13,002	310,465
Sale or disposal	—	(1,660)	—	(10)	(1,671)
Amortization (Note 2)	—	(73,509)	(43,175)	(3,411)	(120,096)
Impairment losses (Note 3)	—	—	—	(3)	(3)
Foreign translation differences	35,702	7,698	30,333	6,072	68,493
Others	—	(2,679)	3,268	6,910	7,500
Total changes	191,722	41,232	117,341	27,353	377,650
As of March 31, 2026					
Acquisition costs	591,541	701,105	993,542	172,337	2,458,527
Accumulated amortization and accumulated impairment losses	—	(332,194)	(495,654)	(50,808)	(878,658)
Carrying amount	591,541	368,911	497,887	121,528	1,579,868

Notes to Consolidated Financial Statements

- (Notes) 1. The carrying amount of intangible assets with an indefinite useful life amounted to 42,977 million yen, 50,777 million yen, and 60,153 million yen, as at the transition date, the end of the previous fiscal year, and the end of the current fiscal year, respectively. These intangible assets mainly comprise insurance licenses and Lloyd's syndicate capacity. The Group has determined that the useful life of these assets is indefinite, as they are expected to continue to generate economic benefits for as long as the underlying business remains in operation, and accordingly their useful life cannot be determined.
2. Amortization is recognized as Insurance service expenses, Investment expenses, Administrative expenses and Other expenses in the consolidated statement of income.
3. Impairment losses are recognized as Other expenses in the consolidated statement of income.

(2) Goodwill

The carrying amounts of major goodwill recognized in the consolidated statement of financial position are as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Privilege Underwriters, Inc.	161,013	159,003	170,020
Philadelphia Consolidated Holding Corp.	84,175	83,124	88,884
HCC Insurance Holdings, Inc.	74,493	73,563	78,660
Agrihedge, Inc.	—	—	73,187

Goodwill is tested for impairment by comparing the carrying amount with the recoverable amount for each cash-generating unit (hereinafter referred to as "CGU"). The recoverable amount is determined based on value in use. The value in use is calculated by discounting the estimated future cash flows derived from the business plans approved by management to their present value. The pre-tax discount rate is determined based on the cost of capital applicable to the relevant CGU. Since the recoverable amounts exceed the carrying amounts of each CGU, the Company has determined that it is unlikely that any reasonably possible change in key assumptions used to calculate the recoverable amounts would result in a material impairment loss.

Impairment test for goodwill arising from the acquisition of Privilege Underwriters, Inc.:

The cash flow projection derived from the business plan is used to calculate the value in use. The business plan is prepared based on management's assessment of future industry trends, past experience, and information from both internal and external sources. Key assumptions in the business plan include the management fees received in return for managing operations of the Reciprocal Exchange which is an organization based on mutual support of the policyholders. Considering the business plan prepared at the time of acquisition, the period covered by the business plan is 7 years (previous fiscal year: 8 years; transition date: 9 years), which reflects the high growth rate of the insurance market and the business environment in which it operates. The perpetual growth rate used to extrapolate the cash flow projections beyond the period covered by the business plan is based on the U.S. inflation rate which is 2.2% (previous fiscal year: 2.2%; transition date: 2.1%). The projected cash flows are discounted to present value using a pre-tax discount rate of 11.2% (previous fiscal year: 12.0%; transition date: 12.4%).

Impairment test for goodwill arising from the acquisition of Philadelphia Consolidated Holding Corp.:

The cash flow projection derived from the business plan is used to calculate the value in use. The business plan is prepared based on management's assessment of future industry trends, past experience, and information from both internal and external sources. Key assumptions in the business plan include premium growth rates, loss ratios, expense ratios and investment results. The perpetual growth rate used to extrapolate the cash flow projections beyond the period covered by the business plan, which is generally three years, is based on the U.S. inflation rate. The cash flows are discounted to present value using a pre-tax discount rate of 14.8% (previous fiscal year: 15.6%; transition date: 15.9%).

Impairment test for goodwill arising from the acquisition of HCC Insurance Holdings, Inc.:

The cash flow projection derived from the business plan is used to calculate the value in use. The business plan is prepared based on management's assessment of future industry trends, past experience, and information from both internal and external sources. Key assumptions in the business plan include premium growth rates, loss ratios, expense ratios and investment results. The perpetual growth rate used to extrapolate the cash flow projections beyond the period covered by the business plan, which is generally three years, is based on the U.S. inflation rate. The cash flows are discounted to present value using a pre-tax discount rate of 14.7% (previous fiscal year: 15.6%; transition date: 16.0%).

Goodwill has been recognized in the current fiscal year following the acquisition of shares of Agrihedge, Inc. on January 30, 2026, resulting in Agrihedge, Inc. becoming a subsidiary. As stated in "6. Business Combination", the amounts recognized for this business combination are provisional as of March 31, 2026. Consequently, the allocation of goodwill to CGUs has not yet been completed.

Notes to Consolidated Financial Statements

16. Lease

(1) Lessees

The Group leases office buildings and employee residential facilities. Extension or termination options are primarily included in real estate leases, and they are exercised as necessary to utilize these properties for business purposes.

a. Right-of-use assets

The changes in the carrying amount of right-of-use assets are as follows:

	Real estate	Movable property	Total
As of April 1, 2024 (Transition date)	122,395	3,591	125,986
Acquisition	29,524	2,225	31,750
Acquisition through business combination	8,822	1,638	10,460
Depreciation	(31,298)	(1,690)	(32,988)
Foreign translation differences	103	(1)	101
Others (Note)	(9,408)	(249)	(9,657)
As of March 31, 2025	120,139	5,513	125,652
Acquisition	30,602	1,854	32,456
Acquisition through business combination	428	—	428
Depreciation	(34,317)	(2,068)	(36,385)
Foreign translation differences	4,267	221	4,488
Others (Note)	(5,709)	(1,032)	(6,742)
As of March 31, 2026	115,410	4,487	119,898

(Note) Others include decreases due to the shortening of the contractual lease term or termination of lease contracts.

b. Breakdown of lease expenses and income

The breakdown of lease expenses and income is as follows:

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Lease expenses		
Interest expenses on lease liabilities	3,026	3,308
Short-term lease payments	157	312
Payments for leases of low-value assets	8,053	7,990
Lease income		
Income from subleasing right-of-use assets	709	758

c. The total cash outflows for leases amounted to 45,485 million yen for the previous fiscal year and 48,933 million yen for the current fiscal year.

d. The maturity analysis of lease liabilities is stated in "8. Financial Instruments (5) Risk management."

(2) Lessors

The Group leases real estate and other assets (Property and equipment and Investment property) as operating leases.

Income from operating leases amounted to 7,979 million yen for the previous fiscal year and 8,676 million yen for the current fiscal year. Additionally, no income was recognized related to variable lease payments that do not depend on an index or a rate.

The maturity analysis of future lease payments to be received is as follows:

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Within 1 year	7,783	8,070	8,840
Over 1 to 2 years	6,942	7,493	8,315
Over 2 to 3 years	6,561	7,131	7,471
Over 3 to 4 years	6,248	6,686	6,711
Over 4 to 5 years	1,056	1,379	1,348
Over 5 years	7,339	8,706	8,160
Total	35,931	39,467	40,847

Items of property and equipment subject to an operating lease are as follows:

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Land	11,607	11,478	11,231
Buildings	7,140	7,524	7,944
Others	6,292	—	—
Total	25,041	19,003	19,176

Notes to Consolidated Financial Statements

17. Assets and Disposal Groups Classified as Held for Sale

The breakdown of assets held for sale is as follows:

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Assets held for sale			
Property and equipment	52,764	126,878	310,437
Total	52,764	126,878	310,437

(Yen in millions)

As of the transition date, March 31, 2025 and March 31, 2026, the major assets held for sale are as follows:

·Real estate acquired as collateral for commercial real estate secured loans at Delphi Financial Group, Inc., a subsidiary engaged in international insurance business
The commercial real estate was acquired as collateral for loans. As of March 31, 2026, these assets are classified as held for sale as they are expected to be sold within one year. These assets are measured at fair value less costs to sell and are classified as Level 3 in the fair value hierarchy. Fair value is based on appraisal values prepared by independent external appraisers, and the valuation is calculated with reference to factors such as comparable market transactions for similar real estate properties in the same area and the property's income-generating capacity. Significant unobservable inputs used in the measurement of fair value include projected rent and expense schedules and offer amounts from letters of intent. The appropriateness of the appraisal values is analyzed internally.

Impairment losses on assets held for sale, which are presented as Other expenses in the consolidated statement of income, amounted to 2,696 million yen for the previous fiscal year and 3,956 million yen for the current fiscal year.

18. Income Taxes

(1) Income taxes

The breakdown of Income taxes in the consolidated statement of income is as follows:

	FY2024 (April 1, 2024 – March 31, 2025)	FY2025 (April 1, 2025 – March 31, 2026)
Current tax expenses	397,846	383,382
Deferred tax expenses		
Arising and reversal of temporary differences	(228,419)	(208,544)
Effects of changes in tax rates	(5,214)	856
Changes in tax loss carry-forwards	(3,149)	5,111
Changes in unrecognized deferred tax assets	3,622	(2,328)
Others	149	29
Subtotal	(233,011)	(204,875)
Income taxes	164,834	178,506

(Yen in millions)

(2) Reconciliation between income taxes and accounting profit

The reconciliation from the statutory tax rate in Japan to the actual average effective tax rate is as follows:

	FY2024 (April 1, 2024 – March 31, 2025)	FY2025 (April 1, 2025 – March 31, 2026)
Statutory tax rate in Japan	30.6	30.6
Non-taxable income such as dividend received	(3.3)	(2.4)
Non-deductible expenses such as entertainment expenses	1.7	1.1
Differences in tax rate of subsidiaries	(6.4)	(7.5)
Change in unrecognized deferred tax assets	4.9	(1.0)
Undistributed earnings of overseas affiliates	1.4	3.3
Others	(1.3)	(0.3)
Actual average effective tax rate	27.6	23.8

(%)

The Company and its domestic subsidiaries are mainly subject to corporate tax, inhabitant tax, and enterprise tax, and the statutory tax rate based on these taxes is 30.6% for both the previous and current fiscal years. For overseas subsidiaries, corporate taxes and other taxes are imposed in accordance with the tax regulations of their respective locations.

Notes to Consolidated Financial Statements

(3) Changes in deferred tax assets and deferred tax liabilities

The breakdown and increase/decrease of deferred tax assets and deferred tax liabilities by primary causes are as follows:

(Yen in millions)

FY2024 (April 1, 2024 - March 31, 2025)	Opening balance	Recognized through net profit or loss	Recognized through other comprehensive income	Acquisition through business combination	Others (Note)	Closing balance
Deferred tax assets						
Defined benefit liabilities	81,454	600	(2,946)	2,343	(1,207)	80,244
Insurance and reinsurance contracts	19,634	1,423	1,411	—	728	23,198
Bonus payables	14,456	2,339	—	1,244	(49)	17,990
Loans	4,478	230	—	—	(49)	4,659
Investment securities	14,282	(1,540)	727	—	(214)	13,254
Derivatives	56,310	(9,318)	(349)	—	(35)	46,607
Property and equipment	16,551	(3,046)	—	—	43	13,548
Intangible assets	11,142	1,860	—	—	(0)	13,002
Lease liabilities	29,854	(1,706)	—	2,865	(128)	30,885
Tax loss carry-forwards	21,396	3,149	78	400	(416)	24,607
Tax credit carry-forwards	1,640	(578)	1,594	—	(39)	2,616
Others	40,730	1,050	818	3,516	(435)	45,679
Total deferred tax assets	311,932	(5,535)	1,334	10,370	(1,805)	316,296
Deferred tax liabilities						
Insurance and reinsurance contracts	(440,881)	23,202	(153,061)	—	141	(570,598)
Investment securities	(741,679)	213,548	289,328	(610)	(545)	(239,957)
Derivatives	(3,421)	3,444	(747)	—	(86)	(811)
Property and equipment	(1,447)	2,575	—	(8,858)	(240)	(7,970)
Intangible assets	(114,504)	9,267	—	—	981	(104,255)
Right of use assets	(28,657)	1,819	—	(2,770)	114	(29,494)
Investments in subsidiaries and others	(29,377)	(3,395)	—	(1,631)	—	(34,405)
Others	(33,436)	(11,914)	(978)	(2,412)	(1,780)	(50,521)
Total deferred tax liabilities	(1,393,405)	238,547	134,541	(16,282)	(1,415)	(1,038,014)
Net deferred tax assets (liabilities)	(1,081,472)	233,011	135,875	(5,912)	(3,220)	(721,717)

(Note) The main content of Others includes foreign translation differences for overseas subsidiaries.

(Yen in millions)

FY2025 (April 1, 2025 - March 31, 2026)	Opening balance	Recognized through net profit or loss	Recognized through other comprehensive income	Acquisition through business combination	Others (Note)	Closing balance
Deferred tax assets						
Defined benefit liabilities	80,244	(2,923)	1,968	—	709	79,997
Insurance and reinsurance contracts	23,198	(841)	3,678	—	2,016	28,052
Bonus payables	17,990	2,389	—	848	359	21,587
Loans	4,659	1,403	—	—	321	6,385
Investment securities	13,254	(1,835)	(3,266)	—	796	8,949
Derivatives	46,607	(1,279)	8,161	12	187	53,690
Property and equipment	13,548	10,491	—	—	(560)	23,479
Intangible assets	13,002	(2,951)	—	—	(159)	9,890
Lease liabilities	30,885	(970)	—	53	4,149	34,117
Tax loss carry-forwards	24,607	(5,111)	301	204	1,596	21,598
Tax credit carry-forwards	2,616	1,076	(427)	—	220	3,486
Others	45,679	(8,618)	(841)	2,469	37	38,727
Total deferred tax assets	316,296	(9,171)	9,574	3,588	9,674	329,962
Deferred tax liabilities						
Insurance and reinsurance contracts	(570,598)	63,095	(127,432)	—	(5,134)	(640,070)
Investment securities	(239,957)	159,363	(85,973)	—	(840)	(167,408)
Derivatives	(811)	(514)	(1,228)	—	(201)	(2,755)
Property and equipment	(7,970)	(2,553)	—	(5)	(1,182)	(11,711)
Intangible assets	(104,255)	5,260	—	(26,198)	(8,225)	(133,419)
Right of use assets	(29,494)	942	—	(52)	(3,595)	(32,199)
Investments in subsidiaries and others	(34,405)	(19,175)	17	—	—	(53,562)
Others	(50,521)	7,628	(69)	(31)	(2,898)	(45,892)
Total deferred tax liabilities	(1,038,014)	214,047	(214,687)	(26,287)	(22,079)	(1,087,021)
Net deferred tax assets (liabilities)	(721,717)	204,875	(205,112)	(22,698)	(12,405)	(757,059)

(Note) The main content of Others includes foreign translation differences for overseas subsidiaries.

Notes to Consolidated Financial Statements

(4) Deductible temporary differences and others for which deferred tax assets are not recognized

The amounts of deductible temporary differences, tax loss carry-forwards, and tax credit carry-forwards for which deferred tax assets are not recognized are as follows. The amounts are presented based on taxable profits.

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Deductible temporary differences	1,202,046	1,293,910	1,171,310
Tax loss carry-forwards	299,197	333,138	348,325
Tax credit carry-forwards	50	50	—
Total	1,501,294	1,627,099	1,519,636

In addition, the expiry periods of tax loss carry-forwards for which deferred tax assets are not recognized are as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Within 1 year	8,008	7,615	6,462
Over 1 to 5 years	36,113	52,749	113,537
Over 5 years	199,690	217,732	209,431
No expiration	55,384	55,040	18,894
Total	299,197	333,138	348,325

(5) Taxable temporary differences related to investments in subsidiaries and others for which deferred tax liabilities are not recognized

Total taxable temporary differences related to investments in subsidiaries and others for which deferred tax liabilities are not recognized are 3,937,027 million yen, 3,254,850 million yen and 3,591,379 million yen as of April 1, 2024 (Transition date), March 31, 2025 and March 31, 2026 respectively. Deferred tax liabilities are not recognized as the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

19. Bonds Issued, Borrowings, and Investment Contract Liabilities

(Yen in millions)

Category	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026	Average interest rate (%) (Note 1)	Maturity date (Note 2)
Bonds issued (Note 3)	226,059	225,761	227,575	—	—
Short-term borrowings	771	52,045	67,404	2.2	—
Current portion of long-term borrowings	62,078	8,507	165,016	3.8	—
Long-term borrowings, excluding the current portion	185,363	263,130	138,012	3.6	Aug 2027~ May 2053
Current portion of investment contract liabilities	232,125	353,394	561,366	3.5	—
Investment contract liabilities, excluding the current portion	512,043	515,627	617,474	4.8	May 2027~ Dec 2032
Total	1,218,441	1,418,466	1,776,849	—	—

(Notes) 1. The average interest rate is the weighted average rate based on the balance for the current fiscal year.

