Data

Industry Data

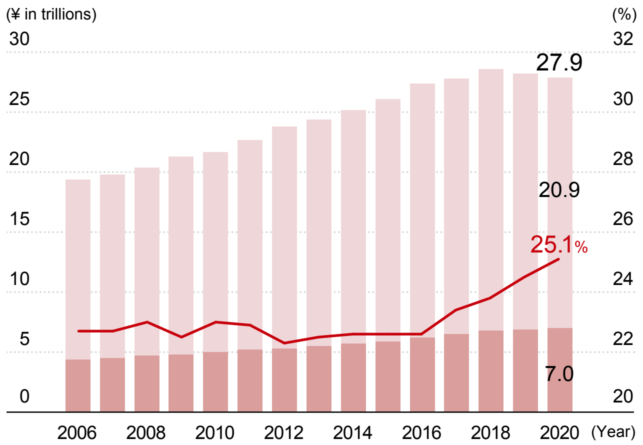
Japan Japanese life insurance market

Trends in the life insurance market

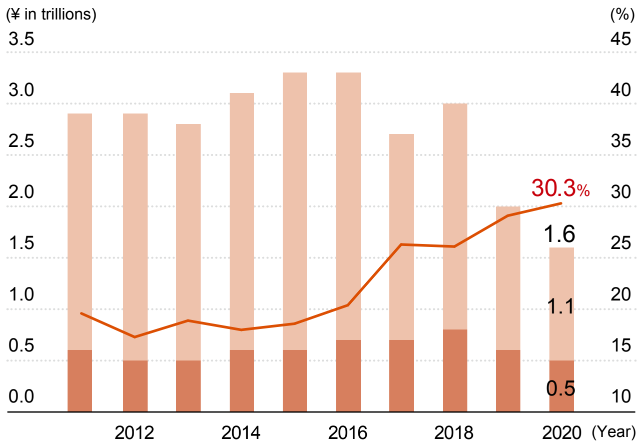
At the end of fiscal 2020, annualized net premiums from policies in force for individual life insurance and annuities (one year's worth of premium income assuming that premiums are paid uniformly over the policy period) were ¥27.9 trillion (a decrease of 1.0% year on year). Within this total, annualized premiums from third-sector products such as medical insurance were ¥7.0 trillion (an increase of 0.9% year on year), indicating an uptrend. New business annualized net premiums were affected by the decline in sales of foreign currency–denominated savings-type products amid the decline in overseas interest rates since 2019, and in 2020, constraints on sales associated with the spread of COVID-19 also had an impact. The proportion of new business accounted for by third-sector products is rising, and customer needs with respect to medical insurance and the like are changing in the face of Japan's declining birthrate and aging population.

Life insurance market (individual life insurance and annuities)

In-force business annualized net premiums



New business annualized net premiums



Source: The Life Insurance Association of Japan, Life Insurance Fact Book

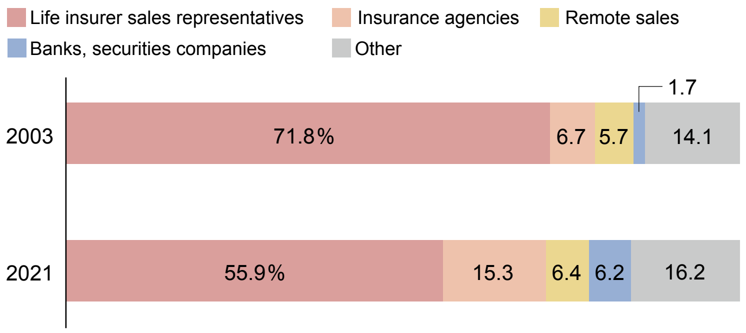
Diversification of life insurance sales channels

According to a 2021 survey, 89.8% of households had taken out individual life insurance or annuities (of which, 24.3% of households had annuities).

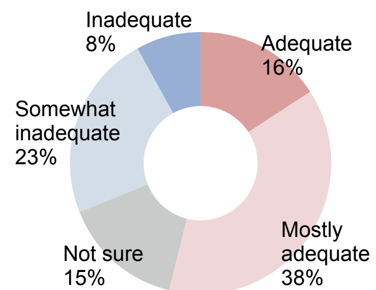
People are enrolling in insurance through an increasingly diverse range of channels in recent years. In addition to life insurer sales representatives, these channels include insurance agencies, online and other remote sales channels, and banks and securities companies. Although a high proportion of households have coverage, only about 54% of survey respondents said they felt their coverage was "adequate" or "mostly adequate," indicating that people recognize that they might not necessarily have arranged sufficient protection for future events.

Life insurance & annuities: 89.8% of households covered (of which, 24.3% have annuities)

Enrollment channels for recently purchased policies (excludes private insurance and Japan Post Insurance)



Perceived adequacy of coverage (2021)



Is your current level of coverage adequate given your future life plans?

Source: Japan Institute of Life Insurance, Nationwide Life Insurance Survey

Overseas Overseas life insurance market

Trends in the life insurance market

Life insurance premiums worldwide in 2020 were 2,797 billion dollars (a decrease of 4.4% year on year). The biggest life insurance markets are No. 1: the United States (22.6% share of total), No. 2: China (12.4%), and No. 3: Japan (10.5%).

Global life insurance market (top 10 countries in 2020, and countries in which the Company does business)

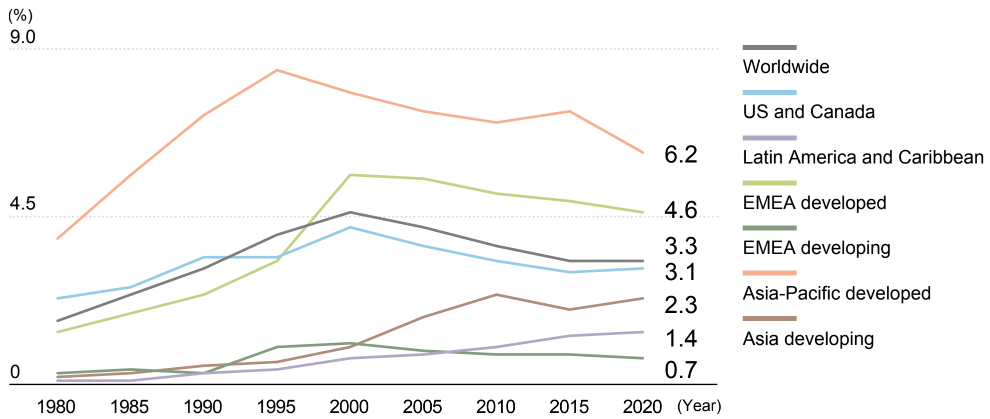
Dai-ichi Life Group presence*	Rank	Country	Life insurance premium volume (USD in millions)	YoY change (inflation-adjusted)	Share of market	Premiums per capita (USD)	Life insurance penetration (as % of GDP)	Population (in millions)	Real GDP growth
		World	2,797,436	(4.4%)	100.0%	360	3.3%	7,770.6	(3.7%)
○	1	US	632,687	(1.4%)	22.6%	1,918	3.0%	329.8	(3.5%)
	2	China	347,545	+ 2.8%	12.4%	241	2.4%	1,439.9	+ 2.0%
○	3	Japan	294,497	(7.7%)	10.5%	2,329	5.8%	126.5	(4.8%)
	4	UK	238,890	(12.0%)	8.5%	3,574	8.8%	66.8	(9.9%)
	5	France	136,611	(20.5%)	4.9%	1,959	5.1%	67.3	(8.3%)
	6	Italy	118,612	(6.2%)	4.2%	1,972	6.3%	60.2	(8.9%)
	7	Germany	106,571	(0.5%)	3.8%	1,281	2.8%	83.2	(5.3%)
	8	South Korea	106,143	+ 4.0%	3.8%	2,050	6.4%	51.8	(0.9%)
	9	Taiwan	91,155	(10.3%)	3.3%	3,861	14.0%	23.6	+ 2.7%
○	10	India	81,251	(1.2%)	2.9%	59	3.2%	1,381.7	(7.5%)
○	24	Thailand	17,029	(4.4%)	0.6%	244	3.4%	69.8	(6.2%)
○	25	Indonesia	14,866	(8.4%)	0.5%	54	1.4%	273.9	(2.0%)
○	26	Australia	14,575	(30.5%)	0.5%	568	1.1%	25.7	(2.8%)
○	34	Vietnam	5,490	+15.8%	0.2%	56	1.6%	97.3	+ 2.9%

*Excluding markets for which individual country data are not disclosed (Cambodia, Myanmar)　Source: Swiss Re Institute Sigma No 3/2021, World insurance

Life insurance penetration set to rise further

Life insurance market growth rates in emerging countries are high amid population and economic growth, and life insurance penetration (premiums as a percentage of GDP) continues to follow a moderate uptrend, but it remains low in comparison to developed countries.

World life insurance penetration (premiums as a percentage of GDP)



Source: sigma explorer - catastrophe and insurance market data | Swiss Re Institute (sigma-explorer.com)

Life insurance market growth rate

Worldwide
2010–19: +1.7%
2020: (4.4%)

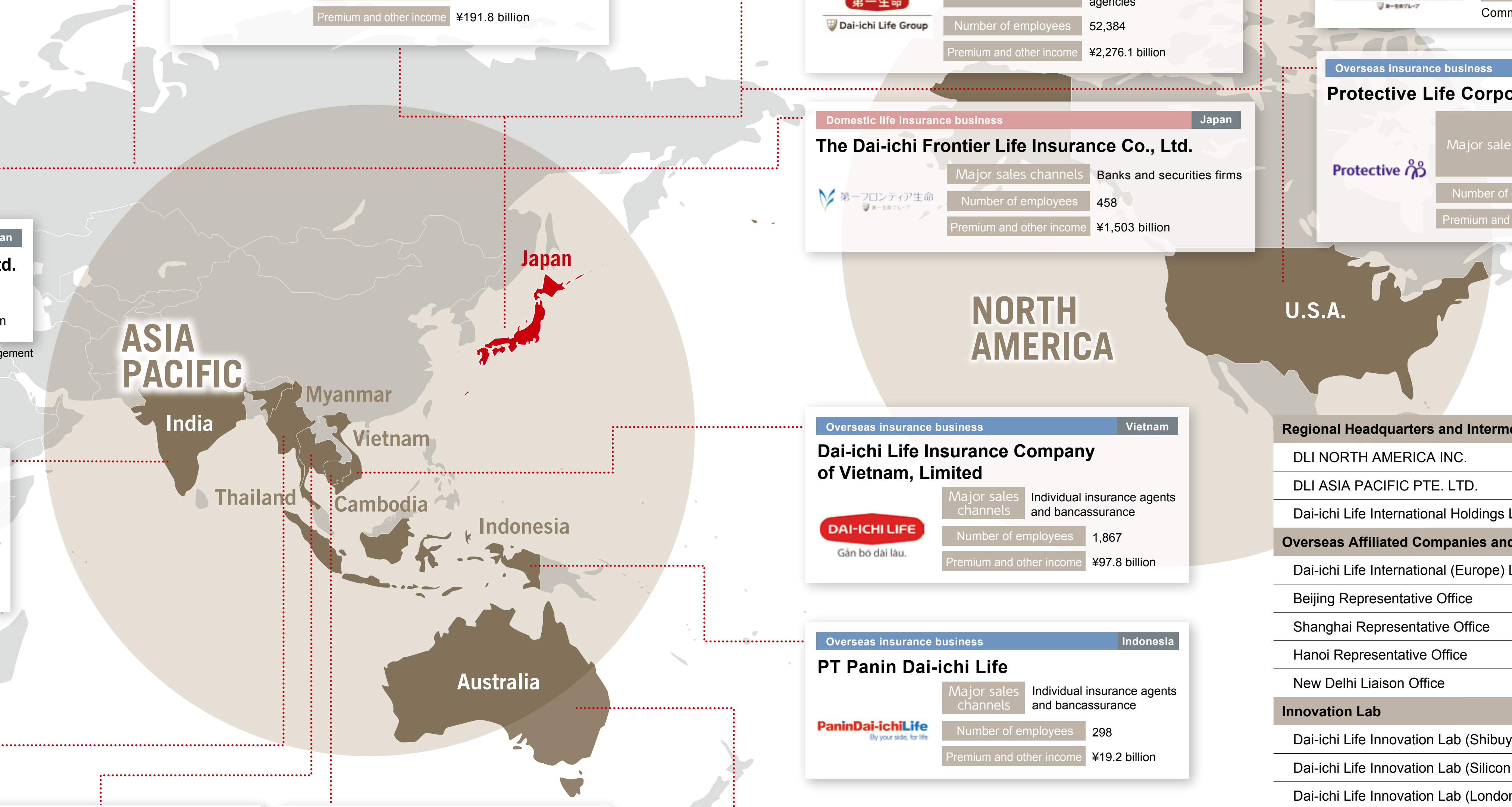
Developed countries
2010–19: +0.8%
2020: (5.7%)

Developing countries
2010–19: +6.4%
2020: +0.3%

Our Businesses Worldwide

Building a strong operational base with effective global reach

- Domestic life insurance business
- Overseas insurance business
- Other businesses



Group supervision | Japan
Dai-ichi Life Holdings, Inc.
Dai-ichi Life Holdings
Number of employees: 801

Domestic life insurance business | Japan
The Neo First Life Insurance Company, Limited
Major sales channels	Insurance agencies, walk-in shops, and banks
Number of employees	335
Premium and other income	¥191.8 billion

Domestic life insurance business | Japan
The Dai-ichi Life Insurance Company, Limited
Major sales channels	Total Life Plan Designers (sales staff), Relationship Managers (staff for sales to corporations), insurance agencies
Number of employees	52,384
Premium and other income	¥2,276.1 billion

Domestic life insurance business | Japan
Dai-ichi Smart Small-amount and Short-term Insurance Company, Limited
Major sales channels	Digital and direct sales
Number of employees	15

Commenced operations April 2021

Other businesses | Japan
Asset Management One Co., Ltd.
Number of employees	856
AUM	¥60 trillion

AUM: Assets under Management

Domestic life insurance business | Japan
The Dai-ichi Frontier Life Insurance Co., Ltd.
Major sales channels	Banks and securities firms
Number of employees	458
Premium and other income	¥1,503 billion

Overseas insurance business | U.S.A.
Protective Life Corporation
Major sales channels	Major sales channels: Independent agents, Broker Dealer, bancassurance, P&C, Registered Investment Advisor
Number of employees	3,579
Premium and other income	¥727.1 billion

Other businesses | Japan
Dai-ichi Life Realty Asset Management Co., Ltd.
Number of employees	9
AUM	¥79.2 billion

AUM: Assets under Management

Overseas insurance business | India
Star Union Dai-ichi Life Insurance Company Limited
Major sales channels	Bancassurance
Number of employees	4,779
Premium and other income	¥48.8 billion

Overseas insurance business | Vietnam
Dai-ichi Life Insurance Company of Vietnam, Limited
Major sales channels	Individual insurance agents and bancassurance
Number of employees	1,867
Premium and other income	¥97.8 billion

Overseas insurance business | Indonesia
PT Panin Dai-ichi Life
Major sales channels	Individual insurance agents and bancassurance
Number of employees	298
Premium and other income	¥19.2 billion

Overseas insurance business | Australia
TAL
Major sales channels	independent financial advisor and direct sales
Number of employees	2,470
Premium and other income	¥572.2 billion

Overseas insurance business | Myanmar
Dai-ichi Life Insurance Myanmar Ltd.
Major sales channels	Individual insurance agents
Number of employees	114
Premium and other income	¥0.08 billion

Overseas insurance business | Thailand
OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED
Major sales channels	Individual insurance agents
Number of employees	1,711
Premium and other income	¥48.3 billion

Overseas insurance business | Cambodia
Dai-ichi Life Insurance (Cambodia) PLC.
Major sales channels	Individual insurance agents and bancassurance
Number of employees	238
Premium and other income	¥0.26 billion