2. The maturity date is the repayment deadline applicable to the balance as of March 31, 2026.

3. The summary of the bond issuance terms is as follows:

(Yen in millions)

Entity	Name	Issued Date	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026	Interest Rate (%)	Collateral	Redemption Date
Tokio Marine & Nichido Fire Insurance Co., Ltd.	First series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	Dec. 24, 2019	200,000	200,000	200,000	0.96 (Note 1)	None	Dec. 24, 2079
Delphi Financial Group, Inc.	Subordinated Bond in USD (Note 2)	May 23, 2007	26,059 (USD 172,115 thousand)	25,761 (USD 172,291 thousand)	27,575 (USD 172,474 thousand)	7.10~ 7.78	None	May 1, 2067
Total		—	226,059	225,761	227,575	—	—	—

(Notes) 1. From and after December 24, 2029, the applicable interest rate is the benchmark interest rate plus 1.80%.

2. Figures in parentheses in the columns for April 1, 2024 (the Transition Date), March 31, 2025, and March 31, 2026 indicate amounts denominated in foreign currencies.

Notes to Consolidated Financial Statements

20. Employee Benefits

(1) Outline of retirement benefit plans

The Company and certain consolidated subsidiaries have defined benefit plans and defined contribution plans.

The main defined benefit plan is the plan of Tokio Marine & Nichido, which comprises approximately 90% of the total defined benefit obligations. Tokio Marine & Nichido has a non-contributory lump-sum payment retirement plan covering substantially all employees, a defined benefit corporate pension fund plan and a defined contribution pension plan. The benefits of the lump-sum payment retirement plan and the corporate pension fund plan are primarily based on the points which each employee acquires through service.

The corporate pension fund plan of Tokio Marine & Nichido is subject to regulations including the Defined Benefit Corporate Pension Act of Japan, under which it is required to make contributions to Tokio Marine & Nichido Corporate Pension Fund (hereinafter referred to as "the Fund"), which provides pension benefit payments. The Fund is a legally separate entity from Tokio Marine & Nichido and the Fund's board is composed of an equal number of representatives appointed by Tokio Marine & Nichido and representatives elected by the Fund's participants. The chairperson of the board of representatives, who also serves as the chief director of the fund, is elected from the appointed representatives. Resolutions of the board are passed by a majority vote of the representatives present, and the chairperson holds the casting vote in the event of a tie. Certain resolutions of particular importance require an approval of a greater majority. The Fund's directors are required to comply with laws, regulations, orders issued by the Minister of Health, Labour and Welfare or the Director-general of the Regional Bureau of Health and Welfare, the Fund's rules, and resolutions of the board of representatives, and to act faithfully in the interest of the fund. Furthermore, directors are prohibited from engaging in any conduct that would harm the proper management or investment of the Fund's assets for the purpose of benefiting themselves or any third parties other than the Fund.

Certain domestic consolidated subsidiaries participate in a multi-employer pension plan. Since the amount of its share of plan assets cannot be reasonably determined, the plan is accounted for as if it were a defined contribution plan. In addition, certain domestic consolidated subsidiaries have employee retirement trusts.

During the previous fiscal year and the current fiscal year, certain overseas consolidated subsidiaries settled their defined benefit obligations and plan assets.

(2) Defined benefit plans

a. Net defined benefit liabilities (assets)

(a) Changes in the present value of defined benefit obligations

	FY2024 (April 1 2024 - March 31 2025)	FY2025 (April 1 2025 - March 31 2026)
Opening balance	466,381	433,862
Current service cost	14,379	13,410
Interest expense	8,240	10,268
Remeasurements of defined benefit plans		
Actuarial gains and losses arising from changes in demographic assumptions	(4,813)	5,579
Actuarial gains and losses arising from changes in financial assumptions	(38,423)	(42,212)
Gains or losses from experience	2,406	(182)
Past service cost	3	586
Foreign translation differences	126	1,149
Benefit payments	(25,048)	(27,694)
Settlement	(5,986)	(692)
Changes due to business combinations	17,865	—
Others	(1,266)	(4,088)
Closing balance	433,862	389,987

(Note) Current service cost, Interest expense and Past service cost are recognized as Insurance service expenses, Investment expenses, Administrative expenses or Other finance expenses in the consolidated statement of income.

(b) Changes in the fair value of plan assets

	FY2024 (April 1 2024 - March 31 2025)	FY2025 (April 1 2025 - March 31 2026)
Opening balance	232,894	226,064
Interest income	4,235	5,525
Remeasurements of defined benefit plans	(29,710)	(33,797)
Foreign translation differences	48	218
Employer contribution	9,227	12,012
Benefit payments	(9,780)	(11,188)
Settlement	(5,986)	(2,363)
Changes due to business combinations	26,016	—
Others	(880)	56
Closing balance	226,064	196,528

Notes to Consolidated Financial Statements

(c) Assets and liabilities recognized in the consolidated statement of financial position

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
(Yen in millions)			
Funded defined benefit plans			
Present value of defined benefit obligations	264,360	241,432	211,630
Fair value of plan assets	(232,894)	(226,064)	(196,528)
Net defined benefit liabilities (assets) of funded plans	31,465	15,368	15,101
Unfunded defined benefit plans			
Present value of defined benefit obligations	202,021	192,429	178,356
Total net defined benefit liabilities (assets) before asset ceiling adjustments	233,486	207,797	193,458
Impact of asset ceiling adjustments	3,299	13,702	23,646
Total net defined benefit liabilities (assets) after asset ceiling adjustments	236,786	221,500	217,104

(d) Changes in the impact of asset ceiling

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
(Yen in millions)		
Opening balance	3,299	13,702
Interest expense	13	233
Remeasurements of defined benefit plans	716	9,678
Foreign translation differences	(22)	32
Changes due to business combinations	9,695	—
Closing balance	13,702	23,646

b. Significant actuarial assumptions

Significant actuarial assumptions for major domestic subsidiaries are as follows. The assumption for future mortality rates is based on actuarial calculation data derived from published statistical figures and actual results for each region.

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Discount rate	1.3~1.9%	1.9~2.6%	2.7~3.6%
Life expectancy of benefit recipients currently aged 65			
Male	20.3~23.7	20.3~23.7	20.6~24.9
Female	25.1~28.7	25.1~28.8	25.5~30.0
Life expectancy at retirement age for employees currently aged 45			
Male	20.3~24.9	20.3~25.0	20.6~26.1
Female	25.1~30.0	25.1~30.1	25.5~31.1

c. Sensitivity analysis of significant actuarial assumptions

The defined benefit obligation calculations are sensitive to discount rate changes among the aforementioned assumptions. The sensitivity analysis to changes in discount rates for major domestic subsidiaries is as follows.

The sensitivity analysis reflects changes in one assumption while keeping all other assumptions unchanged. Changes in other variables may affect the results in actual calculations.

Assumption changes	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
(Yen in millions)			
Discount rate +0.5%	(29,218)	(23,377)	(18,956)
Discount rate -0.5%	32,703	26,457	20,920

d. Breakdown of fair value of plan assets

As of April 1, 2024 (Transition date)	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
(Yen in millions)			
Debt securities	47,013	146,561	193,574
Equity securities	1,613	38	1,651
Cash and cash equivalents	7,341	65	7,407
Life insurance company general accounts	—	13,821	13,821
Others	—	16,440	16,440
Total	55,968	176,926	232,894

As of March 31, 2025	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
(Yen in millions)			
Debt securities	41,949	133,429	175,378
Equity securities	1,394	11,259	12,654
Cash and cash equivalents	6,346	150	6,497
Life insurance company general accounts	—	18,785	18,785
Others	—	12,748	12,748
Total	49,691	176,373	226,064

Notes to Consolidated Financial Statements

(Yen in millions)

As of March 31, 2026	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Debt securities	42,806	104,504	147,310
Equity securities	1,239	11,600	12,839
Cash and cash equivalents	2,054	4,478	6,533
Life insurance company general accounts	—	21,066	21,066
Others	—	8,779	8,779
Total	46,099	150,428	196,528

e. Risk management strategy

For the funded plan of Tokio Marine & Nichido, the investment of the plan assets is determined to secure the overall return required to ensure the long-term ability to pay pension benefits, lump-sum death benefits, and other lump-sum benefits as stipulated in the Fund's rules, taking into account the maturity profile of the plan and the circumstances of the sponsoring company. Given the long-term nature of the pension liabilities, the Fund focuses on controlling the interest rate risks associated with the liabilities through ALM surplus analysis and, as a general rule, seeks to hedge interest rate risk in full. The Fund's policy is, in principle, not to take on any additional risks, such as credit risk.

The Investment policy is reviewed and where necessary revised in light of the plan's funding status and market conditions.

f. Employer contributions and maturity analysis

The contribution amount to the Fund is to be recalculated at least every five years based on the fiscal year-end date to ensure that the plan remains adequately funded over time, in accordance with the Defined Benefit Corporate Pension Act of Japan. In addition, when plan assets fall below the minimum funding requirement at the reporting date, Tokio Marine & Nichido is required to make additional contributions.

The expected amount of contributions to plan assets by major domestic subsidiaries during the next fiscal year is 10,375 million yen.

The weighted average duration of defined benefit obligations was primarily in the range of 8.9 to 14.8 years as of the transition date, 8.3 to 13.3 years for the previous fiscal year, and 7.2 to 11.9 years for the current fiscal year.

(3) Defined contribution plans

Contributions to the defined contribution plans, including contributions to state plans are 29,972 million yen for the previous fiscal year and 35,651 million yen for the current fiscal year.

21. Provisions

The breakdown and changes in provisions for the current fiscal year are as follows:

(Yen in millions)

	Asset retirement obligations	Litigation claims (excluding insurance-related)	Others	Total
As of April 1, 2025	4,680	25,937	2,996	33,614
Increase during the period	112	1,766	2,674	4,553
Decrease during the period (intended use)	(56)	—	(659)	(715)
Decrease during the period (reversal)	(3)	—	(2,410)	(2,414)
Others (Note)	(126)	4,795	4,373	9,041
As of March 31, 2026	4,606	32,499	6,974	44,079

(Note) Others are mainly due to foreign translation differences.

Asset retirement obligations

The Group recognizes provisions for the present value of estimated expenditures required for the removal or dismantlement of property and equipment. The amounts and timing of expenditures related to the removal or dismantlement of these property and equipment are based on current estimates and are subject to change.

Litigation claims (excluding insurance-related claims)

The Group recognizes provisions at each fiscal year-end for a reasonable estimate deemed necessary to cover damages, litigation costs, and other related expenses in connection with ongoing or potential lawsuits. The timing and amount of any outflow of economic benefits will depend on future developments in the litigation.

Notes to Consolidated Financial Statements

22. Classification of Current and Non-current

The analysis of assets and liabilities by expected timing of recovery or settlement is as follows:

In addition, Provisions are primarily classified as non-current.

(Yen in millions)

As of April 1, 2024 (Transition date)	Period until recovery or settlement		Total
	Within 12 months	Beyond 12 months	
Assets			
Other financial assets	672,516	208,030	880,547
Reinsurance contract assets	591,062	535,473	1,126,536
Insurance contract assets	12,875	4,904	17,780
Other assets	113,324	44,059	157,384
Liabilities			
Other financial liabilities	542,038	31,413	573,452
Insurance contract liabilities	3,600,522	15,472,981	19,073,503
Reinsurance contract liabilities	28,143	(6,617)	21,525
Other liabilities	130,669	135,771	266,441

(Yen in millions)

As of March 31, 2025	Period until recovery or settlement		Total
	Within 12 months	Beyond 12 months	
Assets			
Other financial assets	774,931	170,050	944,981
Reinsurance contract assets	534,397	1,148,209	1,682,607
Insurance contract assets	10,437	4,339	14,776
Other assets	146,319	46,986	193,305
Liabilities			
Other financial liabilities	626,025	78,628	704,653
Insurance contract liabilities	3,830,555	15,526,841	19,357,397
Reinsurance contract liabilities	29,630	(15,611)	14,019
Other liabilities	199,614	122,850	322,465

(Yen in millions)

As of March 31, 2026	Period until recovery or settlement		Total
	Within 12 months	Beyond 12 months	
Assets			
Other financial assets	855,437	248,895	1,104,332
Reinsurance contract assets	560,963	1,882,570	2,443,534
Insurance contract assets	69,683	(29,726)	39,956
Other assets	130,651	103,825	234,477
Liabilities			
Other financial liabilities	864,545	81,155	945,701
Insurance contract liabilities	4,434,833	15,784,284	20,219,118
Reinsurance contract liabilities	24,982	(9,673)	15,308
Other liabilities	228,268	128,739	357,007

Notes to Consolidated Financial Statements

23. Equity and Other Components of Equity

(1) Share capital and treasury stock

As of the transition date, March 31, 2025 and March 31, 2026, the total number of shares authorized is 8,000,000 thousand. All stocks issued by the Company are no-par value common stocks with no restrictions on rights, and all issued stocks are fully paid. The numbers of issued stock and treasury stock are as follows:

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
(Thousands of shares)		
Issued stock		
Opening balance	1,978,000	1,934,000
Increase	—	—
Decrease	44,000	—
Closing balance	1,934,000	1,934,000
Treasury stock		
Opening balance	5,166	11,150
Increase	50,342	44,799
Decrease	44,359	462
Closing balance	11,150	55,487

- (Notes) 1. The number of shares of treasury stock at the end of FY2024 and the end of FY2025 include 2,030 thousand shares and 1,568 thousand shares, respectively, held by the BIP Trust.
2. The decrease of 44,000 thousand shares in the number of issued stock during FY2024 was entirely due to the cancellation of treasury stock.
3. The principal components of the increase of 50,342 thousand shares of treasury stock in FY2024 were: an increase of 49,686 thousand shares due to the acquisition of treasury stock based on a resolution of the Board of Directors; and an increase of 649 thousand shares due to acquisitions by the BIP Trust.
The principal components of the decrease of 44,359 thousand shares of treasury stock in FY2024 were: a decrease of 44,000 thousand shares due to the cancellation of treasury stock; and a decrease of 331 thousand shares due to the disposition of stocks by the BIP Trust.
The principal components of the increase of 44,799 thousand shares of treasury stock in FY2025 were: an increase of 44,794 thousand shares due to the acquisition of treasury stock based on a resolution of the Board of Directors.
The principal components of the decrease of 462 thousand shares of treasury stock in FY2025 were: a decrease of 461 thousand shares due to the dispositions by the BIP Trust.
4. The number of stocks of the Company held by affiliated companies at the end of FY2024 and FY2025 is 19 thousand shares.

(2) Retained earnings

Under the Companies Act of Japan, one-tenth of dividends paid out of surplus decreasing because of the distribution of surplus is transferred to capital reserve or retained earnings, until the total amount of capital reserve and retained earnings reaches one-quarter of share capital. The reserved retained earnings can be used to compensate for deficits and can be released by resolution of the ordinary general meeting of shareholders.

24. Dividends

(1) Dividends paid

FY2024 (April 1, 2024 - March 31, 2025)

Resolution	Type of stock	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2024	Common stock	123,409	62.50	March 31, 2024	June 25, 2024
Meeting of the Board of Directors held on November 19, 2024	Common stock	158,072	81.00	September 30, 2024	December 10, 2024

- (Notes) 1. The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 24, 2024 includes dividends of 107 million yen for the stocks of the Company held by the BIP Trust.
2. The total amount of dividends resolved at the Meeting of the Board of Directors held on November 19, 2024 includes dividends of 169 million yen for the stocks of the Company held by the BIP Trust.

FY2025(April 1, 2025 - March 31, 2026)

Resolution	Type of stock	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2025	Common stock	175,164	91.00	March 31, 2025	June 24, 2025
Meeting of the Board of Directors held on November 19, 2025	Common stock	200,976	105.50	September 30, 2025	December 12, 2025

- (Notes) 1. The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 23, 2025, includes dividends of 184 million yen for the stocks of the Company held by the BIP Trust.
2. The total amount of dividends resolved at the Meeting of the Board of Directors held on November 19, 2025, includes dividends of 177 million yen for the stocks of the Company held by the BIP Trust.

(2) Dividends whose effective date falls in the next fiscal year

Resolution	Type of stock	Total amount of dividends (Yen in millions)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2026	Common stock	211,509	Retained earnings	112.50	March 31, 2026	June 30, 2026

- (Note) The total amount of dividends includes dividends of 176 million yen for the stocks of the Company held by the BIP Trust.

Notes to Consolidated Financial Statements

25. Breakdown by Nature of Expenses

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
(Yen in millions)		
Incurred claims (Note)	4,137,805	4,186,185
Agency and brokerage commissions expenses	1,110,249	1,230,246
Employee benefits expenses	722,247	865,117
Depreciation and amortization expenses	157,511	176,186
Others	638,990	757,552
Subtotal	6,766,805	7,215,288
Insurance acquisition cash flows included in the measurement of insurance contract liabilities	(1,459,596)	(1,740,511)
Amortization of insurance acquisition cash flows	1,399,366	1,481,741
Impairment losses and its reversals of assets for insurance acquisition cash flows paid before the related group of insurance contracts is recognized	252	335
Total	6,706,827	6,956,854
Represented by expenses included within the consolidated statement income		
Insurance service expenses	6,066,020	6,114,387
Investment expenses	56,733	58,998
Administrative expenses	546,651	723,908
Other expenses	37,422	59,559

(Note) "Incurred claims" includes changes in liabilities related to incurred claims in prior years, as well as losses and reversal of losses for onerous contracts.

26. Other Comprehensive Income

The amounts of each component of other comprehensive income, including amounts arising during the year, reclassification adjustments and tax effects, are as follows:

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
(Yen in millions)		
Items that will not be reclassified to profit or loss		
Investments in equity instruments		
Amount arising during the year	(463,223)	592,367
Before tax effect	(463,223)	592,367
Tax effect	137,781	(146,295)
After tax effect	(325,441)	446,071
Remeasurements of defined benefit plans		
Amount arising during the year	10,403	(6,661)
Before tax effect	10,403	(6,661)
Tax effect	(2,939)	1,968
After tax effect	7,464	(4,692)
Share of other comprehensive income of associates accounted for using the equity method		
Amount arising during the year	(93)	88
Before tax effect	(93)	88
Tax effect	—	—
After tax effect	(93)	88
Total	(318,070)	441,467

Notes to Consolidated Financial Statements

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Items that may be reclassified subsequently to profit or loss		
Investments in debt instruments		
Amount arising during the year	(747,080)	(636,013)
Reclassification adjustments	274,925	461,606
Before tax effect	(472,154)	(174,407)
Tax effect	151,873	54,900
After tax effect	(320,281)	(119,507)
Cash flow hedges		
Amount arising during the year	7,347	6,694
Reclassification adjustments	—	—
Before tax effect	7,347	6,694
Tax effect	(1,469)	(1,246)
After tax effect	5,877	5,448
Foreign currency translation adjustments		
Amount arising during the year	(32,111)	339,238
Reclassification adjustments	1,211	853
Before tax effect	(30,900)	340,091
Tax effect	(1,207)	6,708
After tax effect	(32,107)	346,799
Changes in discount rate for insurance contracts		
Amount arising during the year	508,087	474,095
Reclassification adjustments	—	—
Before tax effect	508,087	474,095
Tax effect	(155,787)	(140,968)
After tax effect	352,300	333,126
Changes in discount rate for reinsurance contracts		
Amount arising during the year	(9,875)	(62,767)
Reclassification adjustments	—	—
Before tax effect	(9,875)	(62,767)
Tax effect	3,392	18,247
After tax effect	(6,483)	(44,520)
Share of other comprehensive income of associates accounted for using the equity method		
Amount arising during the year	790	845
Reclassification adjustments	—	—
Before tax effect	790	845
Tax effect	—	—
After tax effect	790	845
Total	95	522,192
Total other comprehensive income	(317,974)	963,660

27. Earnings Per Share

The basis for the calculation of basic and diluted earnings per share is as follows:

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Net income attributable to owners of the parent (Yen in millions)	450,423	531,255
Adjustment of net income attributable to owners of the parent (Yen in millions)	—	—
Net income used for the calculation of diluted earnings per share (Yen in millions)	450,423	531,255
Average number of ordinary shares outstanding (In thousand shares)	1,946,421	1,901,699
Impact of potentially dilutive ordinary shares		
Stock-based compensation (In thousand shares)	1,498	1,391
Diluted average number of ordinary shares outstanding (In thousand shares)	1,947,919	1,903,090
Basic earnings per share (Yen)	231.41	279.35
Diluted earnings per share (Yen)	231.23	279.15

(Note) For the calculation of basic and diluted earnings per share, shares of the Company held in the Board Incentive Plan Trust are included in treasury stock deducted from the average number of shares outstanding.

Notes to Consolidated Financial Statements

28. Stock-Based Compensation

The Group has adopted a stock-based compensation plan for its Directors and Executive Officers etc. The stock-based compensation expenses were 1,351 million yen for the previous fiscal year and 1,593 million yen for the current fiscal year.

(1) Executive compensation BIP Trust

The Company and its major domestic consolidated subsidiaries have adopted BIP Trust as a stock-based compensation system for the Group's Directors and Executive Officers (hereinafter referred to as "Directors, etc."). This system aims to allow the eligible Directors, etc. to share benefits and risks arising from stock price fluctuations with shareholders, as well as to further strengthen incentives for the medium- to long-term corporate value enhancement of the Group. Under this system, the Company and its major domestic consolidated subsidiaries contribute funds to a trust, which acquires the Company's shares. Directors, etc. are granted points in accordance with the share delivery rules. Subject to the conditions including continued service as eligible Directors, etc. during the period, after their resignation, the eligible Directors, etc., will receive, through the trust, the Company's shares and cash equivalent to the proceeds from the sale of such shares based on the number of points accumulated. This system is accounted for as an equity-settled share-based payment transaction.

(2) Restricted Stock Units (RSU)

The Company has adopted a stock-based compensation system using Restricted Stock Units (RSU) for the officers of the Company's domestic and overseas subsidiaries (excluding the Company's Directors and Audit & Supervisory Board Members). Under this system, the Company grants a certain number of RSUs to the eligible officers, and if certain conditions, such as the continuation of their position until the third anniversary of the grant date, are met, the Company delivers the same number of shares as the granted RSUs to the eligible officers. This system is treated as equity-settled share-based payment transactions.

(3) Number of Points (Units) Granted during the fiscal year and fair value

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Number of Points Granted (BIP Trust): (shares)	217,644	259,479
Number of Units Granted (RSU): (shares)	20,040	22,044
Fair Value at Grant Date: (yen)	6,147	6,048

(Notes) 1. The fair value at the grant date is calculated using the stock price of the Company's shares at the grant date, as it was considered to approximate the fair value.

2. Points (Units) granted are converted into the number of shares.

29. Supplementary Information on Consolidated Statement of Cash Flows

(1) Changes in liabilities arising from financing activities

(Yen in millions)

	As of April 1, 2024 (Transition date)	Changes arising from cash flows	Non-cash changes			As of March 31, 2025
			Changes due to business combinations	Foreign translation differences	Others (Note)	
Bonds and borrowings	474,272	8,091	68,710	(3,642)	2,012	549,444
Repurchase agreements and other similar secured borrowings	711,974	(650,252)	–	1,792	–	63,514
Lease liabilities	131,641	(32,236)	10,946	274	22,390	133,016
Total liabilities related to financing activities	1,317,888	(674,397)	79,656	(1,575)	24,403	745,975

(Note) Others in Lease liabilities is mainly due to the acquisition of right-of-use assets.

(Yen in millions)

	As of March 31, 2025	Changes arising from cash flows	Non-cash changes			As of March 31, 2026
			Changes due to business combinations	Foreign translation differences	Others	
Bonds and borrowings	549,444	27,465	–	22,207	(1,109)	598,007
Repurchase agreements and other similar secured borrowings	63,514	(8,359)	–	6,493	–	61,648
Lease liabilities	133,016	(34,575)	1,010	3,708	25,779	128,939
Total liabilities related to financing activities	745,975	(15,469)	1,010	32,409	24,669	788,595

(Note) Others in Lease liabilities is mainly due to the acquisition of right-of-use assets.

(2) Cash flows from obtaining control of subsidiaries

FY2024(April 1, 2024 - March 31, 2025)

The breakdown of assets and liabilities at the time of the commencement of consolidation due to the acquisition of shares of ID&E and the reconciliation between the acquisition cost of shares of ID&E and the expenditure (net amount) due to the acquisition of ID&E are as follows:

(Yen in millions)

Total assets	233,019
(Other financial assets)	97,640
(Property and equipment)	59,772
Goodwill	7,528
Total liabilities	140,585
(Bonds and borrowings)	68,710
Non-controlling interests	15,846
Acquisition cost of ID&E	84,116
Fair value at the business combination date of ID&E shares held through consolidated subsidiaries immediately before the business combination	(294)
Cash and cash equivalents of ID&E	(21,151)
Expenditure (net amount) due to the acquisition of ID&E	62,671

Notes to Consolidated Financial Statements

FY2025(April 1, 2025 - March 31, 2026)

a. Riser Topco III, LLC and its three subsidiary LLCs

The breakdown of assets and liabilities at the time of the commencement of consolidation due to the acquisition of interests of Riser Topco III, LLC and its three subsidiary LLCs and the reconciliation between the acquisition cost of interests of Riser Topco III, LLC and its three subsidiary LLCs and the expenditure (net amount) due to the acquisition of Riser Topco III, LLC and its three subsidiary LLCs are as follows:

	(Yen in millions)
Total assets	52,611
(Intangible assets)	43,929
(Other financial assets)	3,622
Goodwill	54,458
Total liabilities	4,240
(Other financial liabilities)	3,552
Acquisition cost of Riser Topco III, LLC and its three subsidiary LLCs	102,829
Unpaid portion of acquisition cost	(6,893)
Cash and cash equivalents of Riser Topco III, LLC and its three subsidiary LLCs	(2,107)
Expenditure (net amount) due to the acquisition of Riser Topco III, LLC and its three subsidiary LLCs	93,828

b. CIH

The breakdown of assets and liabilities at the time of the commencement of consolidation due to the acquisition of shares of CIH and the reconciliation between the acquisition cost of shares of CIH and the expenditure (net amount) due to the acquisition of CIH are as follows:

	(Yen in millions)
Total assets	109,725
(Intangible assets)	98,342
(Other financial assets)	5,574
Goodwill	71,832
Total liabilities	31,552
(Other liabilities)	3,370
(Deferred tax liabilities)	26,046
Acquisition cost of CIH	150,004
Unpaid portion of acquisition cost	(7,929)
Cash and cash equivalents of CIH	(4,740)
Expenditure (net amount) due to the acquisition of CIH	137,334

30. Major Subsidiaries

(1) Composition of the Group

The major subsidiaries of the Group as of the end of the current fiscal year are as follows:

Entity name	Location /Country of Incorporation	Ratio of Tokio Marine Holdings' voting rights ¹ (%)	Ratio of Tokio Marine Holdings' subsidiaries' voting rights ² (%)	Major business
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Tokyo, Japan	100	0	Japan P&C Insurance business
Nisshin Fire & Marine Insurance Co., Ltd.	Tokyo, Japan	100	0	Japan P&C Insurance business
Tokio Marine Direct Insurance Co., Ltd.	Tokyo, Japan	100	0	Japan P&C Insurance business
Tokio Marine & Nichido Life Insurance Co., Ltd.	Tokyo, Japan	100	0	Japan Life insurance business
Integrated Design & Engineering Holdings Co., Ltd.	Tokyo, Japan	100	0	Solution and other businesses
Tokio Marine North America, Inc.	Wilmington, Delaware, U.S.A.	0	100	International insurance business
Philadelphia Consolidated Holding Corp.	Bala Cynwyd, Pennsylvania, U.S.A.	0	100	International insurance business
Delphi Financial Group, Inc.	Wilmington, Delaware, U.S.A.	0	100	International insurance business
HCC Insurance Holdings, Inc.	Wilmington, Delaware, U.S.A.	0	100	International insurance business
Privilege Underwriters, Inc.	Wilmington, Delaware, U.S.A.	0	100	International insurance business
Tokio Marine Kiln Group Limited	London, U.K.	0	100	International insurance business
Tokio Marine Asia Pte. Ltd.	Singapore, Singapore	0	100	International insurance business
Tokio Marine Life Insurance Singapore Pte. Ltd.	Singapore, Singapore	0	99.7	International insurance business
Tokio Marine Seguradora S.A.	Sao Paulo, Brazil	0	98.6	International insurance business

(Notes) 1. The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings to total voting rights

2. The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings' subsidiaries to total voting rights

3. Tokio Marine Direct Insurance Co., Ltd. changed its name from E. design Insurance Co., Ltd. effective October 1, 2025.

4. Tokio Marine Life Insurance Singapore Pte. Ltd. changed its name from Tokio Marine Life Insurance Singapore Ltd. effective October 18, 2025.

(2) Significant restrictions on fund transfer

Insurance subsidiaries are subject to laws and regulations in their country of domicile and are typically supervised by the local regulatory authorities. Accordingly, transfers of funds may be restricted by dividend remittance regulation and other applicable regulations.

Notes to Consolidated Financial Statements

31. Structured Entities

The Group is involved with structured entities through investments in investment funds, securitized products, and loans, as well as through trust fees from investment trusts and fees under discretionary investment contracts earned by certain entities engaged in investment management and investment advisory services.

When the Group has control over these structured entities, they are consolidated as subsidiaries.

For involvement with non-consolidated structured entities that are not controlled by the Group, the carrying amounts of assets and liabilities recognized in the consolidated statement of financial position, as well as the maximum loss exposure, are as follows. The potential maximum loss exposure arising from such involvement is limited to the carrying amounts and the amounts of commitment contracts for additional investments.

During the reporting period, the Group did not provide financial or other support to these consolidated or non-consolidated structured entities without contractual obligations, nor does it intend to do so in the future.

(Yen in millions)

	As of April 1, 2024 (Transition date)		As of March 31, 2025		As of March 31, 2026	
	Carrying amount	Maximum loss exposure	Carrying amount	Maximum loss exposure	Carrying amount	Maximum loss exposure
Investment securities	3,633,321	3,633,321	4,094,633	4,094,633	5,126,956	5,126,956
Loans	1,719,315	1,719,315	1,403,037	1,403,037	1,179,956	1,179,956
Total assets	5,352,637	5,352,637	5,497,671	5,497,671	6,306,912	6,306,912
Other financial liabilities	6,893	—	37,777	—	69,459	—
Total liabilities	6,893	—	37,777	—	69,459	—
Commitment agreement for additional investment	—	335,624	—	290,296	—	391,177
Total maximum exposure to loss	—	5,688,262	—	5,787,967	—	6,698,089

32. Related parties

(1) Related party transactions

None.

(2) Remuneration of key management personnel

The components of remuneration of the Company's Directors and Audit & Supervisory Board Members are as follows:

(Yen in millions)

	FY2024 (April 1, 2024 - March 31, 2025)	FY2025 (April 1, 2025 - March 31, 2026)
Fixed and performance-based remuneration	805	844
Share-based payment	309	330
Total	1,114	1,175

33. Collateral

(1) Pledged collateral

Assets pledged as collateral are as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	89,026	105,397	111,064
Investment securities	1,755,976	1,250,850	1,501,254
Loans	654,327	773,707	1,057,557
Property and equipment	—	9,181	—
Intangible assets	—	611	—
Other financial assets	88,365	44,944	102,701

(Note) The principal items among the above are the pledging of investment securities and loans as collateral in connection with the issuance of Funding Agreements to the FHLB, and the deposit of investment securities required for conducting insurance operations at Lloyd's.

Among the above, assets over which counterparties have free disposal rights are as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	72	639	25
Investment securities	725,099	189,145	219,583
Other financial assets	52,515	9,181	59,899

(2) Assets accepted as collateral over which the Company has free disposal rights

The fair value of the assets that the Company has received as collateral and over which it has the right to freely dispose, including through sale or repledge, is as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Assets accepted as collateral (Note 1)	38,236	337,640	98,305
Of which, assets pledged as collateral for sale or repledge (Note 2)	23,420	10,097	22,364

(Notes) 1. The breakdown consists of commercial paper received through repurchase agreements and collateral received for derivatives.

2. All of these relate to collateral for derivatives, and there is an obligation to return them.

34. Purchase Commitments

The Group's commitments related to the acquisition of assets are as follows:

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025	As of March 31, 2026
Property and equipment	—	123,532	164,781

(Note) This mainly relates to the reconstruction of the head office building.

Notes to Consolidated Financial Statements

35. Contingencies

None.