Regional Headquarters and Intermediate Holding Companies	
DLI NORTH AMERICA INC.	U.S.A.
DLI ASIA PACIFIC PTE. LTD.	Singapore
Dai-ichi Life International Holdings LLC	Japan
Overseas Affiliated Companies and Representative/Liaison Offices	
Dai-ichi Life International (Europe) Limited	U.K.
Beijing Representative Office	China
Shanghai Representative Office	China
Hanoi Representative Office	Vietnam
New Delhi Liaison Office	India
Innovation Lab	
Dai-ichi Life Innovation Lab (Shibuya)	Japan
Dai-ichi Life Innovation Lab (Silicon Valley)	U.S.A.
Dai-ichi Life Innovation Lab (London)	U.K.
Reinsurance	
Dai-ichi Life Reinsurance Bermuda Ltd.	Bermuda
Other Subsidiaries	
The Dai-ichi Life Research Institute INC.	Japan
QOLead, Limited	Japan
The Dai-ichi Building Co., Ltd.	Japan
SOHGO HOUSING CO., Ltd.	Japan

Domestic Life Insurance Business

Initiatives at each group in fiscal 2021

In our domestic life insurance business, guided by the Re-connect 2023 medium-term management plan, we have been working to create four types of experiential value that represent an expansion beyond our traditional business domains—protection; retirement, savings, and asset management; health and medical care; and enhancing connections—to address increasingly prominent social issues, as well as the CX Design Strategy, to deliver these experiential values as part of a CX (customer experience) that exceeds customer expectations. Our group companies in Japan have also been digitalizing their operations with a view to providing contactless services and working to address customers' diverse sets of values and needs.

We are enhancing our lineup of products to support our customers' health and peace of mind. Dai-ichi Life launched the lump-sum benefit hospitalization insurance (simplified application) that is more accessible to people with chronic disease and health concerns, and Neo First Life launched the Dementia Insurance to Smile product designed with consideration of dental health and dementia in mind.

Dai-ichi Frontier Life has been working to expand its lineup of products and add-on services to ensure it can serve people's retirement, savings, and asset management needs across a broad range of generations in the era of 100-year life society.

With the launch of our new "Digi-ho" product brand, the Dai-ichi Smart Small-amount and Short-term Insurance Company has been offering fully digital insurance products that let customers handle all insurance procedures via their smartphone or other device, from policy application through to benefit payouts.

Dai-ichi Life has also launched Mirashiru, an information portal website designed to facilitate everyday communication with customers in a digital format. Mirashiru provides information relevant to customers' interests and concerns and facilitates online insurance consultations and the like. We will continue to expand the site's services going forward.

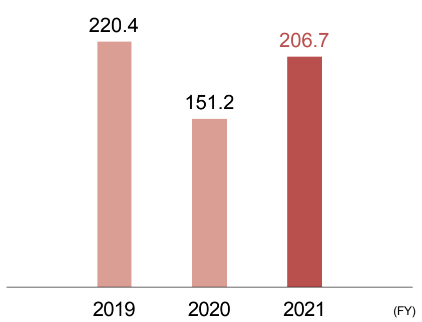
Fiscal 2021 Results

Dai-ichi Life's operating environment improved and its lump-sum benefit hospitalization insurance (simplified application) sold well among customers from a broad range of age groups, including younger generations. At Dai-ichi Frontier Life, sales increased in the fiscal second half owing in part to the impact of rising interest rates overseas. At Neo First Life, sales volumes were solid thanks to a revision of its mainstay medical insurance products.

Consequently, new business annualized net premiums in the domestic business were up 36.7% year on year and in-force business annualized net premiums were up 0.4% year on year. Group adjusted profit was down 3.0% year on year, reflecting the impact of one-time expenses and other factors at Dai-ichi Frontier Life and despite an increase in positive spread and improvement in net capital gains at Dai-ichi Life.

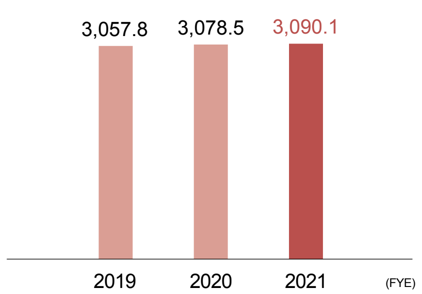
New Business Annualized Net Premiums

(¥ in billions)



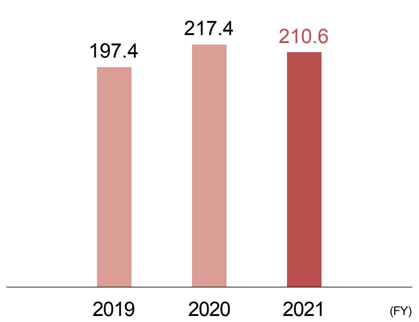
In-Force Business Annualized Net Premiums

(¥ in billions)



Adjusted Profit

(¥ in billions)



Dai-ichi Life

Reforms geared to developing Total Life Plan Designers who resonate with customers

With 37,000 Total Life Plan Designers across Japan, Dai-ichi Life provides highly personalized consulting to customers and aims to evolve this face-to-face channel into one that offers a CX embodying even greater levels of financial, digital, and product literacy than ever before. In addition to making fundamental reforms that include revising recruiting methods, as well as the pay and performance evaluation systems, and enhancing sales training and follow-up programs, Dai-ichi Life is working on integrated reforms of its life plan consulting and product lineups in line with the social security system. Dai-ichi Life will continue striving to offer a face-to-face channel that customers can resonate with.

Dai-ichi Frontier Life

Launch of a service geared to family ties in the era of 100-year life society

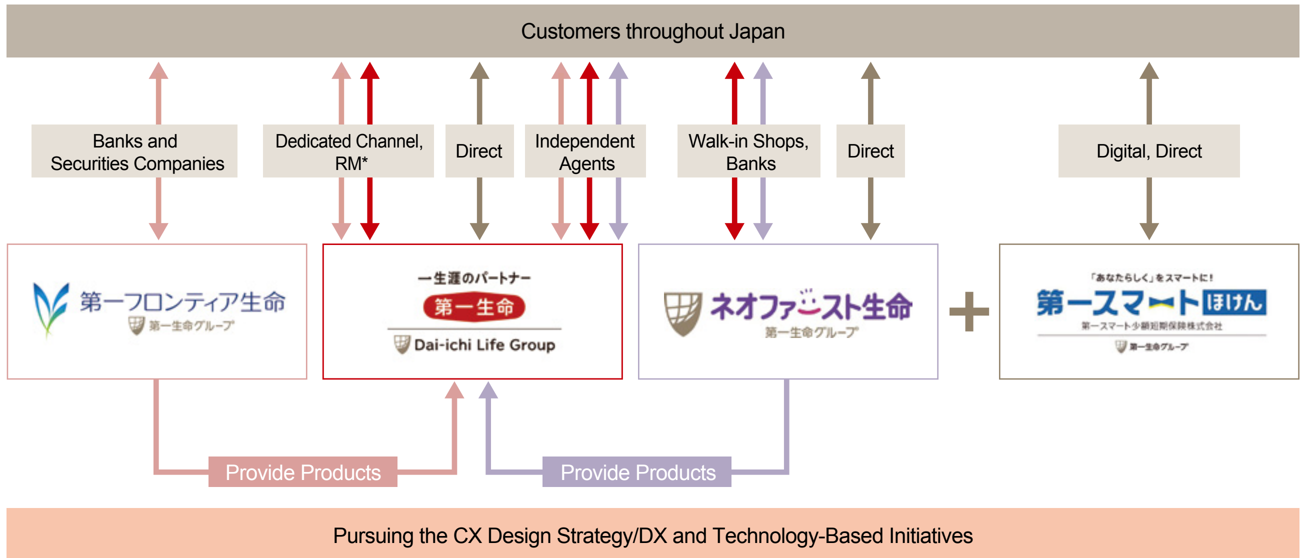
In fiscal 2021, Dai-ichi Frontier Life began offering the Frontier Family Safety Support Service. This free service allows a nominated family member of a policyholder to act on his/her behalf (as the policyholder's legal representative) to, for example, complete insurance procedures and confirm policy details, if the policyholder is unable to handle his/her own insurance affairs. As of the end of March 2022, the service was in use on around 230,000 policies. Dai-ichi Frontier Life will continue to provide peace of mind and support so that customers and their loved ones can live fulfilling lives.