36. Subsequent Events

(1) Disposition of Treasury stock by way of third-party allotment

On March 23, 2026, the Company's Board of Directors resolved to enter into a comprehensive strategic partnership (hereinafter referred to as the "Strategic Partnership") with National Indemnity Company (hereinafter referred to as "NICO"), the core reinsurance entity wholly owned by Berkshire Hathaway Inc. This Strategic Partnership is based upon Strategic Equity Investment in the Group, Collaboration in Reinsurance, and Strategic Collaboration in M&A with NICO.

To implement this Strategic Partnership, the Company's Board of Directors, at the same meeting, resolved to dispose of treasury stock to NICO by way of a third-party allotment, and the payment was completed on April 13, 2026.

To mitigate the dilutive impact resulting from the third-party allotment, the Company's Board of Directors also resolved on March 23, 2026, to repurchase its own shares in an amount of up to 287.4 billion yen during the period from April 2026 to September 2026. The proceeds from the third-party allotment are intended to be used to fund such share repurchase.

a. Disposition date

April 13, 2026

b. Number of shares disposed

48,207,200 shares of common stock

c. Price of disposition

5,962 yen per share

d. Total amount of disposition price

287,411,326,400 yen

e. Method of disposition

Disposition of Treasury stock by way of third-party allotment

f. Allottee

National Indemnity Company

g. Purpose of use

Repurchase of the Company's own shares to mitigate the dilutive impact resulting from the third-party allotment

(2) Share repurchases from the market

On May 20, 2026 the Company's Board of Directors resolved repurchases of its own shares, pursuant to Article 156 of the Companies Act which is applicable in accordance with Article 165, Paragraph 3 of the Companies Act, as detailed below.

a. Reason for the repurchase of shares

The Company intends to repurchase its own shares in order to implement flexible financial policies.

b. Class of shares to be repurchased

Common stock of the Company

c. Aggregate number of shares to be repurchased

Up to 130,000,000 shares

d. Aggregate purchase price of shares

Up to 200 billion yen

e. Period in which repurchases may be made

From May 21, 2026, through December 23, 2026

37. Transition to IFRS

The Group adopts IFRS from the consolidated financial statements of the fiscal year ended March 31, 2026 onwards. The most recent consolidated financial statements prepared under Japanese GAAP are for the fiscal year ended March 31, 2025. The date of transition from Japanese GAAP to IFRS is April 1, 2024.

(1) Exemption provisions under IFRS 1

Under IFRS, companies adopting IFRS for the first time (hereinafter referred to as "first-time adopters") are, in principle, required to retrospectively apply the standards mandated by IFRS. However, IFRS 1 specifies certain mandatory exceptions and optional exemptions to the application of these standards. The impact of applying these provisions has been adjusted against retained earnings or other components of equity as of the transition date. The exemption provisions adopted by the Group during the transition from Japanese GAAP to IFRS are as follows:

a. Business combination

First-time adopters of IFRS are permitted to elect not to retrospectively apply IFRS 3 "Business Combinations" (hereinafter referred to as "IFRS 3") to business combinations that occurred before the transition date. The Group has applied this exemption and elected not to retrospectively apply IFRS 3 to business combinations that occurred before the transition date. Accordingly, the amount of goodwill arising from business combinations before the transition date is based on the book value under Japanese GAAP as of the transition date. Impairment test of goodwill was conducted as of the transition date, regardless of indications of impairment.

b. Share-based payment transactions

First-time adopters of IFRS are encouraged but not required to retrospectively apply IFRS 2 "Share-based Payment" (hereinafter referred to as "IFRS 2") to Equity-settled share-based payments that vested before the transition date. The Group has not retrospectively applied IFRS 2 to equity instruments that were granted and vested before the transition date.

c. Deemed cost

First-time adopters are permitted to use the fair value of property and equipment and investment property as deemed cost as of the transition date. The Group has used the fair value as of the transition date as deemed cost under IFRS for certain property and equipment and certain investment property.

d. Foreign currency translation adjustments

First-time adopters are permitted to elect to deem the cumulative foreign currency translation adjustments to be zero as of the transition date to IFRS. The Group has elected to deem the cumulative amount of foreign currency translation adjustments to be zero as of the transition date.

e. Leases

First-time adopters are permitted to determine whether a contract includes a lease as of the transition date. The Group has applied this exemption and determined whether contracts include a lease based on facts and circumstances existing as of the transition date.

f. Financial instruments

First-time adopters are permitted to designate financial assets as measured at fair value through profit or loss based on facts and circumstances existing at the transition date, and designate equity instruments as financial assets whose changes in fair value are measured through other comprehensive income. The Group has made judgments based on facts and circumstances existing at the transition date, designating some financial assets as measured at fair value through profit or loss and designating equity instruments, except for certain ones, as financial assets whose changes in fair value are measured through other comprehensive income.

Notes to Consolidated Financial Statements

g. Borrowing costs

First-time adopters are permitted to set the transition date as the commencement date for capitalizing borrowing costs related to qualifying assets. The Group has been capitalizing borrowing costs related to qualifying assets after the transition date.

(2) Reconciliation from Japanese GAAP to IFRS

The reconciliations required to be disclosed for the first-time adoption of IFRS are as follows. On the reconciliation table, "Reclassification of presentation" indicates items that do not affect retained earnings or comprehensive income, while "Differences in recognition and measurement" indicate items that affect retained earnings or comprehensive income.

a. Reconciliation of equity as of the transition date (April 1, 2024)

(Yen in millions)

Japanese GAAP items	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	IFRS items
Assets						Assets
Cash and bank deposits	896,898	212,074	218,757	1,327,730	(a)(e)	Cash and cash equivalents
Receivables under resale agreements	999	(999)	—	—	(a)	
Monetary receivables bought	2,326,324	(2,326,324)	—	—	(a)(b)	
Money trusts	7	(7)	—	—	(b)	
Securities	20,680,544	1,896,210	242,997	22,819,753	(a)(b)(c)(s)	Investment securities
	—	129,485	1,368	130,853	(c)	Investments accounted for using the equity method
Loans	2,817,606	(116,497)	102,634	2,803,743	(e)(s)(t)	Loans
Tangible fixed assets	399,579	(124,956)	(31,758)	242,864	(d)(u)	Property and equipment
	—	33,710	19,789	53,500	(d)(u)	Investment property
	—	51,891	74,094	125,986	(d)(v)	Right-of-use assets
Intangible fixed assets	1,150,669	—	44,131	1,194,800	(ab)	Intangible assets
Other assets	2,283,818	(765,785)	(1,360,648)	157,384	(a)(e)(f)(g)(t)	Other assets
	—	761,462	119,085	880,547	(e)	Other financial assets
	—	135,323	(13,048)	122,274	(f)	Derivative assets
	—	60,608	(22,008)	38,599	(g)	Income taxes receivable
Net defined benefit assets	4,757	—	(2,685)	2,072		Retirement benefit assets
Deferred tax assets	46,467	—	(2,296)	44,171	(w)	Deferred tax assets
Customers' liabilities under acceptances and guarantees	1,644	—	(1,644)	—		
Allowance for doubtful accounts	(14,449)	14,449	—	—		
	—	—	1,126,536	1,126,536	(t)	Reinsurance contract assets
	—	—	17,780	17,780	(t)	Insurance contract assets
	—	39,354	13,409	52,764	(d)	Assets held for sale
Total assets	30,594,869	—	546,495	31,141,365		Total assets

(Yen in millions)

Japanese GAAP items	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	IFRS items
Liabilities						Liabilities
Outstanding claims	4,739,831	—	(4,739,831)	—	(t)	
Underwriting reserves	17,291,343	(775,515)	(16,515,827)	—	(h)(t)	
	—	—	19,073,503	19,073,503	(t)	Insurance contract liabilities
	—	—	21,525	21,525	(t)	Reinsurance contract liabilities
	—	775,515	(31,346)	744,168	(h)	Investment contract liabilities
Corporate bonds	224,404	186,799	63,067	474,272	(i)	Bonds and borrowings
Payables under securities lending transactions	522,577	189,456	(59)	711,974	(j)	Repurchase agreements and other similar secured borrowings
Other liabilities	1,754,075	(1,064,796)	(422,837)	266,441	(f)(g)(i)(j)(k)(l)(m)(n)(t)	Other liabilities
	—	502,813	70,638	573,452	(l)(x)	Other financial liabilities
	—	180,973	(9,383)	171,589	(f)	Derivative liabilities
	—	23,354	20,830	44,185	(g)	Income taxes payable
	—	32,612	1,479	34,091	(m)	Provisions
	—	62,440	69,201	131,641	(n)(v)	Lease liabilities
Net defined benefit liabilities	236,623	—	2,234	238,858		Retirement benefit liabilities
Provision for employees' bonus	113,652	(113,652)	—	—	(k)	
Provision for share awards	3,455	—	(3,455)	—	(y)	
Reserves under special laws	140,250	—	(140,250)	—	(z)	
Deferred tax liabilities	378,830	—	746,813	1,125,644	(w)	Deferred tax liabilities
Negative goodwill	4,838	—	(4,838)	—		
Acceptances and guarantees	1,644	—	(1,644)	—		
Total liabilities	25,411,528	—	(1,800,180)	23,611,348		Total liabilities
Net assets						Equity
Share capital	150,000	—	—	150,000		Share capital
Retained earnings	2,378,790	—	3,455,652	5,834,442	(ac)	Retained earnings
Treasury stock	(14,167)	—	—	(14,167)		Treasury stock
Accumulated other comprehensive income	2,661,980	—	(1,120,369)	1,541,611	(s)(t)(aa)(ad)	Other components of equity
Stock acquisition rights	33	—	(33)	—	(y)	
Non-controlling interests	6,704	—	11,426	18,131		Non-controlling interests
Total net assets	5,183,341	—	2,346,676	7,530,017		Total equity
Total liabilities and net assets	30,594,869	—	546,495	31,141,365		Total liabilities and equity

Notes to Consolidated Financial Statements

b. Reconciliation of equity as of March 31, 2025

(Yen in millions)

Japanese GAAP items	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	IFRS items
Assets						Assets
Cash and bank deposits	1,071,138	712,009	156,659	1,939,807	(a)(e)	Cash and cash equivalents
Receivables under resale agreements	299,812	(299,812)	—	—	(a)	
Monetary receivables bought	3,051,927	(3,051,927)	—	—	(a)(b)	
Money trusts	7	(7)	—	—	(b)	
Securities	19,262,988	2,398,278	(892,045)	20,769,221	(a)(b)(c)(s)	Investment securities
	—	128,120	4,593	132,714	(c)	Investments accounted for using the equity method
Loans	3,140,328	(141,029)	(226,409)	2,772,889	(e)(s)(t)	Loans
Tangible fixed assets	562,056	(219,559)	(42,118)	300,379	(d)(u)	Property and equipment
	—	48,728	21,480	70,209	(d)(u)	Investment property
	—	56,921	68,731	125,652	(d)(v)	Right-of-use assets
Intangible fixed assets	1,158,132	—	44,085	1,202,218	(ab)	Intangible assets
Other assets	2,578,281	(759,246)	(1,625,729)	193,305	(a)(e)(f)(g)(t)	Other assets
	—	805,749	139,232	944,981	(e)	Other financial assets
	—	166,906	(4,652)	162,253	(f)	Derivative assets
	—	22,733	(6,198)	16,534	(g)	Income taxes receivable
Net defined benefit assets	16,967	—	(13,295)	3,672		Retirement benefit assets
Deferred tax assets	112,395	—	(73,141)	39,254	(w)	Deferred tax assets
Customers' liabilities under acceptances and guarantees	1,528	—	(1,528)	—		
Allowance for doubtful accounts	(18,225)	18,225	—	—		
	—	—	1,682,607	1,682,607	(t)	Reinsurance contract assets
	—	—	14,776	14,776	(t)	Insurance contract assets
	—	113,909	12,969	126,878	(d)	Assets held for sale
Total assets	31,237,340	—	(739,981)	30,497,359		Total assets

(Yen in millions)

Japanese GAAP items	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	IFRS items
Liabilities						Liabilities
Outstanding claims	5,411,597	—	(5,411,597)	—	(t)	
Underwriting reserves	17,767,189	(879,651)	(16,887,538)	—	(h)(t)	
	—	—	19,357,397	19,357,397	(t)	Insurance contract liabilities
	—	—	14,019	14,019	(t)	Reinsurance contract liabilities
	—	879,651	(10,629)	869,021	(h)	Investment contract liabilities
Corporate bonds	227,246	318,574	3,623	549,444	(i)	Bonds and borrowings
Payables under securities lending transactions	—	66,007	(2,493)	63,514	(j)	Repurchase agreements and other similar secured borrowings
					(f)(g)(i)(j)	
Other liabilities	2,101,900	(1,299,859)	(479,575)	322,465	(k)(l)(m)(n)(t)	Other liabilities
	—	613,854	90,798	704,653	(l)(x)	Other financial liabilities
	—	137,062	3,246	140,309	(f)	Derivative liabilities
	—	193,586	17,502	211,088	(g)	Income taxes payable
	—	31,129	2,484	33,614	(m)	Provisions
	—	79,912	53,104	133,016	(n)(v)	Lease liabilities
Net defined benefit liabilities	223,866	—	1,306	225,172		Retirement benefit liabilities
Provision for employees' bonus	140,268	(140,268)	—	—	(k)	
Provision for share awards	3,622	—	(3,622)	—	(y)	
Reserves under special laws	150,455	—	(150,455)	—	(z)	
Deferred tax liabilities	103,089	—	657,882	760,971	(w)	Deferred tax liabilities
Negative goodwill	3,030	—	(3,030)	—		
Acceptances and guarantees	1,528	—	(1,528)	—		
Total liabilities	26,133,794	—	(2,749,104)	23,384,690		Total liabilities
Net assets						Equity
Share capital	150,000	—	—	150,000		Share capital
Retained earnings	2,925,599	—	3,445,265	6,370,865	(ac)	Retained earnings
Treasury stock	(53,643)	—	—	(53,643)		Treasury stock
Accumulated other comprehensive income	2,054,886	—	(1,437,053)	617,833	(s)(t)(aa)(ad)	Other components of equity
Non-controlling interests	26,702	—	911	27,613		Non-controlling interests
Total net assets	5,103,545	—	2,009,123	7,112,669		Total equity
Total liabilities and net assets	31,237,340	—	(739,981)	30,497,359		Total liabilities and equity

Notes to Consolidated Financial Statements

c. Reconciliation of net income for FY2024 (April 1, 2024 - March 31, 2025)

(Yen in millions)

Japanese GAAP items	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	IFRS items
Underwriting income	6,275,529	—	(6,275,529)	—	(t)	
Underwriting expenses	(4,993,332)	—	4,993,332	—	(t)	
	—	—	7,396,221	7,396,221	(t)	Insurance revenue
	—	—	(6,066,020)	(6,066,020)	(t)	Insurance service expenses
	—	—	(367,482)	(367,482)	(t)	Income or expenses from reinsurance contracts held
	1,282,196	—	(319,478)	962,718		Insurance service result
Investment income	1,988,646	(1,988,646)	—	—	(o)	
Investment expenses	(544,633)	544,633	—	—	(o)	
	—	915,928	(109,876)	806,051	(o)(s)	Interest income
	—	528,085	(714,248)	(186,163)	(o)(s)	Other investment gains and losses
	—	(60,612)	3,878	(56,733)	(p)	Investment expenses
	1,444,013	(60,612)	(820,246)	563,154		Investment gains and losses
	—	—	(598,713)	(598,713)	(t)	Insurance finance expenses (net)
	—	—	66,352	66,352	(t)	Reinsurance finance income (net)
	—	—	(532,360)	(532,360)		Insurance finance income or expenses
	1,444,013	(60,612)	(1,352,606)	30,794		Finance result
Operating and general administrative expenses	(1,401,394)	66,041	788,701	(546,651)	(p)(t)(ab)	Administrative expenses
Other ordinary income	175,938	(175,938)	—	—	(r)	
Other ordinary expenses	(40,747)	40,747	—	—	(q)(r)	
Extraordinary gains	10,354	(10,354)	—	—	(r)	
Extraordinary losses	(20,089)	20,089	—	—	(r)	
	—	(26,922)	(4,362)	(31,284)	(q)	Other finance expenses
	—	184,880	25,756	210,637	(r)	Other income
	—	(39,344)	1,921	(37,422)	(r)	Other expenses
	—	1,413	6,125	7,538		Gains and losses from investments accounted for using the equity method
Income before income taxes and non-controlling interests	1,450,272	—	(853,941)	596,330		Income before income taxes
Total income taxes	(396,529)	—	231,694	(164,834)		Income taxes
Net income	1,053,742	—	(622,247)	431,495		Net income
Net income attributable to:						Net income attributable to:
Net income attributable to owners of the parent	1,055,276	—	(604,853)	450,423		Owners of the parent
Net income(loss) attributable to non-controlling interests	(1,533)	—	(17,393)	(18,927)		Non-controlling interests

d. Reconciliation of comprehensive income for FY2024(April 1, 2024 -March 31, 2025)

(Yen in millions)

Japanese GAAP items	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	IFRS items
Net income	1,053,742	—	(622,247)	431,495		Net income
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Unrealized gains (losses) on available-for-sale securities	(1,059,002)	105,872	627,688	(325,441)	(s)	Investments in equity instruments
Remeasurements of defined benefit plans	9,100	—	(1,636)	7,464		Remeasurements of defined benefit plans
	—	—	(93)	(93)		Share of other comprehensive income of associates accounted for using the equity method
	—	(105,872)	(214,409)	(320,281)	(s)	Items that may be reclassified subsequently to profit or loss
	—	—	(6,483)	(6,483)	(t)	Investment in debt instruments
Unrealized gains (losses) on insurance liability of overseas subsidiaries	1,064	—	351,235	352,300	(t)	Changes in discount rate for insurance contracts
	—	—	(6,483)	(6,483)	(t)	Changes in discount rate for reinsurance contracts
Deferred gains (losses) on hedge transactions	(555)	—	6,433	5,877		Cash flow hedges
Foreign currency translation adjustments	444,462	—	(476,570)	(32,107)	(aa)	Foreign currency translation adjustments
Share of other comprehensive income of affiliates accounted for by the equity method	677	—	112	790		Share of other comprehensive income of associates accounted for using the equity method
Total other comprehensive income	(604,252)	—	286,278	(317,974)		Other comprehensive income
Total comprehensive income	449,490	—	(335,969)	113,521		Comprehensive income
						Comprehensive income attributable to:
Comprehensive income attributable to owners of the parent	448,182	—	(321,202)	126,980		Owners of the parent
Comprehensive income attributable to non-controlling interests	1,307	—	(14,766)	(13,459)		Non-controlling interests

Notes to Consolidated Financial Statements

- (3) Notes on reconciliation
- a. Reclassification of presentation
- (a) "Cash and cash equivalents"
- Cash equivalents with maturities of three months or less included in "Monetary receivables bought", "Securities", and "Other assets", which were separately presented under Japanese GAAP, are reclassified as "Cash and cash equivalents" under IFRS. "Receivables under resale agreements" are also reclassified under IFRS as "Cash and cash equivalents."
- (b) "Investment securities"
- "Monetary receivables bought" and "Money trusts", which were separately presented under Japanese GAAP, are reclassified as "Investment securities" under IFRS.
- (c) "Investments accounted for using the equity method"
- Equity-method investments included in "Securities" under Japanese GAAP are presented separately as "Investments accounted for using the equity method" under IFRS.
- (d) "Investment property," "Right-of-use assets," and "Assets held for sale"
- Investment property, leased assets, and assets held for sale, which were included in "Tangible fixed assets" under Japanese GAAP, are separately presented under IFRS as "Investment property", "Right-of-use assets", and "Assets held for sale" respectively.
- (e) "Other financial assets"
- Deposits with maturities exceeding three months, which were previously classified as "Cash and bank deposits", certain assets included in "Loans", and accounts receivable or accrued income included in "Other assets" under Japanese GAAP are reclassified as "Other financial assets" under IFRS.
- (f) "Derivative assets" and "Derivative liabilities"
- "Derivative assets" and "Derivative liabilities", which were included in "Other assets" and "Other liabilities" under Japanese GAAP, are presented separately under IFRS.
- (g) "Income taxes receivable" and "Income taxes payable"
- "Income taxes receivable" and "Income taxes payable", which were included in "Other assets" and "Other liabilities" under Japanese GAAP, are presented separately under IFRS.
- (h) "Investment contract liabilities"
- "Investment contract liabilities" which were included in "Underwriting reserves" under Japanese GAAP, are presented separately under IFRS.
- (i) "Bonds and borrowings"
- Borrowings, which were included in "Other liabilities" under Japanese GAAP, are reclassified as "Bonds and borrowings" under IFRS.
- (j) "Repurchase agreements and other similar secured borrowings"
- Payables under repurchase agreements, which were included in "Other liabilities" under Japanese GAAP, are reclassified as "Repurchase agreements and other similar secured borrowings" under IFRS.
- (k) "Other liabilities"
- "Provision for employees' bonus", which was separately presented under Japanese GAAP, is reclassified as "Other liabilities" under IFRS.
- (l) "Other financial liabilities"
- Payables and accrued expenses, which were included in "Other liabilities" under Japanese GAAP, are reclassified as "Other financial liabilities" under IFRS.
- (m) "Provisions"
- "Provisions", which were included in "Other liabilities" under Japanese GAAP, are presented separately under IFRS.
- (n) "Lease liabilities"
- "Lease liabilities", which were included in "Other liabilities" under Japanese GAAP, are separately presented under IFRS.
- (o) "Interest income" and "Other investment gains and losses"
- "Investment income" under Japanese GAAP is reclassified into "Interest income" and "Other investment gains and losses" under IFRS. In addition, "Investment expenses" under Japanese GAAP are reclassified into "Other investment gains and losses" under IFRS.
- (p) "Investment expenses"
- "Investment expenses", which were included in "Operating and general administrative expenses" under Japanese GAAP, are separately presented under IFRS.
- (q) "Other finance expenses"
- Interest paid, which was included in "Other ordinary expenses" under Japanese GAAP, is reclassified into "Other finance expenses" under IFRS.

Notes to Consolidated Financial Statements

(r) "Other income" and "Other expenses"

Parts of "Other ordinary income" and "Extraordinary gains" under Japanese GAAP are reclassified into "Other income" under IFRS. Similarly, parts of "Other ordinary expenses" and "Extraordinary losses" under Japanese GAAP are reclassified into "Other expenses".

b. Differences in recognition and measurement

Under Japanese GAAP, the reporting periods of certain consolidated subsidiaries and associates with fiscal year-ends different from the Group are aligned with the Group's fiscal year-end under IFRS. In addition, non-consolidated subsidiaries that have no material impact on the consolidated financial statements under Japanese GAAP, as well as structured entities that are accounted for as financial instruments under Japanese GAAP based on the purpose of holding but are determined to be controlled by the Group, are included in the scope of consolidation under IFRS. These impacts are included in Differences in recognition and measurement.

(s) Classification and measurement of financial instruments

Under Japanese GAAP, securities are classified as trading securities, bonds held to maturity, bonds earmarked for underwriting reserves, investments in subsidiaries and associates, or available-for-sale securities. Bonds held to maturity and bonds earmarked for underwriting reserves are measured at amortized cost, while trading securities and available-for-sale securities are measured at fair value through profit or loss or through other comprehensive income. Under Japanese GAAP, loans and receivables are measured at amortized cost. On the other hand, under IFRS, financial assets are classified and measured as FVOCI (fair value through other comprehensive income), FVPL (fair value through profit or loss), or amortized cost based on the business model and the contractual cash flow characteristics.

·Investment securities (Equity instruments)

Under Japanese GAAP, gains and losses on the disposal of equity securities classified as available-for-sale securities, as well as impairment losses on such securities, are recognized in profit or loss. However, under IFRS, most of these equity securities are designated as financial assets at FVOCI, where changes in fair value are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative amounts in other comprehensive income are transferred to retained earnings. In addition, under Japanese GAAP, unlisted equity securities are generally measured at acquisition costs, whereas under IFRS, they are measured at fair value.

·Investment securities (Debt instruments)

Under Japanese GAAP, bonds classified as bonds held to maturity and bonds earmarked for underwriting reserves are measured at amortized cost using the straight-line method. However, under IFRS, these are classified as financial assets at FVOCI and measured at fair value. Impairment losses were recognized under Japanese GAAP based on significant declines in market value, whereas IFRS recognizes expected credit losses due to significant increases in credit risk since initial recognition.

Under Japanese GAAP, bonds that were classified as available-for-sale securities were measured at fair value, with changes in fair value recognized in other comprehensive income. However, under IFRS, certain of these bonds are classified as financial assets at FVPL, and changes in fair value are recognized in profit or loss.

Under Japanese GAAP, monetary receivables bought were measured at fair value, with changes in fair value recognized in other comprehensive income. However, under IFRS, certain of these assets are classified as financial assets at FVPL, and changes in fair value are recognized in profit or loss.

Under Japanese GAAP, interest income on debt instruments that were classified as available-for-sale securities was recognized as "Interest and dividend income". However, under IFRS, interest income on such debt instruments classified as financial assets at FVPL is recognized as "Other investment gains and losses".

·Investment in funds such as investment trusts

Under Japanese GAAP, changes in fair value of investment trusts classified as available-for-sale securities are recognized as other comprehensive income, and Income or Loss is recognized from investments in partnerships based on the share of the net profit or loss obtained from the operations of the partnership. However, under IFRS, except for those classified as subsidiaries, they are classified as financial assets at FVPL and changes in fair value are recognized in profit or loss.

Under Japanese GAAP, interest income on debt instruments that were classified as available-for-sale securities was recognized as "Interest and dividend income". However, under IFRS, interest income on such debt instruments classified as financial assets at FVPL is recognized as "Other investment gains and losses".

(t) Insurance and reinsurance contracts

There are significant differences between the measurement and presentation methods under Japanese GAAP and IFRS. Therefore, all amounts recognized under Japanese GAAP are reversed, and the amounts under IFRS are newly recognized as "Differences in recognition and measurement."

Notes to Consolidated Financial Statements

·Classification and measurement

Under Japanese GAAP, domestic companies establish insurance liabilities in accordance with the Insurance Business Act and its Enforcement Regulations, and overseas subsidiaries do so based on Practical Solution No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for Consolidated Financial Statements," in accordance with IFRS or US GAAP. On the other hand, under IFRS, insurance contracts measured based on the significant accounting policies disclosed in "3. Significant Accounting Policies" are recognized as either assets or liabilities.

The measurement methods under Japanese GAAP and IFRS are generally similar for assets and liabilities for remaining coverage of contracts measured under PAA. However, there are major differences concerning assets and liabilities for incurred claims of contracts measured under PAA and assets and liabilities of contracts not measured under PAA, as outlined below:

- Under Japanese GAAP, discounting was not applied to insurance contract-related assets and liabilities, except for the majority of life insurance contracts and certain P&C insurance contracts. However, under IFRS, insurance contract assets and liabilities are, in principle, measured by reflecting the time value of money in estimated future cash flows.
- Under Japanese GAAP, risk adjustment were not explicitly considered in the measurement of insurance contract liabilities. However, under IFRS, insurance contract liabilities are measured by incorporating risk adjustment for non-financial risk.
- Under Japanese GAAP, unearned profit was not explicitly recognized. However, under IFRS, unearned profit is recognized as CSM.
- Under Japanese GAAP, measurement was generally based on assumptions estimated at contract inception. However, under IFRS, measurement is based on assumptions as of the reporting date.
- Under Japanese GAAP, primarily at domestic insurance companies, acquisition costs were not deducted from insurance contract liabilities and recognized as expenses when incurred. However, under IFRS, insurance acquisition cash flows are deducted from insurance contract liabilities. They are allocated in a systematic way over the coverage period, and insurance revenue and insurance service expenses are recognized accordingly.
- Under Japanese GAAP, policy loans were included in "Loans." However, under IFRS, policy loans are included in "Insurance contract assets" and "Insurance contract liabilities".
- Under Japanese GAAP, receivables and payables related to insurance contracts issued and reinsurance contracts held were included in "Other assets" or "Other liabilities." However, under IFRS, such balances are included in "Insurance contract assets," "Insurance contract liabilities," "Reinsurance contract assets," and "Reinsurance contract liabilities."

·Under Japanese GAAP, assets related to reinsurance contracts held were netted against outstanding claims or underwriting reserves. However, under IFRS, assets and liabilities related to reinsurance contracts held are presented separately as "Reinsurance contract assets" and "Reinsurance contract liabilities."

·Presentation of insurance revenue

Under Japanese GAAP, "Underwriting income" included premium written recognized when received from policyholders, as well as decreases in underwriting reserves and outstanding claims recognized as reversals. However, under IFRS, "Insurance revenue" includes revenue for services provided during the period and excludes investment components.

·Presentation of insurance service expenses

Under Japanese GAAP, "Underwriting expenses" included insurance claims recognized when paid, as well as increases in underwriting reserves and outstanding claims recognized as provisions. However, under IFRS, "Insurance service expenses" includes changes in incurred claims liabilities.

Under Japanese GAAP, both acquisition costs and maintenance expenses were recognized as expenses when incurred as part of "Underwriting expenses". However, under IFRS, insurance acquisition cash flows are allocated over the coverage period and recognized as expenses, and investment components are excluded from "Insurance service expenses".

·Presentation of reinsurance income or expenses

Under Japanese GAAP, income or expenses related to reinsurance contracts held were presented on a net basis together with those related to insurance contracts issued. However, under IFRS, such income or expenses are presented separately as "Income or expenses from reinsurance contracts held".

·Presentation of insurance finance income or expenses and changes in discount rates

Under Japanese GAAP, interest arising from insurance contract liabilities was included in "Underwriting income" or "Underwriting expenses". However, under IFRS, such interest is included in "Insurance finance income or expenses", and the effects of changes in discount rates are recognized as "Changes in discount rate for (re)insurance contracts" in other comprehensive income.

Notes to Consolidated Financial Statements

(u) Deemed cost

For certain property and equipment and certain investment properties, the Group applies the exemption provision to use the fair value as of the transition date as deemed cost. The book value under Japanese GAAP as of the transition date for these property and equipment and investment properties was 144,517 million yen, and the fair value was 100,367 million yen (88,355 million yen for property and equipment and 12,012 million yen for investment properties).

(v) Right-of-use assets and lease liabilities

For lease contracts of buildings and other assets which are accounted for as leases under Japanese GAAP that transfer the right to control the use of identified assets over a certain period in exchange for consideration, the Group recognizes right-of-use assets and lease liabilities under IFRS, as these contracts are determined to be leases or to include leases.

(w) Deferred tax assets and deferred tax liabilities

Due to the temporary differences arising from adjustments from Japanese GAAP to IFRS, the amounts of deferred tax assets and deferred tax liabilities were adjusted accordingly.

(x) Non-controlling interests classified as liabilities

For investment trusts that are consolidated under IFRS, non-controlling interests are recognized as liabilities and included in "Other financial liabilities".

(y) Share-based payment transactions

Under Japanese GAAP, the share-based payment presented as "Provision for share awards" and stock options presented as "Stock acquisition rights" were measured at the expected amount of obligation. However, under IFRS, equity-settled share-based payments are measured at the fair value on the grant date of equity instruments.

(z) Reserves under special laws

Under Japanese GAAP, a "Reserve for price fluctuation" is recorded based on the provisions of the Insurance Business Act to prepare for losses due to fluctuations in the prices of stocks and other securities. Under IFRS, the "Reserve for price fluctuation" is not recorded because it does not meet the definition of liabilities under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

(aa) Cumulative foreign currency translation adjustments

At the time of first-time adoption, the exemption provisions stipulated in IFRS 1 were applied, and all the cumulative foreign currency translation adjustments as of the transition date were transferred to retained earnings.

(ab) Goodwill

Under Japanese GAAP, goodwill was amortized using the straight-line method. However, under IFRS, amortization was discontinued after the transition date, and impairment test has been conducted.

(ac) Reconciliation of retained earnings

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025
Unification of reporting periods	103,409	86,773
Change in scope of consolidation	292,770	310,139
Financial instruments	(16,525)	(15,485)
Insurance contracts and reinsurance contracts	2,919,569	2,687,165
Reserves under special laws	140,250	150,455
Cumulative foreign currency translation adjustments	931,570	931,570
Goodwill	—	89,893
Others	(34,932)	38,732
Tax effects	(880,460)	(833,981)
Total	3,455,652	3,445,265

(ad) Reconciliation of other components of equity

(Yen in millions)

	As of April 1, 2024 (Transition date)	As of March 31, 2025
Unification of reporting periods	144,799	(138,831)
Change in scope of consolidation	(58,006)	(60,793)
Financial instruments	(503,212)	(809,552)
Insurance contracts and reinsurance contracts	227,206	587,382
Cumulative foreign currency translation adjustments	(931,570)	(1,006,652)
Others	414	(8,605)
Total	(1,120,369)	(1,437,053)

(4) Reconciliation of cash flows

In the consolidated statement of cash flows disclosed under Japanese GAAP, cash flows related to asset management, such as "Purchases of securities" and "Proceeds from sales and redemption of securities," are classified as cash flows from investing activities. On the other hand, in the consolidated statement of cash flows disclosed under IFRS, they are classified as cash flows from operating activities.