Neo First Life

Industry first! Launch of a new dementia insurance product tied to dental health

In fiscal 2021, alongside the launch of Dementia Insurance to Smile, which offers the industry's first insurance premium discounts based on dental health levels, Neo First Life also began offering its OralCareSupport service, designed to help people maintain and improve their oral health. By virtue of delivering products and services that not only protect customers in emergencies but also promote good health, Neo First Life had surpassed 620,000 policies in force as of the end of March 2022. Neo First Life will continue to support the wellness of its customers to help them lead fulfilling lives.

Multi-Brand and Multi-Channel Structure



*Relationship manager (sales representative for corporate customers)

Overseas Insurance Business

Initiatives at Each Group Company in Fiscal 2021

Overseas Group companies are expanding their profit contribution to the Dai-ichi Life Group by steadily executing growth strategies tailored to their business stages. In addition, to pursue CX through DX, each company is working on its own digital strategy, and the Asia Pacific Regional HQ in Singapore and Dai-ichi Life Insurance Company of Vietnam, Limited are considering jointly developing a healthcare platform application to create Group synergies.

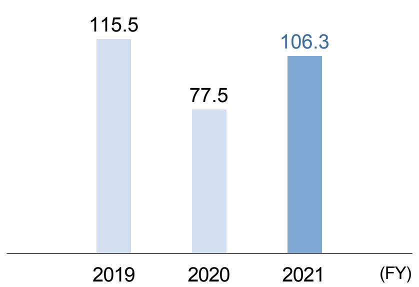
In pursuit of opportunities to achieve high capital efficiency for further growth in addition to existing businesses, TAL and Protective Life Corporation decided to acquire Westpac Life Insurance Services Limited and AUL Corp., respectively.

Fiscal 2021 Results

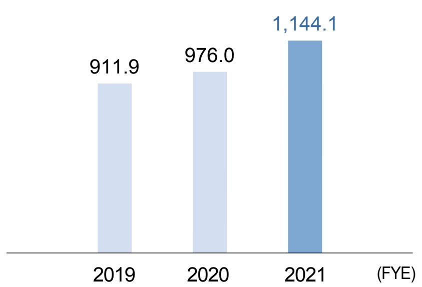
New business annualized premiums of overseas subsidiaries in fiscal 2021 increased 37% year on year to 106,300 million yen, and in-force annualized net premiums increased 17.2% from the end of the previous fiscal year to 1.14 trillion yen, due to strong sales of insurance products for corporate customers and variable annuity products, as well as the bolstering of sales channels through an alliance with a bank at Dai-ichi Life Insurance Company of Vietnam, Limited.

Insurance claim payments increased in some regions due to the spread of COVID-19, but adjusted profit in the Overseas Insurance Business increased 38% from the previous year to 83 billion yen, mainly on the strength of improved investment income at Protective Life Corporation, given that the investment environment and other factors were on a track for recovery worldwide.

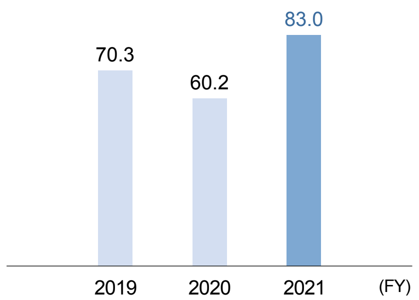
New Business Annualized Net Premiums
(¥ in billions)



In-force Business Annualized Net Premiums
(¥ in billions)



Adjusted Profit
(¥ in billions)



Protective
U.S.A.

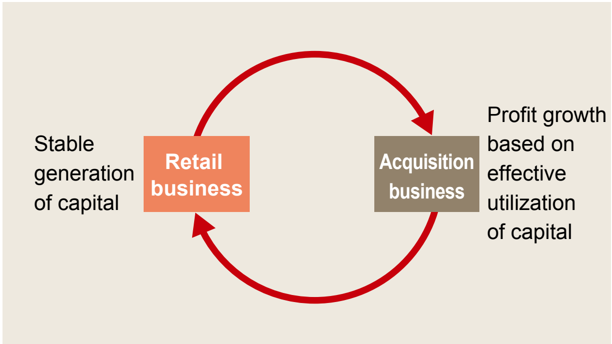
Steady profit contribution driven by retail and acquisitions

Although the retail business recorded a loss in fiscal 2021 due to an increase in claims payments related to COVID-19 and other factors, Protective continued to make efforts to expand channels and promote sales growth of products with low interest rate sensitivity, thereby making a contribution to Group profits.

Protective also expanded the size and profitability of its business by working to strengthen its acquisition capabilities. Given that Protective decided in March 2022 to acquire AUL, which operates an asset protection business that is highly complementary to its existing businesses, a further strengthening of its earnings base is expected.

In addition, Protective is working to improve CX by proactively introducing digital tools.

Unique Business Model

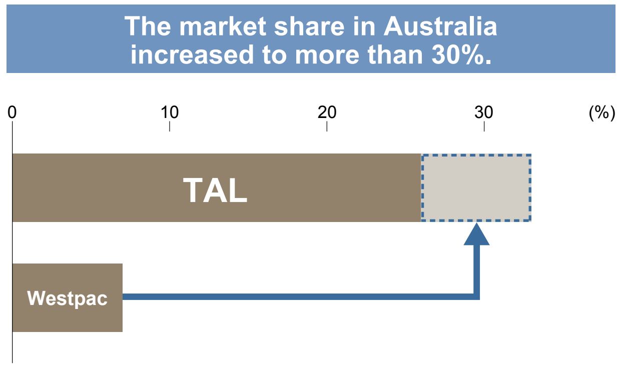


TAL
Australia

Promotion of further business growth in the protection-type market

Based on a strong foundation in the Australian protection-type market, TAL offers products and services that enable more customers to lead affluent lives by growing its retail (independent financial advisor), direct (non-life insurance financial institutions and other industries), and group insurance (superannuation scheme) businesses in a balanced manner.

In August 2021, TAL decided to acquire Westpac Life, a life insurance subsidiary of Westpac Banking Corporation ("Westpac"), and enter into an exclusive 20-year strategic alliance with Westpac for life insurance, with the aim of further expanding its business in Australia.



Source: Plan for Life. Based on annualized net premiums from in-force policies as of September 2021.

Dai-ichi Life Vietnam

Vietnam

Sustainable growth to become a major life insurer in the Vietnamese market

Dai-ichi Life Vietnam has sought to reinforce its core individual insurance agents channel through extensive training and a broader sales network of individual insurance agents. In addition, Dai-ichi Life Vietnam has expanded into alternative channels centering on banks, strengthened cooperation with partners, and enhanced its product lineup resulting in adjusted profit exceeding ¥10 billion in fiscal 2021.

Dai-ichi Life Vietnam will continue to improve the experiential values of each stakeholder through the promotion of a range of digital platforms, aiming for sustainable growth through steady growth and improved operational quality.

Dai-ichi Life Cambodia

Cambodia

Realizing steady growth through the reinforcement of a sales structure centered on individual insurance agents

Dai-ichi Life Cambodia was established in March 2018 as the first subsidiary of a Japanese life insurance company in Cambodia, and from April 2019 commenced operations centered in the capital of Phnom Penh. Dai-ichi Life Cambodia achieved above-market growth mainly since the outset by establishing a sales structure for the individual agents channel and concluding new cross-sale agreements with banks.

Dai-ichi Life Cambodia will continue to expand sales bases to major cities in its individual agents channel and reinforce the leadership team, strengthen sales support directed at existing partners and cooperate with new partners in its bancassurance channel, and make efforts in digital sales and the diversification of its products to ensure competitiveness, as it aims to grow further and expand its market share.

Dai-ichi Life Myanmar

Myanmar

Continued efforts to establish a business foundation

In November 2019, Dai-ichi Life became the only Japanese life insurance company to acquire a permit to establish and operate a life insurance business in Myanmar as a wholly-owned subsidiary, and commenced operation in September 2020.

In fiscal 2021, Dai-ichi Life Myanmar continuously progressed with establishing a business foundation from the previous fiscal year, aimed at future growth through establishing a sales and administrative structure as well as internal controls in the individual insurance agents channel.

While paying attention to local social conditions and other factors, Dai-ichi Life Myanmar will continue to contribute to people's well-being and the development of local communities by providing peace of mind through life insurance to contribute to the creation of a sustainable society in Myanmar.

Star Union Dai-ichi Life

India

Achieved the industry's highest growth by strengthening support for sales channels

Star Union Dai-ichi Life achieved the industry's highest year-on-year growth (+84%) in first-year annualized net premiums as a result of strong sales of individual and group products by strengthening support for sales to major partner banks and other measures.

In addition to further strengthening its relationships with its main partner banks, Star Union Dai-ichi Life will continue to cultivate new markets by securing new sales partners and expanding new contact points with existing customers with the use of individual agents and digital platforms.

Panin Dai-ichi Life

Indonesia

Sustainable growth by reinforcing sales channels

In our individual insurance agents channel, Panin Dai-ichi Life aims to increase its industry share in this channel by working to expand its sales force through the recruitment of sales personnel, improve individual productivity through the reinforcement of training, and expand promotions of younger talented personnel to higher positions.

In the bancassurance channel, Panin Dai-ichi Life is reinforcing our sales promotion structure while facilitatiang cooperation with banks. Also, Panin Dai-ichi Life is working on improving its operations through digitalization, such as enhancing the efficiency of sales activities and shortening after-sales procedures. Through such initiatives it aims to realize sustainable growth by connecting these initiatives to the improvement of its top line and profitability.

OCEAN LIFE

Thailand

Aiming to expand market share by selling medical riders mainly through the individual agent channel

OCEAN LIFE is working on the continuous recruitment and training of new personnel through further enhancements to its web seminars and initial education in the individual agents channel, while expanding the leadership team that will be responsible for these efforts. OCEAN LIFE will aim to expand its market share by focusing on sales of riders that will meet the growing demand for medical coverage against the backdrop of COVID-19, as well as by developing individual agents who can evoke customer needs and propose and sell products.

Financial Inclusion

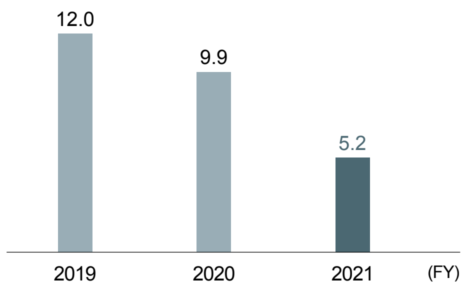
At our overseas Group companies, including those in Vietnam, India and Indonesia, we are tackling the resolution of challenges in each region, such as the provision of microinsurance that is easy to join for a small amount, aiming to realize financial inclusion (the popularization of insurance among a wide range of groups that includes low-income individuals).

Other Business (Asset Management Business)

Initiatives at Each Group Company in Fiscal 2021

In the asset management business, although Asset Management One posted record profits due to an increase in assets under management, adjusted profit declined 48% year on year due to the deconsolidation of Janus Henderson. In addition, Dai-ichi Life Realty Asset Management achieved higher net income than the previous fiscal year due to high investor demand in the domestic private REIT market.

Adjusted Profit (asset management business)
(¥ in billions)



Asset Management One

Providing products that meet diverse investor needs and promoting responsible investment

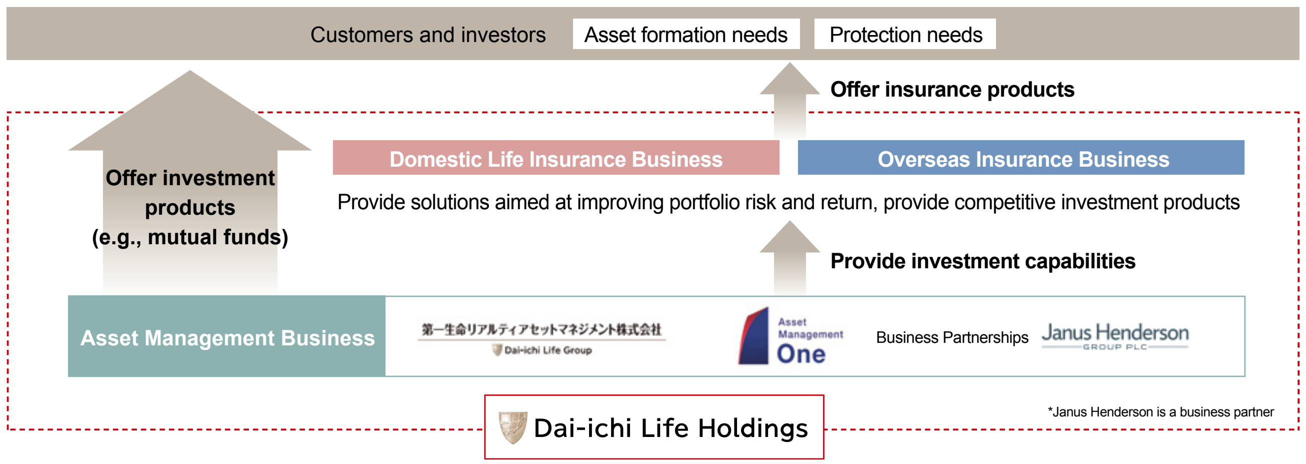
Regarding publicly offered investment trusts, Asset Management One is expanding sales of balanced funds, overseas stock funds, and other products that contribute to medium- and long-term asset building for individuals, while for institutional investors, it is increasing the number of trusts by bolstering high-value-added products and consulting services. It is also enhancing responsible investment by means such as participating as a founding member of the "Net Zero Asset Managers initiative," an international initiative targeting net-zero greenhouse gas emissions.

Dai-ichi Life Realty Asset Management

Providing opportunities for quality real estate investment and contributing to improved quality of life and the realization of a sustainable society

DL Life Partner REIT, Inc., a private-placement REIT for qualified institutional investors, has expanded its managed assets to approximately 79 billion yen through a third private placement and acquisition of real estate through borrowing. It will continue to source properties from within and outside the Group, aiming to increase the scale of assets under management to around 100 billion yen by 2023 while achieving sustainable growth. It also aims to create a sustainable society by promoting a wide range of ESG initiatives, including participation in the REIT industry's first "RE Action" (Renewable Energy 100 Declaration) and the acquisition of environmental certifications for investment properties.

Role of the Asset Management Business



Summary of Consolidated Group Business Results

New business annualized net premiums increased substantially in Japan, where business is recovering toward pre-COVID-19 levels, but also due to the previous fiscal year's pandemic sales restrictions. Sales remained steady overseas, as in the previous fiscal year. As a result, the Group's in-force business annualized net premiums at the end of fiscal 2021 increased compared with the end of the previous fiscal year.