Assets under the Insurance Business Acts

The total amount of bankrupt or de facto bankrupt assets, doubtful assets, loans past due for three months or more, and restructured loans among the assets under the Insurance Business Acts are as follows:

(Yen in millions)

	As of March 31, 2025	As of March 31, 2026
Bankrupt or de facto bankrupt assets	6,610	5,749
Doubtful assets	375,287	350,517
Loans past due for three months or more	0	0
Restructured loans	34,787	46,843
Total	416,676	403,111

(Note) Bankrupt or de facto bankrupt assets are receivables from any debtor who has become insolvent due to the commencement of bankruptcy proceedings, reorganization proceedings or rehabilitation proceedings and receivables equivalent to them.

Doubtful assets are receivables from any debtor who has not become insolvent, but which the principal or interest according to the contract are unlikely to be collected due to deterioration in the financial condition and business performance of the debtor. Assets classified as bankrupt or de facto bankrupt assets are excluded.

Loans past due for three months or more are defined as loans on which any principal or interest payments are delayed for three months or more from the date following the due date. Loans classified as bankrupt or de facto bankrupt assets and doubtful assets are excluded.

Restructured loans are loans on which concessions (e.g. reduction of the stated interest rate, deferral of interest payment, extension of the maturity date, forgiveness of debt) are granted to borrowers in financial difficulties to assist them in their corporate restructuring or financial recovery by improving their ability to repay creditors. Restructured loans do not include loans classified as bankrupt or de facto bankrupt assets, doubtful assets, or loans past due for three months or more.

Solvency Margin Ratio

Sufficiency of solvency of insurance holding company and its subsidiaries, etc. to fulfill payment obligations such as insurance claims

Tokio Marine Holdings' solvency margin ratio (consolidated)

* Due to the application of transitional measures in the first year of the new regulatory framework, the solvency margin ratio (consolidated) for fiscal year 2025 will be disclosed by the end of October 2026.

Sufficiency of solvency of major domestic insurance subsidiaries to fulfill payment obligations such as insurance claims

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Fire Insurance Co., Ltd.

Solvency margin ratio (non-consolidated) for Nisshin Fire & Marine Insurance Co., Ltd.

Solvency margin ratio (non-consolidated) for Tokio Marine Direct Insurance Co., Ltd.

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Life Insurance Co., Ltd.

* Due to the application of transitional measures in the first year of the new regulatory framework, the solvency margin ratio for insurance company (non-consolidated) for fiscal year 2025 will be disclosed by the end of October 2026.

Solvency Margin Ratio

Sufficiency of solvency of domestic SAST subsidiaries to fulfill payment obligations such as insurance claims

Solvency margin ratio (non-consolidated) for Tokio Marine Millea SAST Insurance Co., Ltd.

	(Yen in millions)	
	As of March 31, 2026	As of March 31, 2025
(A) Total amount of solvency margin	1,957	1,904
Total net assets excluding deferred assets, etc.	1,743	1,712
Reserve for price fluctuation	—	—
Catastrophe loss reserve	14	12
General allowance for doubtful accounts	—	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	—	—
Unrealized gains (losses) on land	—	—
Part of reserve for dividends to policyholders excluding dividends for following period	—	—
Future profit	—	—
Tax effect	200	179
Subordinated debt, etc.	—	—
Deductions	—	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2+R_3^2+R_4^2}$	104	105
Insurance risk	30	31
General insurance risk (R_1)	5	5
Catastrophe risk (R_4)	24	25
Asset management risk (R_2)	77	76
Business administration risk (R_3)	2	2
(C) Solvency margin ratio $[(A)/(B) \times 1/2] \times 100$	3,760.2%	3,626.3%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Solvency margin ratio for Small Amount and Short Term (SAST) insurance companies (non-consolidated)

- SAST insurance companies maintain reserves to cover claims payments and other obligations arising from insured events. SAST insurance companies are also required to maintain sufficient solvency in order to cover risks that exceed normal estimates, e.g. occurrences of a major catastrophe, a significant decline in value of assets held by SAST insurance companies.
- (C) Solvency margin ratio is the ratio of (A) Total amount of solvency margin (i.e. solvency of SAST insurance companies in terms of their capital, reserves, etc.) to (B) Total amount of risks (i.e. risks that exceed normal estimates), which is calculated in accordance with the Insurance Business Act.
- "Risks that exceed normal estimates" is composed of risks described below.
 - (General) insurance risk: risk that insurance claims occur in excess of normal estimates excluding catastrophe risk.
 - Asset management risk: risk that prices of retained securities and other assets fluctuate in excess of normal estimates.
 - Business administration risk: risk that occurs in excess of normal estimates and does not fall under other categories.
 - Catastrophe risk: risk that a major catastrophe in excess of normal estimates which is equivalent to the Great Kanto Earthquake or Isewan typhoon occurs.
- Solvency of SAST insurance companies in terms of their capital, reserves, etc. ((A) Total amount of solvency margin) is the total amount of net assets, certain reserves (e.g. reserve for price fluctuation, catastrophe loss reserve, etc.) and part of unrealized gains (losses) on land, etc.
- Solvency margin ratio for SAST insurance companies is one of the objective indicators used by the regulators to supervise SAST insurance companies. A ratio exceeding 200% indicates sufficient solvency to fulfill payment obligations such as insurance claims.

Solvency Margin Ratio

Sufficiency of solvency of domestic SAST subsidiaries to fulfill payment obligations such as insurance claims

Solvency margin ratio (non-consolidated) for Tokio Marine West SAST Insurance Co., Ltd.

	(Yen in millions)	
	As of March 31, 2026	As of March 31, 2025
(A) Total amount of solvency margin	4,484	3,833
Total net assets excluding deferred assets, etc.	3,268	2,838
Reserve for price fluctuation	—	—
Catastrophe loss reserve	11	10
General allowance for doubtful accounts	—	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	—	—
Unrealized gains (losses) on land	—	—
Part of reserve for dividends to policyholders excluding dividends for following period	—	—
Future profit	—	—
Tax effect	1,205	984
Subordinated debt, etc.	—	—
Deductions	—	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$	105	107
Insurance risk	25	26
General insurance risk (R_1)	4	4
Catastrophe risk (R_4)	20	21
Asset management risk (R_2)	82	83
Business administration risk (R_3)	2	2
(C) Solvency margin ratio $[(A)/(B) \times 1/2] \times 100$	8,520.7%	7,115.5%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Solvency margin ratio (non-consolidated) for Tokio Marine X SAST Insurance Co., Ltd.

	(Yen in millions)	
	As of March 31, 2026	As of March 31, 2025
(A) Total amount of solvency margin	769	253
Total net assets excluding deferred assets, etc.	768	252
Reserve for price fluctuation	—	—
Catastrophe loss reserve	1	0
General allowance for doubtful accounts	—	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	—	—
Unrealized gains (losses) on land	—	—
Part of reserve for dividends to policyholders excluding dividends for following period	—	—
Future profit	—	—
Tax effect	—	—
Subordinated debt, etc.	—	—
Deductions	—	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2}+R_3+R_4$	30	19
Insurance risk	9	5
General insurance risk (R_1)	2	0
Catastrophe risk (R_4)	6	4
Asset management risk (R_2)	23	13
Business administration risk (R_3)	0	0
(C) Solvency margin ratio $[(A)/(B) \times 1/2] \times 100$	5,020.9%	2,617.9%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Solvency Margin Ratio

Sufficiency of solvency of domestic SAST subsidiaries to fulfill payment obligations such as insurance claims

Solvency margin ratio (non-consolidated) for Tokio Marine Trust SAST Insurance Co., Ltd.

	(Yen in millions)	
	As of March 31, 2026	As of March 31, 2025
(A) Total amount of solvency margin	27	47
Total net assets excluding deferred assets, etc.	24	45
Reserve for price fluctuation	—	—
Catastrophe loss reserve	3	2
General allowance for doubtful accounts	—	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	—	—
Unrealized gains (losses) on land	—	—
Part of reserve for dividends to policyholders excluding dividends for following period	—	—
Future profit	—	—
Tax effect	—	—
Subordinated debt, etc.	—	—
Deductions	—	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2+R_3+R_4}$	9	13
Insurance risk	5	8
General insurance risk (R ₁)	1	1
Catastrophe risk (R ₄)	3	6
Asset management risk (R ₂)	5	6
Business administration risk (R ₃)	0	0
(C) Solvency margin ratio $[(A)/(B) \times 1/2] \times 100$	565.7%	695.1%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

Solvency margin ratio (non-consolidated) for Japan Wide SAST Insurance Co., Ltd.

	(Yen in millions)	
	As of March 31, 2026	As of March 31, 2025
(A) Total amount of solvency margin	112	101
Total net assets excluding deferred assets, etc.	105	95
Reserve for price fluctuation	—	—
Catastrophe loss reserve	6	5
General allowance for doubtful accounts	—	—
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	—	—
Unrealized gains (losses) on land	—	—
Part of reserve for dividends to policyholders excluding dividends for following period	—	—
Future profit	—	—
Tax effect	—	—
Subordinated debt, etc.	—	—
Deductions	—	—
(B) Total amount of risks $\sqrt{R_1^2+R_2^2+R_3+R_4}$	13	8
Insurance risk	11	5
General insurance risk (R ₁)	3	3
Catastrophe risk (R ₄)	7	2
Asset management risk (R ₂)	4	5
Business administration risk (R ₃)	0	0
(C) Solvency margin ratio $[(A)/(B) \times 1/2] \times 100$	1,605.5%	2,300.1%

Note: The above figures are calculated in accordance with Article 211-59 and 211-60 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 14 issued by the Financial Services Agency in 2006.

EV (economic-value based Embedded Value)

Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL)

About MCEV

The current Japanese financial accounting standards are conservative and have the limitation that the profits generated from life insurance business are generally undervalued shortly after underwriting contracts in terms of performance evaluation.

Embedded value is calculated as the total of the "adjusted net worth" and the "value of in-force." Embedded value is designed to address the limitations of the financial accounting standards in order to facilitate an appropriate evaluation of value and improve performance assessment, reflecting the actual business performance.

While there have been various methodologies for calculating Embedded value, the European Insurance CFO Forum released its MCEV Principles, the European Insurance CFO Forum Market Consistent Embedded Value Principles, in June 2008, to enhance the consistency of valuation standards and unify the standards for disclosures. TMNL has reported its EV in compliance with the MCEV Principles to enhance the disclosure since the fiscal year ended March 31, 2015.

In light of the Tokio Marine Group's adoption of IFRS (International Financial Reporting Standards) as of March 31, 2026, TMNL reports its economic-value based Embedded Value (referred to as "EV" hereinafter). The approach to assumptions and calculation methods used for EV broadly remains unchanged from those applied under MCEV Principles.

EV (economic-value based Embedded Value) Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL)

EV as of March 31, 2026

1. EV as of March 31, 2026

(※) Results for periods prior to the previous fiscal year-end are presented on an MCEV basis.

EV as of March 31, 2026 decreased by 30.0 billion yen from EV as of March 31, 2025 (after deduction of shareholder dividends), which was 1,298.4 billion yen, to 1,268.4 billion yen. The EV consists of (816.0) billion yen of adjusted net worth and 2,084.4 billion yen of value of in-force.

As interest rates rose during the fiscal year, the value of in-force business increased significantly, while adjusted net worth became more negative due to increased unrealized losses on bonds. While adjusted net worth decreased, TMNL appropriately controls interest rate risk on an economic value basis. Accordingly, the increase in the value of in-force largely offset the decrease in adjusted net worth, causing no problem with financial soundness.

(*) No shareholder dividends were paid during FY2025.

	(Billions of yen)		
	FY2025	FY2024	FY2023
Adjusted net worth	(816.0)	(695.8)	(340.1)
Value of in-force	2,084.4	1,994.3	1,614.1
EV at fiscal year-end	1,268.4	1,298.4	1,273.9
New business value	35.4	48.5	64.8

2. Change in EV

The change in EV for FY2025 (before dividends paid) was (30.0) billion yen, which was a decrease of 80.6 billion yen compared with FY2024. This was primarily due to a significant decline in Economic variances, mainly reflecting changes in Japanese interest rates, although Other variances increased as a result of the continued execution of coinsurance-type reinsurance transactions (*), as in the previous fiscal year (For detail on the changes, refer to "Reconciliation analysis of EV from the end of FY2024".)

(*) Coinsurance-type reinsurance transactions transfer a portion of the profits, losses and risks associated with certain in-force life insurance policies to a reinsurer. These transactions do not result in any changes to the terms and conditions of the insurance policies or the relationship with policyholders.

	(Billions of yen)	
	FY2025	FY2024
Change in MCEV (Before dividends paid)	(30.0)	50.6
(Reference) Change in MCEV (Before dividends paid and excluding economic variances)	104.6	122.0

EV (economic-value based Embedded Value) Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL)

Reconciliation analysis of EV from the end of FY 2024

The table below shows the reconciliation analysis of EV as of March 31, 2026 with MCEV as of March 31, 2025.

	(Billions of yen)
	EV
Opening EV (EV as of March 31, 2025)	1,298.4
(1) Dividends paid	—
Adjusted opening EV (EV as of March 31, 2025)	1,298.4
(2) New business value	35.4
(3) Expected existing business contribution	29.8
(4) Actuarial experience variances	(15.8)
(5) Actuarial assumption changes	(47.9)
(6) Other variances	103.1
(7) Operating EV earnings ((2)–(6))	104.6
(8) Economic variances	(134.6)
Total EV earnings (before dividends paid)	(30.0)
Closing EV (EV as of March 31, 2026)	1,268.4

Sensitivity analysis

The impacts of changing specified assumptions underlying EV are as follows.

(Billions of yen)

Assumption	Change in assumption	Change in amount
Base case: EV at the end of March, 2026	—	1,268.4
(1) Interest rates	50bp decrease	31.7
	50bp increase	(44.1)
(2) Stock/Real estate market values	10% decrease	(5.2)
(3) Interest swaption implied volatility	25% increase	(28.6)
(4) Maintenance expenses	10% decrease	26.0
(5) Surrender and lapse rates	× 1.1	(40.0)
(6) Mortality rates	Death protection products: × 0.95	13.9
	A&H products and annuity products: × 0.95	(5.1)
(7) Morbidity rates	× 0.95	36.4
(8) Foreign exchange rates	10% appreciation of JPY	0.1

EV (economic-value based Embedded Value) Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL)

Assumptions

1. Risk-free rates

We have used government bond yields as of the end of March 2026 as risk free rates. JPY forward rates in the 41st year and thereafter are set to the 40-year spot rate adjusted based on historical interest rate movements. We have adjusted and used Bloomberg's government bond yields as our data source. The government bond yields (spot rates) for key terms are shown below. No liquidity premium has been added to the risk-free rates.

Term	JPY	
	End of March 2026	End of March 2025
1 year	1.15%	0.65%
5 years	1.83%	1.11%
10 years	2.43%	1.52%
20 years	3.44%	2.29%
30 years	3.92%	2.62%
40 years	3.83%	2.79%
50 years	3.91%	2.87%

EV (economic-value based Embedded Value) Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL)

2. Other assumptions

Assumptions	Development methods
Mortality and morbidity rates	Mortality and morbidity rates are developed based on claim experience of the latest 3 years, in principle by type of protection, policy year, attained age and other attributes. The temporary effects of the spread of the new coronavirus infection are excluded from the morbidity rates. We have reflected improvement trends for mortality rates and improvement trends or deteriorating trends for A&H morbidity rates of some benefits. The projection period for which these trends are reflected is limited to 5 years.
Surrender & lapse rates	Surrender & lapse rates are developed based on experience of the latest 1-3 years, in principle by line of business, premium mode and policy year.
Renewal rates	Renewal rates are developed based on past experience. Here, policies for which renewals are projected are A&H products, whose impact is large due to a large number of limited term in-force policies. For the sake of simplicity, we have not reflected future renewals for some riders.
Operating expense rates	Operating expense rates are developed from the expense forecast of latest fiscal year based on the ratio (unit cost) of overall operating expenditures to the policy count or the premium separately for acquisition and maintenance expenses. Some of the operating expense rates were adjusted by removing one-off costs which are not ordinarily expected to be incurred in future periods.
Effective tax rate	It is set as follows: 28.9%
Consumption tax rate	It is set as follows: 10%
Inflation rate	With reference to the break-even inflation rate from the most recently issued inflation index-linked government bond, inflation rates are set as follows: Projection year 1 - 10: 1.792% Projection year 11 - 20: linear interpolation of year 10 and year 21 Projection year 21 and onwards: 1.810%
Policyholder dividend	For products with interest dividends paid in every 5 years, interest dividends are set based on the interest rate level in future periods, using the method consistent with the one applied to determine the most recent dividend rates.
Reinsurance	We have designated reinsurance premium as an expense and reinsurance benefits and others as income in the projections, because we cede mortality risks on death protection insurance products, A&H risks on A&H products and part of the minimum guarantee risks of the variable products. The reinsurance premium and the level of reinsurance benefits are set based on reinsurance treaty provisions. The same applies to the coinsurance-type reinsurance transactions that have been executed for the purpose of diversification of risk control measures.