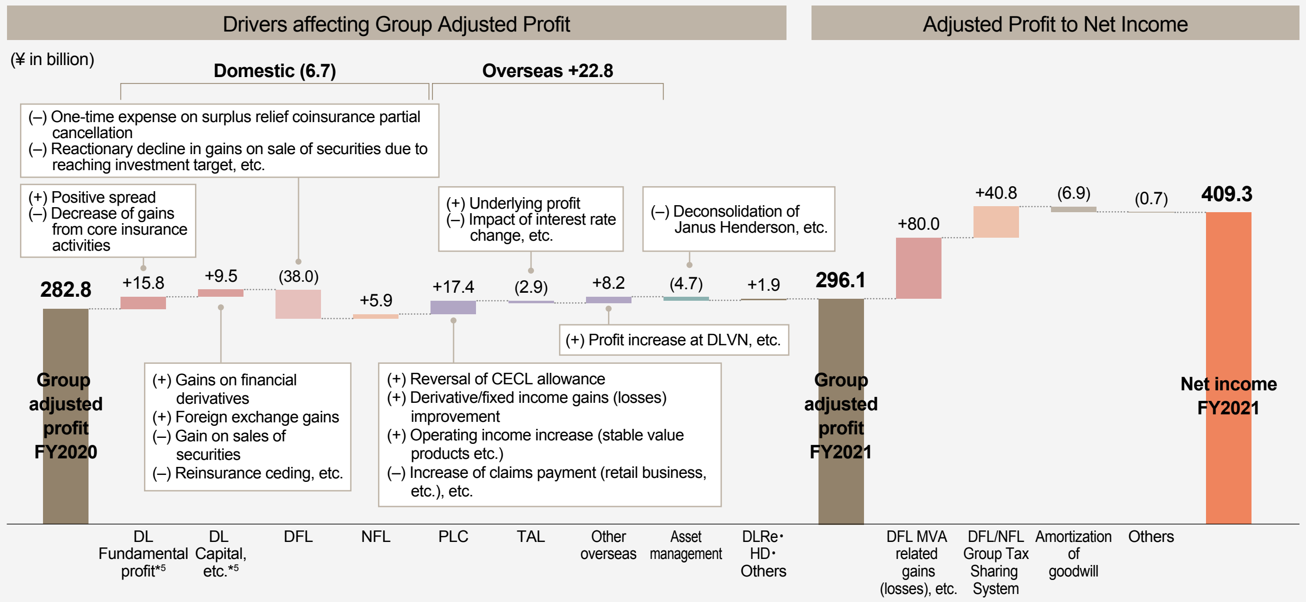
Group adjusted profit*1, a core profit indicator for the Group, increased due to the generally stable financial environment, especially in the first half of the fiscal year. In the domestic life insurance business, Dai-ichi Life posted a slight decrease in profit due to one-off expenses, despite an increase in positive spread and a significant recovery in gains/losses on derivative financial transactions. In the overseas insurance business, Protective was affected by an increase in claims due to COVID-19, but profit increased due to a reversal of the allowance for the previous year's CECL as the economic environment improved, alongside other factors. In other areas, income decreased mainly due to the deconsolidation of a Group company.

Net income attributable to shareholders of the parent company increased significantly mainly due to one-off factors, in addition to the increase in Group adjusted profit. Looking at the details, there was a reversal of policy reserve related to market value adjustment (MVA)*2 at Dai-ichi Frontier Life due to a rise in overseas interest rates and a one-off gain resulting from the introduction of the Group Tax Sharing System.

Group EEV, which represents the corporate value of economic value, increased compared with the end of the previous fiscal year, mainly due to an increase in the overseas insurance business. The Group value of new business remained almost unchanged from the previous fiscal year, despite impact from the deterioration of the sales product mix at Dai-ichi Life and other factors.

Item	FY2020	FY2021	YoY change
Group new business annualized net premium	¥228.8 billion	¥313.1 billion	136.8%
Group In-force business annualized net premium*3	¥4,054.6 billion	¥4,234.3 billion	104.4%
Net income attributable to shareholders of parent company	¥363.7 billion	¥409.3 billion	112.5%
Group adjusted profit	¥282.8 billion	¥296.1 billion	104.7%
Of which, domestic life insurance business	¥217.4 billion	¥210.6 billion	96.9%
Of which, overseas insurance business	¥60.2 billion	¥83.0 billion	137.9%
Other business*4	¥5.1 billion	¥2.3 billion	46.3%
Group EEV*3	¥6,971.1 billion	¥7,150.9 billion	102.6%
Group value of new business	¥127.1 billion	¥126.6 billion	99.6%

*1 Group adjusted profit is a unique indicator used by the Company that determines funds to be paid to shareholders and constitutes the sum of adjusted profits of each Group company. Adjusted profit at each Group company generally indicates profit on a cash basis. As a holding company, the Company conducts shareholder returns based largely on the dividends that it receives from each Group company.
*2 Market Value Adjustment (MVA) is a mechanism whereby changes in the price of invested assets in accordance with market interest rates are reflected in the amount of surrender value when this value is received.
*3 Figures are as of the end of the fiscal year.
*4 In addition to the asset management business, this includes the Company (holding company), subsidiaries, and affiliates that do not fall under either the domestic life insurance business or the overseas insurance business.



*5 Fundamental profit before tax. "DL Capital, etc." includes changes in corporate tax, net capital, and non-recurrent gains (losses).
[HD: Dai-ichi Life Holdings, DL: Dai-ichi Life, DFL: Dai-ichi Frontier Life, NFL: Neo First Life, PLC: Protective Life Corporation, TAL: TAL Dai-ichi Life Australia, DL Re: Dai-ichi Life Reinsurance Bermuda]

Historical Data

(¥ in millions)

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Results of Operations										
Ordinary revenues	5,283,989	6,044,955	7,252,242	7,333,947	6,456,796	7,037,827	7,184,093	7,114,099	7,827,806	**8,209,708**
Premium and other income	3,646,831	4,353,229	5,432,717	5,586,000	4,468,736	4,884,579	5,344,016	4,885,407	4,730,301	**5,291,973**
Investment income	1,335,120	1,320,066	1,444,012	1,344,852	1,626,177	1,802,626	1,583,228	1,876,634	2,719,584	**2,551,112**
Ordinary expenses	5,126,695	5,740,205	6,845,400	6,915,780	6,031,476	6,565,833	6,751,148	6,895,718	7,274,945	**7,618,811**
Benefits and claims	2,795,355	2,903,587	3,380,827	3,830,941	3,618,385	3,789,907	3,839,105	4,870,794	5,001,109	**5,855,703**
Provision for policy reserves and others	1,191,953	1,634,864	2,271,268	1,496,360	1,016,744	1,223,870	1,309,287	164,491	971,280	**316,837**
Investment expenses	221,738	234,950	168,935	524,041	342,102	548,957	541,541	821,971	326,626	**381,136**
Operating expenses	486,419	517,566	559,344	661,384	650,985	661,110	703,573	680,154	689,057	**752,160**
Ordinary profit	157,294	304,750	406,842	418,166	425,320	471,994	432,945	218,380	552,861	**590,897**
Provision for reserve for policyholder dividends	86,000	94,000	112,200	97,500	85,000	95,000	87,500	82,500	77,500	**87,500**
Net income attributable to shareholders of parent company	32,427	77,931	142,476	178,515	231,286	363,928	225,035	32,433	363,777	**409,353**
Financial Condition										
Total assets	35,694,411	37,705,176	49,837,202	49,924,922	51,985,850	53,603,028	55,941,261	60,011,999	63,593,705	**65,881,161**
Total liabilities	34,045,391	35,757,563	46,247,274	46,991,963	48,848,583	49,853,756	52,227,668	56,235,081	58,786,576	**61,472,654**
Policy reserves	31,012,539	32,574,923	41,634,712	42,922,534	43,740,238	44,597,717	47,325,761	49,520,817	49,897,294	**51,407,655**
Total net assets	1,649,020	1,947,613	3,589,927	2,932,959	3,137,266	3,749,271	3,713,592	3,776,918	4,807,129	**4,408,507**
Total shareholders' equity	563,340	628,538	1,029,622	1,129,262	1,300,756	1,589,623	1,708,808	1,641,506	1,893,643	**1,996,301**
Net unrealized gains (losses) on securities, net of tax	1,099,351	1,322,731	2,528,262	1,840,084	1,906,091	2,238,159	2,101,587	2,283,198	3,056,350	**2,397,969**
Sales Results[1]										
Annualized net premium of new business (¥ in billions)[2]	244.3	303.4	339.1	387.2	440.7	406.4	508.7	336.0	228.8	**313.1**
Domestic Group companies (¥ in billions)	210.4	230.5	309.6	294.8	371.9	319.4	418.9	220.4	151.2	**206.7**
Overseas Group companies (¥ in billions)[2]	33.8	72.8	29.5	92.4	68.8	87.0	89.8	115.5	77.5	**106.3**
Annualized net premium from policies in force (¥ in billions)	2,425.7	2,560.3	3,217.0	3,396.2	3,633.4	3,671.1	3,955.8	3,969.7	4,054.6	**4,234.3**
Domestic Group companies (¥ in billions)	2,263.5	2,344.6	2,493.2	2,634.8	2,865.3	2,895.5	3,092.4	3,057.8	3,078.5	**3,090.1**
Overseas Group companies (¥ in billions)	162.2	215.6	723.8	761.3	768.1	775.6	863.4	911.9	976.0	**1,144.1**
Corporate Value										
Group European embedded value (EEV) (¥ in billions)[3]	3,341.9	4,294.7	5,987.6	4,646.1	5,495.4	6,094.1	5,936.5	5,621.9	6,971.1	**7,150.9**
Value of new business (¥ in billions)[3]	211.2	255.4	286.1	216.1	145.5	190.2	197.4	150.3	127.1	**126.6**
New business margin (%)[3]	5.86	6.25	5.53	3.92	2.94	4.30	3.78	3.32	3.78	**3.00**
Key Financial Indicators										
Return on equity (ROE) (%)	2.5	4.3	5.1	5.5	7.6	10.6	6.0	0.9	8.5	**8.9**
Return on embedded value (ROEV) (%)	25.5	29.4	28.8	(21.9)	20.3	13.1	(0.6)	(2.8)	32.5	**4.9**
Consolidated solvency margin ratio (%)	702.4	756.9	818.2	763.8	749.2	838.3	869.7	884.1	958.5	**902.6**
Adjusted ROE (%)	–	–	–	–	8.6	8.5	7.6	9.5	8.9	**8.0**
Economic solvency ratio (%)[4]	–	–	147	98	151	170	169	195	203	**227**
Group adjusted profit (¥ in billions)	100.0	116.0	214.7	204.6	210.1	243.2	236.3	274.5	282.8	**296.1**
Per Share Indicators[5]										
Earnings per share (EPS) (yen)	32.75	78.58	124.94	150.53	196.62	310.69	194.43	28.53	325.61	**383.15**
Book value per share (BPS) (yen)	1,657.14	1,962.05	3,012.46	2,472.86	2,668.61	3,217.68	3,240.72	3,344.23	4,329.08	**4,302.56**
Dividend per share (DPS) (yen)	16	20	28	35	43	50	58	62	62	**83**
Key Non-financial Indicators										
Number of Group employees	60,771	59,512	60,647	61,446	62,606	62,943	62,938	63,719	64,823	**62,260**
Domestic Group company employees	58,875	57,462	55,982	56,503	57,262	57,339	56,565	56,691	57,228	**53,992**
Overseas Group company employees	1,896	2,050	4,665	4,943	5,344	5,604	6,373	7,028	7,595	**8,268**
Percentage of women in managerial posts (%)[6]	–	21.9	22.5	23.3	24.2	25.2	25.6	26.5	27.5	**28.5**
Number of employees with disabilities (people)[7]	865	891	913	926	953	966	955	976	1,046	**1,011**
CO_2 emissions (t-CO_2)[8]	153,500	175,000	168,000	178,100	171,900	166,000	155,300	138,900	125,600	**98,900**
Total paper usage (t)[9]	9,849	8,116	6,509	6,559	6,967	6,475	6,474	6,092	4,794	**5,425**

1. The values for fiscal 2012 to fiscal 2013 are the total of Dai-ichi Life, Dai-ichi Frontier Life, TAL, and Dai-ichi Life Vietnam. The values for fiscal 2014 are the total of Dai-ichi Life, Dai-ichi Frontier Life, Neo First Life, TAL, and Dai-ichi Life Vietnam. The values for fiscal 2015 to fiscal 2018 are the total of Dai-ichi Life, Dai-ichi Frontier Life, Neo First Life, Protective, TAL, and Dai-ichi Life Vietnam.
The values for fiscal 2019 are the total of Dai-ichi Life, Dai-ichi Frontier Life, Neo First Life, Protective, TAL, Dai-ichi Life Vietnam, and Dai-ichi Life Cambodia. Dai-ichi Life Myanmar was added from fiscal 2020.
2. Starting with values for fiscal 2019, values for TAL were tabulated after excluding change in in-force.
3. From fiscal 2014, the extrapolation method beyond the last liquid data point of the Japanese interest rate is changed from a method taking into account the yield curve of the Japanese swap rate to a method using the ultimate forward rate.
Starting with figures for fiscal 2020, changes to the ultimate forward rate, etc, and corporate bond spreads in the discount rate used for insurance liability valuation by Dai-ichi Frontier Life will be reflected.
4. From fiscal 2016, figures reflect expected rate of return on investments when evaluating insurance liabilities. For figures from fiscal 2019, measurement standards have been upgraded based on the development of Insurance Capital Standard (ICS) and economic value regulations in Japan. Starting with figures for fiscal 2020, changes to the ultimate forward rate, etc., and corporate bond spreads in the discount rate used for insurance liability valuation by Dai-ichi Frontier Life will be reflected.
5. Dai-ichi Life Holdings conducted a 1:100 share split on October 1, 2013. Adjustments are made to per share indicators prior to the share split.
6. Total of Dai-ichi Life Holdings, Dai-ichi Life, Dai-ichi Frontier Life, and Neo First Life. Figures as of April 1 of the next fiscal year, which represent the percentage at the end of the previous fiscal year.
7. Total of Dai-ichi Life Holdings, Dai-ichi Life, Dai-ichi Life Challenged, Dai-ichi Life Business Services, and Dai-ichi Life Information Systems. Figures as of April 1 of the next fiscal year, which represent the number at the end of the previous fiscal year.
8. Based on Scope 1+2. Figures for fiscal 2012 to 2014 are those for Dai-ichi Life. Figures for fiscal 2015 and beyond are sums of those for subsidiaries and affiliates in Japan (total of 33 companies in fiscal 2021). Figures are calculated on a market basis from FY2019.
9. Figures for fiscal 2012 to fiscal 2014 are for Dai-ichi Life only. Figures for fiscal 2015 and beyond are sums of those for subsidiaries and affiliates in Japan (total of 33 companies in fiscal 2021).

Participation in External Initiatives

Through joining initiatives related to sustainability within and outside Japan, the Group is promoting initiatives for realizing a sustainable society

- Sustainability Accounting Standards Board (SASB)
- United Nations Global Compact (UNGC)
- 30% Club Japan
- Japan Stewardship Initiative
- Access to Medicine Foundation
- International Corporate Governance Network (ICGN)
- Women's Empowerment Principles (WEPs)
- Principles for Responsible Investment (PRI)
- Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)
- Institutional Investors Collective Engagement Forum (IICEF)
- Japan Impact-driven Financing Initiative

Climate Change Related Initiatives

- Task Force on Climate-related Financial Disclosures (TCFD)
- RE100
- Climate Action 100+
- THE NET-ZERO ASSET OWNER ALLIANCE
- Glasgow Financial Alliance for Net Zero

Evaluations by External Parties

The Group has been recognized with various awards inside and outside Japan for its business and social contributions, such as promoting initiatives that focus on customers and local communities and disclosing ESG information.

Incorporation of the Group into ESG Indices

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- S&P/JPX Carbon Efficient Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index
- MSCI ESG Leaders Indexes

*As of July 2022

Major Awards for the Group's Initiatives

- Sustainable Japan Award 2021 Sustainable Japan ESG Excellence Award
- Platinum Kurumin
- Nadeshiko Brand/Semi-Nadeshiko
- Work with Pride "PRIDE Index" Gold Award (2021)
- Internet IR Awards in 2021 (Excellence Award; Sustainability Sector Excellence Award)
- Excellent Enterprise in the 2021 ESG Web Awards
- Employer of Choice for Gender Equality (Australia)

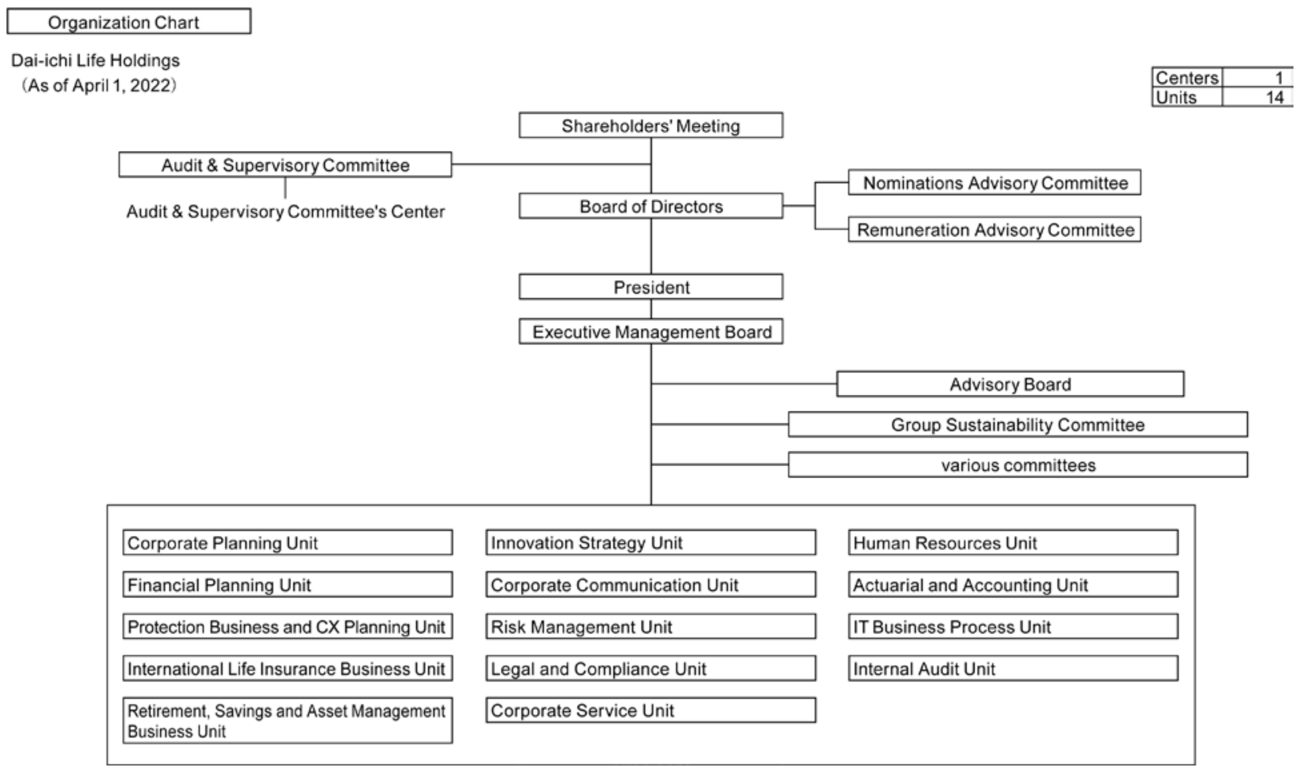
Recipient	Organizer	Award	Summary
Dai-ichi Frontier Life	The Ministry of Education, Culture, Sports, Science and Technology Japan (MEXT)	2021 "Award for Companies Promoting Experience-based Learning Activities for Youth" Judging Committee's Excellence Award	The company's promotion of financial literacy through the use of its "Frontier World Life Simulation Game" (a game where players can learn how to build assets according to their needs and life cycle while having fun) was awarded for being a rewarding corporate practice and for providing an excellent, hands-on activity for young people. 
Dai-ichi Life Insurance Company of Vietnam	Enterprise Asia	Asia Pacific Enterprise Awards 2021 (APEA 2021)	Through its "Connect to Love" campaign, Dai-ichi Life Insurance Company of Vietnam was the only insurance company in Vietnam to win both the "Corporate Excellence Award" and the "Inspirational Brand Award" for its consistent work to maintain sustainable growth while strengthening corporate social responsibility to improve the lives of local communities. 
Star Union Dai-ichi Life	Institute of Directors	Golden Peacock Award for Excellence in Corporate Governance	All directors except the CEO appointed from outside the company (seven from three shareholder companies and three independent directors). The company was given the award in recognition of its high level of transparency in regard to corporate governance and its efforts to raise corporate value by establishing a system to control and monitor business execution. 
OCEAN LIFE	Department of Empowerment of Persons with Disabilities, Ministry of Social Development and Human Security	Outstanding Award for Empowering People with Disabilities and Equality	This award recognizes the company's contributions to the community of persons with disabilities by providing equal employment opportunities, stable incomes, and opportunities for independence, and by taking care of the families of persons with disabilities and their communities. 

Overview and Organization of the Insurance Holding Company

Corporate Profile

Trade name	Dai-ichi Life Holdings, Inc.
Date of Establishment	September 15, 1902
Head Office	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8411, Japan
Phone number	81-(0)3-3216-1222
Official website	https://www.dai-ichi-life-hd.com/en/
Main Business	The purpose of the Company shall be to engage in the following businesses: (1) Business administration of life insurance companies, non-life insurance companies, and other companies operating as the Company's subsidiaries pursuant to the provisions of the Insurance Business Act, and (2) Other business activities incidental to the business listed in the preceding item.
Capital stock	343.9 billion yen
Number of employees	801 persons

Management Organization



Capital Stock and Number of Shares

1. Capital stock

Date	Increase in capital	Capital stock after increase	Details
April 1, 2010	210,200 million yen	210,200 million yen	Reconciliation of net assets associated with the change in corporate structure to a public company from a mutual company
April 2, 2012	7 million yen	210,207 million yen	Exercise of stock options
April 1, 2013	8 million yen	210,215 million yen	Exercise of stock options
June 21, 2013	9 million yen	210,224 million yen	Exercise of stock options
June 25, 2014	37 million yen	210,262 million yen	Exercise of stock options
July 23, 2014	124,178 million yen	334,440 million yen	Issuance of new shares by way of public offering
August 19, 2014	8,663 million yen	343,104 million yen	Third-party allotment associated with the secondary offering through over-allotment
April 1, 2015	42 million yen	343,146 million yen	Exercise of stock options
July 24, 2018	180 million yen	343,326 million yen	Third-party allotment associated with the stock remuneration scheme using restricted stocks
July 19, 2019	190 million yen	343,517 million yen	Third-party allotment associated with the stock remuneration scheme using restricted stocks
July 21, 2020	214 million yen	343,732 million yen	Third-party allotment associated with the stock remuneration scheme using restricted stocks
July 20, 2021	194 million yen	343,926 million yen	Third-party allotment associated with the stock remuneration scheme using restricted stocks

2. Number of shares and shareholders

(As of March 31, 2022)

Number of shares authorized to be issued	4,000,000 thousand shares
Number of issued shares	1,031,348 thousand shares
Number of shareholders	727,690 persons

(Note) Numbers of shares less than one thousand are truncated.

3. Type of issued shares

(As of March 31, 2022)

Type	Number of issued shares	Details
Common stock	1,031,348 thousand shares	—

(Note) Numbers of shares less than one thousand are truncated.

4. Major Shareholders (Top 10)

(As of March 31, 2022)

Name of shareholders	Ownership in the Company	
	Shares held	Percentage
	thousands of shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	171,041	16.63
Custody Bank of Japan, Ltd. (Trust Account)	65,940	6.41
Mizuho Bank, Ltd.	28,000	2.72
SMP PARTNERS (CAYMAN) LIMITED	24,500	2.38
Shinsei Trust & Banking Co., Ltd. ECM MF Trust Account 8299002	17,450	1.69
STATE STREET BANK WEST CLIENT – TREATY 505234	17,223	1.67
STATE STREET BANK AND TRUST COMPANY 505001	14,623	1.42
SMBC Nikko Securities Inc.	13,821	1.34
SSBTC CLIENT OMNIBUS ACCOUNT	13,302	1.29
JPMorgan Securities Japan Co., Ltd.	13,060	1.27

(Notes) 1. Numbers of shares less than one thousand are truncated.
2. Percentage figures of ownership are calculated after deducting the number of treasury stock from the number of issued shares, and figures less than the second decimal place are truncated.

5. Independent Auditor