Caveats

Embedded values are calculated using various assumptions about the drivers of future results and the risks and uncertainties inherent in those results; future experience may deviate, possibly materially, from that underlying the forecasts used in the EV calculation. Also, the actual market value is determined as a result of informed judgments of investors and may differ materially from an embedded value. As such, embedded values should be used with sufficient caution.

Corporate Overview

Tokio Marine Holdings and Its Subsidiaries

Description of Business

The Group has a network in 55 countries and regions worldwide, where it operates its Japan P&C insurance business, Japan Life insurance business, International insurance business, and Solution and other businesses.

In addition, Tokio Marine Holdings is a specified listed company. Due to the specified listed company designation, the de minimis standard for insider trading regulations is determined on a consolidated basis.

The following is a diagram of businesses as of March 31, 2026.

Business Diagram

Note: ◎ indicates consolidated subsidiaries; △ indicates equity-method affiliates



¹ Tokio Marine Direct Insurance Co., Ltd. changed its name from E.design Insurance Co., Ltd. effective October 1, 2025.

² Tokio Marine Life Insurance Singapore Pte. Ltd. changed its name from Tokio Marine Life Insurance Singapore Ltd. effective October 18, 2025.

Corporate Overview

Major Subsidiaries

(As of March 31, 2026)

Company name	Date of incorporation	Paid-in capital	Ratio of Tokio Marine Holdings' voting rights ¹ (%)	Ratio of Tokio Marine Holdings' subsidiaries' voting rights ² (%)	Location	Major business
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Mar. 20, 1944 ³	JPY101,994 million	100		Chiyoda-ku, Tokyo	Japan P&C insurance business
Nisshin Fire & Marine Insurance Co., Ltd.	June 10, 1908	JPY10,194 million	100		Chiyoda-ku, Tokyo	Japan P&C insurance business
Tokio Marine Direct Insurance Co., Ltd.	Jan. 26, 2009	JPY42,303 million	100		Shinjuku-ku, Tokyo	Japan P&C insurance business
Tokio Marine & Nichido Life Insurance Co., Ltd.	Aug. 6, 1996	JPY55,000 million	100		Chiyoda-ku, Tokyo	Japan Life insurance business
Integrated Design & Engineering Holdings Co., Ltd.	July 3, 2023	JPY7,553 million	100		Chiyoda-ku, Tokyo	Solution and other businesses
Tokio Marine North America, Inc.	June 29, 2011	USD0 thousand		100	Wilmington, Delaware, U.S.A.	International insurance business
Philadelphia Consolidated Holding Corp.	July 6, 1981	USD1 thousand		100	Bala Cynwyd, Pennsylvania, U.S.A.	International insurance business
Delphi Financial Group, Inc.	May 27, 1987	USD1 thousand		100	Wilmington, Delaware, U.S.A.	International insurance business
HCC Insurance Holdings, Inc.	Mar. 27, 1991	USD1 thousand		100	Wilmington, Delaware, U.S.A.	International insurance business
Privilege Underwriters, Inc.	Jan. 5, 2006	USD0 thousand		100	Wilmington, Delaware, U.S.A.	International insurance business
Tokio Marine Kiln Group Limited	July 11, 1994	GBP1,010 thousand		100	London, U.K.	International insurance business
Tokio Marine Asia Pte. Ltd.	Mar. 12, 1992	SGD1,250,971 thousand THB542,000 thousand ZAR3,550,000 thousand		100	Singapore, Singapore	International insurance business
Tokio Marine Life Insurance Singapore Pte. Ltd.	May 21, 1948	SGD1,800,451 thousand		99.7	Singapore, Singapore	International insurance business
Tokio Marine Seguradora S.A.	June 23, 1937	BRL3,205,213 thousand		98.6	Sao Paulo, Brazil	International insurance business
Affiliate accounted for by the equity method						
IFFCO-TOKIO General Insurance Company Limited	Sept. 8, 2000	INR2,878,185 thousand		49.0	New Delhi, India	International insurance business

¹ The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings to total voting rights

² The ratio of voting rights of said subsidiaries held by Tokio Marine Holdings' subsidiaries to total voting rights

³ Founded on August 1, 1879

Corporate Overview

Worldwide Network of Tokio Marine Group

(As of March 31, 2026)

The Group has overseas bases in 55 countries and regions worldwide, and has built a structure that can respond to the diverse needs of customers in each country, beginning with companies setting up overseas operations, as well as overseas travelers. Local subsidiaries and other entities of our group leverage their unique characteristics to provide a variety of solutions.

*The listings for “Tokio Marine & Nichido (city name)” and “Nippon Koei (city name)” on this map indicate the cities where employees are dispatched/representative and liaison offices, branches, and underwriting agents.

North America						
United States	Tokio Marine & Nichido (New York and others)	Brazil	Tokio Marine & Nichido (São Paulo)	Italy	Tokio Marine & Nichido (Milan)	
	Tokio Marine North America,Inc (New York and others)		Tokio Marine Seguradora S.A. (São Paulo and others)		Tokio Marine Europe S.A. [TME] (Milan)	
	TMNA Seives,LLC (New York and others)		XS3 Seguros S.A. (São Paulo)			
	Tokio Marine America Insurance Company (New York and others)		Nippon Koei LAC do Brasil Ltda. (São Paulo and others)			
	Tokio Marine Asset Manenagement (USA),Ltd. (New York)	Paraguay	La Rural S.A. de Seguros (Asunción and others)	Spain	Tokio Marine & Nichido (Barcelona)	
	TM Claims Seives,Inc. (New York and others)				Tokio Marine Europe S.A. [TME] (Barcelona)	
	First Insurance Company of Hawaii,Ltd (Honolulu)					
	Philadelphia Consolidated Holding Corp. (Bala Cynwyd and others)					
	Delphi Financial Group,Inc (New York)					
	Reliance Standard Life Insurance Company (Philadelphia and others)					
Safety National Casualty Corporation (St. Louis and others)						
HCC Insurance Holdings, Inc. [TMHCC] (Houston and others)						
Privilege Underwriters,inc[PURE] (White Plains and others)						
Canada	Tokio Marine & Nichido (Toronto and others)			Denmark	Tokio Marine Europe S.A. [TME] (Hellerup)	
	Tokio Marine Canada Ltd. (Toronto)					
	Quadrangle Architects Limited (Toronto)					
Central & South America		Europe, Africa & Middle East				
Mexico	Tokio Marine & Nichido (Mexico City)	United Kingdom	Tokio Marine & Nichido (London)	Switzerland	HCC International Insurance Company Plc (Zurich)	
	Tokio Marine HCC Mexico Compania Afianzadora,S.A.de C.V. (Mexico City and others)		Tokio Marine Kiln Group Limited [TMK] (London)			
	Tokio Marine Compania de Seguros,S.A.de C.V[TMX] (Mexico City and others)		HCC International Insurance Company Plc (London and others)			
			TM Claims Seives Europe Ltd. [TMCSE] (London)			
			Tokio Marine Asset Manenagement (London) ,Ltd. (London)			
Panama	NIPPON KOEI LAC,INC. (Panama City)		BDP Holdings Limited (Manchester and others)		Ireland	Tokio Marine Europe S.A.[TME] (Kildare)
					BDP Holdings Limited (Dublin)	
Peru	BDP Holdings Limited (Lima)				Ukraine	Nippon Koei Co., Ltd. (Kyiv)
		France	Tokio Marine Europe S.A. [TME] (Paris)	Poland	Nippon Koei Co., Ltd. (Warsaw)	
		Germany	Tokio Marine & Nichido (Dusseldorf)	Egypt	Tokio Marine & Nichido (Cairo)	
			Tokio Marine Europe S.A. [TME] (Dusseldorf)		Tokio Marine Egypt General Takaful Company (Cairo and others)	
		Netherlands	Tokio Marine & Nichido (Amsterdam)	U.A.E.	Tokio Marine & Nichido (Dubai)	
			Tokio Marine Europe S.A. [TME] (Amsterdam)		Al Futtaim Development Services Company (L.L.C.) (Dubai)	
			TM Claims Seives Europe Ltd. [TMCSE] (Amsterdam)		BDP Holdings Limited (Abu Dhabi)	
			NIPPON KOEI ENERGY EUROPE B.V. (Rotterdam)			
			BDP Holdings Limited (Rotterdam)			
		Belgium	Tokio Marine & Nichido (Brussels)	Turkey	Allianz Sigorta A.S. (Istanbul)	
			Tokio Marine Europe S.A. [TME] (Brussels)		Allianz Hayat ve Emeklilik A.S. (Istanbul)	
			Ruien Energy Europe (Waregem)		Nippon Koei Co., Ltd. (Istanbul)	
		Luxembourg	Tokio Marine Europe S.A. [TME] (Luxembourg)	Jordan	Nippon Koei Co., Ltd. (Amman)	
				Iraq	Nippon Koei Co., Ltd. (Baghdad)	
				Tunisia	Nippon Koei Co., Ltd. (Tunis)	

Corporate Overview

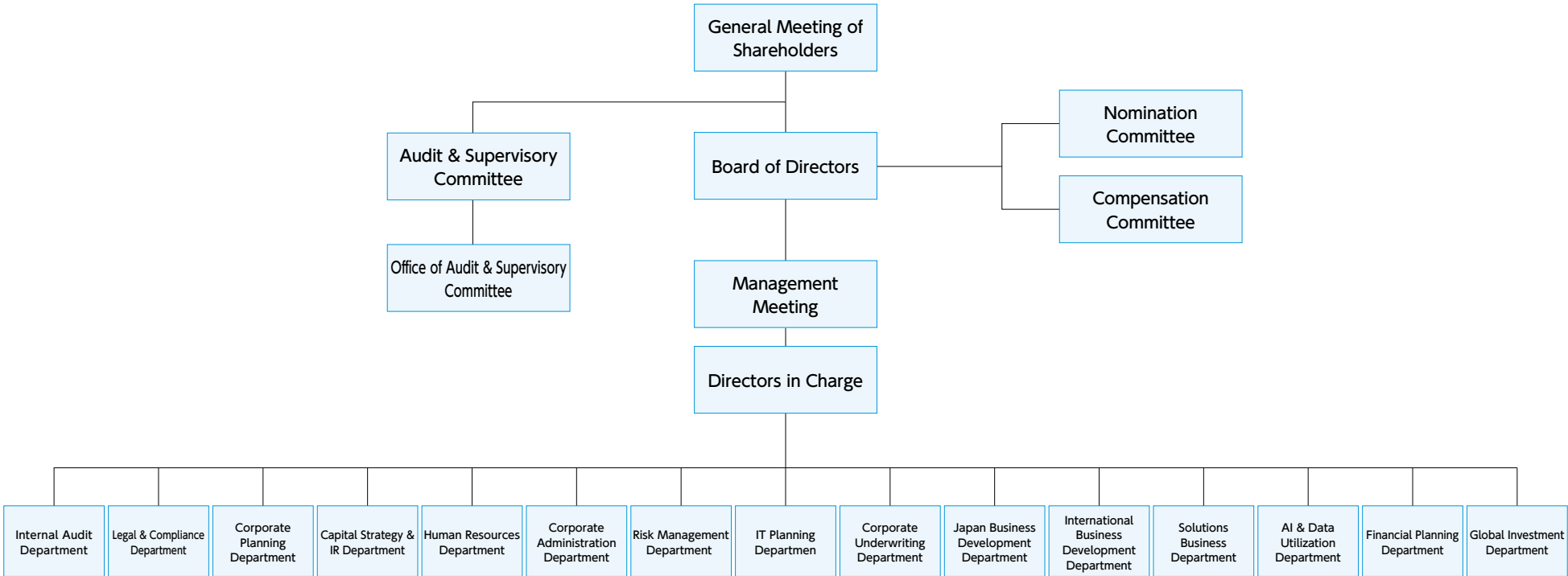
Morocco	Nippon Koei Co., Ltd. (Rabat)	Thailand	Tokio Marine & Nichido (Bangkok) Tokio Marine Safety Insurance (Thailand) Public Company Limited (Bangkok and others) Tokio Marine Life Insurance (Thailand) Public Company Limited (Bangkok and others) Nippon Koei Co., Ltd. (Bangkok) NIPPON KOEI ENERGY THAILAND CO., LTD. (Bangkok)	India	Tokio Marine & Nichido (New Delhi and others) IFFCO-TOKIO General Insurance Company Limited (New Delhi and others) Nippon Koei Co., Ltd. (New Delhi) NIPPON KOEI INDIA PVT.LTD. (New Delhi and others) BDP Holdings Limited (New Delhi)
South Africa and sub-Saharan countries	Tokio Marine & Nichido (Johannesburg) Hollard Group (Mozambique and others) Nippon Koei Co., Ltd. (Nairobi) KOEI AFRICA Company Limited (Nairobi) NIPPON KOEI MOZAMBIQUE,LIMITADA (Maputo)	Malaysia	Tokio Marine & Nichido (Kuala Lumpur) Tokio Marine Insurans (Malaysia) Berhad (Kuala Lumpur and others) Tokio Marine Life Insurance Malaysia Bhd. (Kuala Lumpur and others) Nippon Koei Mobility SDN.BHD (Kuala Lumpur and others)	Myanmar	Tokio Marine & Nichido (Yangon) Grand Guardian Tokio Marine General Insurance Company Limited (Yangon) Nippon Koei Co., Ltd. (Yangon and others) Myanmar Koei International Ltd. (Yangon)
Asia & Oceania		Singapore	Tokio Marine & Nichido (Singapore) Tokio Marine Asia Pte.Ltd. (Singapore) Tokio Marine Insurance Singapore Ltd. [TMiS] (Singapore) Tokio Marine Life Insurance Singapore Pte. Ltd. [TMLS] (Singapore) TM Claims Sevices Asia Pte. Ltd. (Singapore) Tokio Marine Asset Management International Pte.Ltd (Singapore) Nippon Koei Co., Ltd. (Singapore) BDP Holdings Limited (Singapore)	Cambodia	Tokio Marine & Nichido (Phnom Penh) Nippon Koei Co., Ltd. (Phnom Penh)
People's Republic of China	Tokio Marine & Nichido (Beijing and others) The Tokio Marine & Nichido Fire Insurance Company (China) Limited (Beijing and others) Tokio Marine Co-Creation Consulting (Shanghai) Limited (Shanghai) BDP Holdings Limited (Shanghai)	Brunei	Tokio Marine Insurance Singapore Ltd. [TMiS] (Bandar Seri Begawan) Tokio Marine Life Insurance Singapore Pte. Ltd. [TMLS] (Bandar Seri Begawan)	Sri Lanka	Nippon Koei Co., Ltd. (Colombo)
Hong Kong	Tokio Marine & Nichido (Hong Kong) The Tokio Marine and Fire Insurance Company (Hong Kong) Limited (Hong Kong)	Indonesia	Tokio Marine & Nichido (Jakarta) PT Asuransi Tokio Marine Indonesia (Jakarta and others) PT Tokio Marine Life Insurance Indonesia (Jakarta and others) Nippon Koei Co., Ltd. (Jakarta) PT.INDOKOEI INTERNATIONAL (Jakarta) PT.CIKAENGAN TIRTA ENERGI (Jakarta) PT NIPPON KOEI ENERGY INDONESIA (Jakarta)	Bangladesh	Nippon Koei Co., Ltd. (Dhaka) Nippon Koei Bangladesh Ltd. (Dhaka)
Taiwan	Tokio Marine & Nichido (Taipei) Tokio Marine Nawa Insurance Co., Ltd. (Taipei and others)			Laos	Nippon Koei Co., Ltd. (Vientiane)
Philippines	Tokio Marine & Nichido (Manila) Malayan Insurance Company,Inc. (Manila and others) Nippon Koei Co., Ltd. (Manila) Philkoei International Inc. (Manila)			Australia	Tokio Marine & Nichido (Sydney and others) Tokio Marine Management (Australasia) Pty.Ltd. (Sydney and others)
Vietnam	Tokio Marine & Nichido (Hanoi and others) Tokio Marine Insurance Vietnam Company Limited (Hanoi and others) Nippon Koei Co., Ltd. (Hanoi and others) Nippon Koei Vietnam Co.,Ltd. (Hanoi)			New Zealand	Tokio Marine & Nichido (Auckland)

Locations of overseas bases: 55 countries and regions
Number of Japanese employees positioned overseas: 382
Number of locally hired employees: Approx. 36,700
Number of claims agents: Approx. 250 (including subagents)

Corporate Overview

Organizational Chart

(As of July 29, 2026)



Employees

(As of March 31, 2026)

Number of employees	1,339
Average age of employees	42.4 years old
Average length of service of employees	14.8 years

Note: Most employees of Tokio Marine Holdings are seconded from its subsidiaries. Average length of service includes the years of service at these subsidiaries.

Facilities

Overview of Capital Investment

The Group makes capital investments to improve customer services and streamline workflows, mainly comprising software related investment. The following is a breakdown of capital investment in the fiscal year ended March 31, 2026.

Business Segment	Amount (Yen in millions)
Japan P&C insurance business	109,892
Japan Life insurance business	17,919
International insurance business	49,090
Solution and other businesses	7,569
Total	184,472

Status of Major Facilities

The following are major facilities of Tokio Marine Holdings and its consolidated subsidiaries.

(1) Tokio Marine Holdings

(As of March 31, 2026)

Entity name	Office name (Location)	Business segment	Carrying amount (Yen in millions)					Number of employees (Persons)
			Land (㎡)	Buildings	Right-of-use assets (Land ㎡)	Movables	Software	
Tokio Marine Holdings, Inc.	Headquarters (Chiyoda-ku, Tokyo)	Holding Entity	— (—)	—	— (—)	92	3,960	1,339

(2) Domestic subsidiaries

(As of March 31, 2026)

Entity name	Office name (Location)	Business segment	Carrying amount (Yen in millions)					Number of employees (Persons)
			Land (㎡)	Buildings	Right-of-use assets (Land ㎡)	Movables	Software	
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Headquarters (Chiyoda-ku, Tokyo)	Japan P&C insurance business	62,040 (111,178)	50,643	39,536 (1,398)	19,858	195,356	16,064
Nisshin Fire & Marine Insurance Co., Ltd.	Headquarters (Chiyoda-ku, Tokyo)	Japan P&C insurance business	18,388 (13,268)	7,547	4,623 (—)	1,909	7,635	2,031
Tokio Marine Direct Insurance Co., Ltd.	Headquarters (Shinjuku-ku, Tokyo)	Japan P&C insurance business	— (—)	82	— (—)	75	4,374	384
Tokio Marine & Nichido Life Insurance Co., Ltd.	Headquarters (Chiyoda-ku, Tokyo)	Japan Life insurance business	— (—)	724	4,826 (—)	581	34,314	2,208
Integrated Design & Engineering Holdings Co., Ltd.	Headquarters (Chiyoda-ku, Tokyo)	Solution and other businesses	29,783 (296,956)	22,406	9,981 (23,500)	3,316	720	6,842

Facilities

(3) Overseas subsidiaries

(As of March 31, 2026)

Entity name	Office name (Location)	Business segment	Carrying amount (Yen in millions)					Number of employees (Persons)
			Land (㎡)	Buildings	Right-of-use assets (Land ㎡)	Movables	Software	
Tokio Marine North America, Inc.	Headquarters (Wilmington, Delaware U.S.A.)	International insurance business	— (—)	3,248	17,068 (—)	258	33,276	2,933
Delphi Financial Group, Inc.	Headquarters (Wilmington, Delaware U.S.A.)	International insurance business	1,198 (86,539)	7,485	12,594 (—)	5,566	44,291	3,654
HCC Insurance Holdings, Inc.	Headquarters (Wilmington, Delaware U.S.A.)	International insurance business	441 (45,075)	4,512	13,817 (—)	6,473	21,349	4,420
Privilege Underwriters, Inc.	Headquarters (Wilmington, Delaware U.S.A.)	International insurance business	— (—)	1,083	4,819 (—)	262	6,732	1,198
Tokio Marine Kiln Group Limited	Headquarters (London, U.K.)	International insurance business	— (—)	—	4,984 (—)	1,803	4,487	763
Tokio Marine Asia Pte. Ltd.	Headquarters (Singapore, Singapore)	International insurance business	— (—)	—	1 (—)	33	3	86
Tokio Marine Life Insurance Singapore Pte. Ltd.	Headquarters (Singapore, Singapore)	International insurance business	— (—)	—	62 (—)	105	497	259
Tokio Marine Seguradora S.A.	Headquarters (São Paulo, Brazil)	International insurance business	288 (4,660)	176	685 (—)	1,313	601	2,492

Note: The figures presented for Integrated Design & Engineering Holdings Co., Ltd., Tokio Marine North America, Inc., Delphi Financial Group, Inc., HCC Insurance Holdings, Inc., Privilege Underwriters, Inc. and Tokio Marine Kiln Group Limited include figures for subsidiaries of each company.

New Facility Construction and Elimination Schedule

As of March 31, 2026, the schedule for new construction and elimination of major facilities is as follows.

(1) New facilities

(Entity name Facility name)	Location	Business segment	Description	Scheduled investment		Financing method	Start and completion schedule	
				Total (Yen in millions)	Amount already paid (Yen in millions)		Start	Completion
Tokio Marine & Nichido Fire Insurance Co., Ltd. (Tentative name) Tokio Marine Building	Chiyoda-ku, Tokyo	Japan P&C insurance business	Reconstruction	190,961	26,306	Self - financing	Mar, 2025	FY2028

(2) Renovation

None planned

(3) Sale

None planned

Stock Information

Stock and Shareholder Information

Stock Information (As of March 31, 2026)

Stock issued by Tokio Marine Holdings is common stock. The total number of authorized shares is 8.0 billion shares and the total number of shares outstanding is 1,934,000,000 shares.

- a. The Ordinary General Meeting of Shareholders is held within three months of the end of each fiscal year.
- b. Accounting period: Ends March 31
- c. Share registrar: The Mitsubishi UFJ Trust and Banking Corporation
- d. Record date: Ordinary General Meeting of Shareholders: March 31
Year-end dividend: March 31
Interim dividend: September 30
- e. Public notice will be electronically published. (<http://www.pronexus.co.jp/koukoku/8766/8766.html>)
However, in the event that public notice cannot be electronically published due to an accident or other compelling reason, a notification shall be published in the Tokyo issue of the *Nihon Keizai Shimbun*.
- f. Number of shares constituting one unit: 100
- g. Stock listing: Tokyo Stock Exchange

Matters for the General Meeting of Shareholders

The 24th General Meeting of Shareholders was held on June 29, 2026. The items reported and the proposals acted upon were as follows:

Items reported

1. Business report, consolidated financial statements and the audit reports on consolidated financial statements prepared by the independent auditor and the Audit & Supervisory Board, respectively, for the fiscal year 2025 (April 1, 2025 to March 31, 2026)
2. Non-consolidated financial statements for the fiscal year 2025 (April 1, 2025 to March 31, 2026)

Proposals acted upon:

- Proposal No.1: Appropriation of Surplus
- Proposal No.2: Reduction of the Amount of Additional paid-in Capital
- Proposal No.3: Partial Amendments to the Articles of Incorporation
- Proposal No.4: Election of 12 Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No.5: Election of 5 Directors who are Audit and Supervisory Committee Members
- Proposal No.6: Election of 1 Substitute Director who is an Audit and Supervisory Committee Member
- Proposal No.7: Determination of the Amount of Remuneration for Directors (Excluding Audit and Supervisory Committee Members)
- Proposal No.8: Determination of the Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members
- Proposal No.9: Determination of the Share Compensation Plan for Directors (Excluding Audit and Supervisory Committee Members)

Dividend Policy

The Company seeks to improve shareholder returns on a cash dividend basis, after providing sufficient capital to meet the business needs of Tokio Marine Group and taking into consideration the business results and the expected future business environment of the Company.

In accordance with the above policy, and considering various factors, the Company paid 112.5 yen per share as a year-end cash dividend for the fiscal year 2025. As 105.5 yen per share was paid as an interim cash dividend (an ordinary dividend), the total amount of annual cash dividends (ordinary dividends) was 218 yen per share for the fiscal year 2025. This is an increase of total annual cash dividends (ordinary dividends) of 46 yen per share from 172 yen per share paid for the previous fiscal year.

In the fiscal years 2018, 2019, and 2020, in addition to the ordinary dividends, the Company also paid one-time dividends (23 yen per share, 12 yen per share, and 12 yen per share respectively) for capital level adjustment.

Note: The Company conducted a 3-for-1 stock split on October 1, 2022. For dividends paid before the stock split, the amount per share equivalent after the stock split is shown (fractions less than 1 yen are rounded to the nearest whole number).

Stock Information**Capital**

Date	Equity capital
April 2, 2002	¥150 billion
March 31, 2025	¥150 billion

Stock Information

Stock Ownership Distribution

As of March 31, 2026, the number of shareholders was 317,566. The percentage of major stock ownership was 32.94% and 41.24% for financial institutions and foreign shareholders, respectively.

a. Types of shareholders

(As of March 31, 2026)

Category	Number of shareholders	Number of shares	Shareholding ratio (%)
Government/Local government	1	1,500	0.00
Financial institutions	217	637,044,389	32.94
Financial instruments firms	64	85,045,790	4.40
Other domestic companies	2,512	75,428,011	3.90
Foreign shareholders	2,082	797,578,857	41.24
Individuals and others	312,689	284,983,261	14.74
Treasury stocks	1	53,918,192	2.79
Total	317,566	1,934,000,000	100.01

b. Breakdown by region

(As of March 31, 2026)

Category	Number of shareholders	Shareholder ratio (%)	Number of shares	Shareholding ratio (%)
Hokkaido	6,481	2.04	4,525,859	0.23
Tohoku	9,763	3.07	8,873,334	0.46
Kanto	149,673	47.13	979,810,416	50.66
Chubu	49,049	15.45	51,482,680	2.66
Kinki	61,835	19.47	59,758,647	3.09
Chugoku	13,559	4.27	9,883,137	0.51
Shikoku	6,974	2.20	6,597,796	0.34
Kyushu	18,705	5.89	15,183,792	0.79
Overseas and others	1,527	0.48	797,884,339	41.26
Total	317,566	100.00	1,934,000,000	100.00

c. Breakdown by number of shares held

(As of March 31, 2026)

Category	5,000 units or more	1,000 units or more	500 units or more	100 units or more	50 units or more
Number of shareholders	287	428	368	5,242	6,081
Composition ratios to total number of shareholders (%)	0.09	0.13	0.12	1.65	1.91
Number of shares	1,558,258,925	97,351,436	24,949,892	100,048,837	42,319,629
Composition ratios to total number of shares (%)	80.57	5.03	1.29	5.17	2.19

Category	10 units or more	5 units or more	1 unit or more	Less than 1 unit	Total
Number of shareholders	33,543	20,195	144,481	106,941	317,566
Composition ratios to total number of shareholders (%)	10.56	6.36	45.50	33.68	100.00
Number of shares	71,224,242	13,083,621	24,884,386	1,879,032	1,934,000,000
Composition ratios to total number of shares (%)	3.68	0.68	1.29	0.10	100.00

Stock Information

Top 10 Shareholders

(As of March 31, 2026)

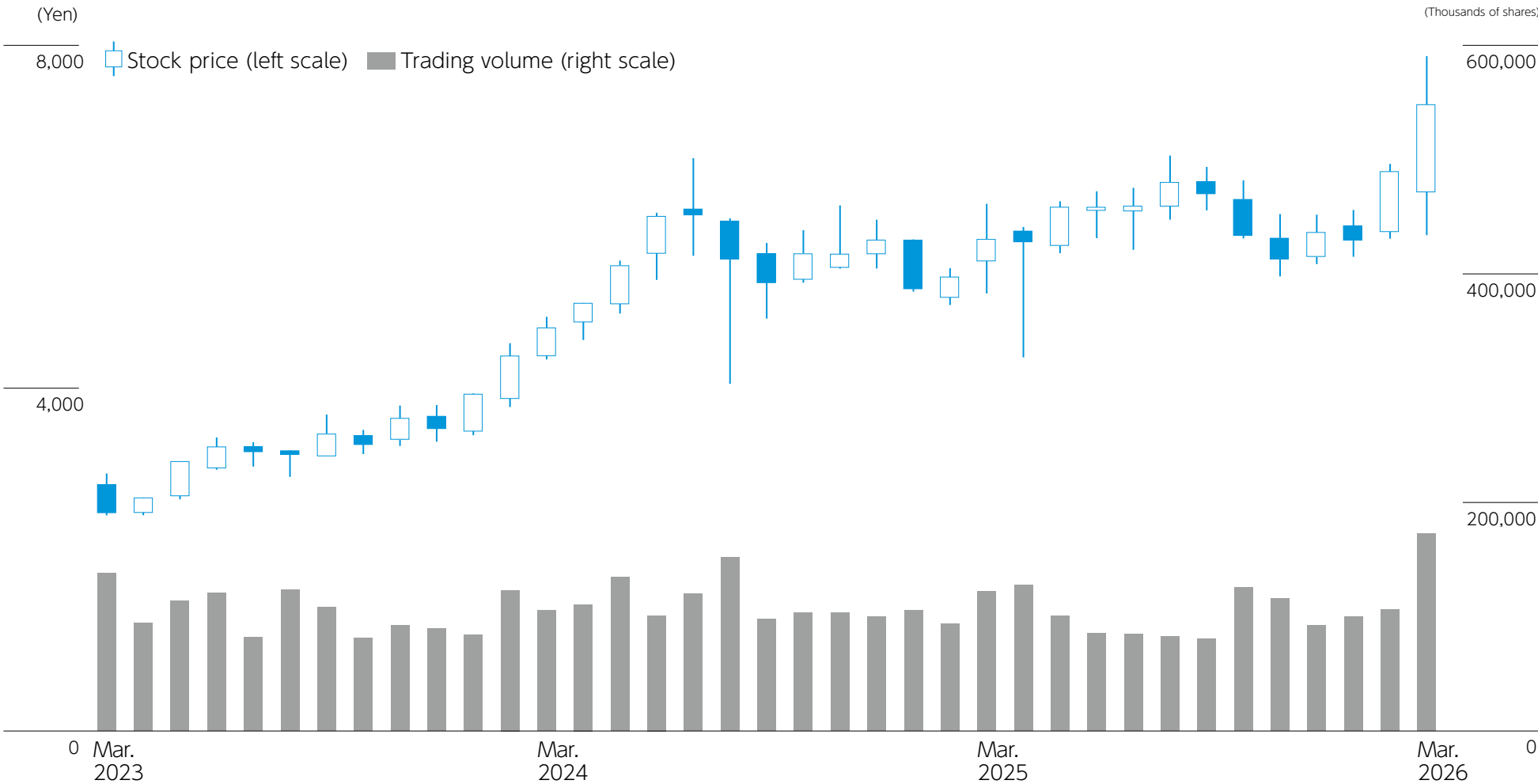
Shareholders	Address	Number of shares held (Thousand shares)	Composition ratios to total number of shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	321,356	17.09
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	142,631	7.59
State Street Bank and Trust Company 505001 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	66,592	3.54
Moxley & Co. LLC. (Custodian: MUFG Bank, Ltd.)	383 MADISON AVENUE, FLOOR 11 NEW YORK, NEW YORK 10179 U.S.A. (Transaction Services Division, 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	34,270	1.82
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	28,856	1.53
Tokai Nichido Employee Stock Ownership Plan	Tokiwabashi Tower 6-4, Otemach 2-chome, Chiyoda-ku, Tokyo Human Resources Dept. Tokio Marine & Nichido Fire Insurance Co., Ltd.	27,790	1.48
Meiji Yasuda Life Insurance Company (Custodian: Custody Bank of Japan, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	26,973	1.43
JP Morgan Chase Bank 385781 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	26,773	1.42
Goldman Sachs Japan Co., Ltd. BNYM (Custodian: MUFG Bank, Ltd.)	Toranomon Hills Station Tower, 6-1, Toranomom 2-chome, Minato-ku, Tokyo (Transaction Services Division, 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	22,249	1.18
JP Morgan Chase Bank 385642 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity A Building, 15-1 Konan 2-chome, Minato-ku, Tokyo)	21,538	1.15

Note: 1. Moxley & Co. LLC. is the registered holder of shares deposited pursuant to ADR issuance.

2. The Company holds 53,918 thousand shares of treasury stock which are not included in the table above.

Stock Information

Stock Price Range and Trading Volume



Note: The Company conducted a stock split (3-for-1) in October 2022. Figures for and prior to September 2022 have been recalculated based on figures after the split.



Tokio Marine Holdings, Inc.

Tokiwabashi Tower 2-6-4
Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan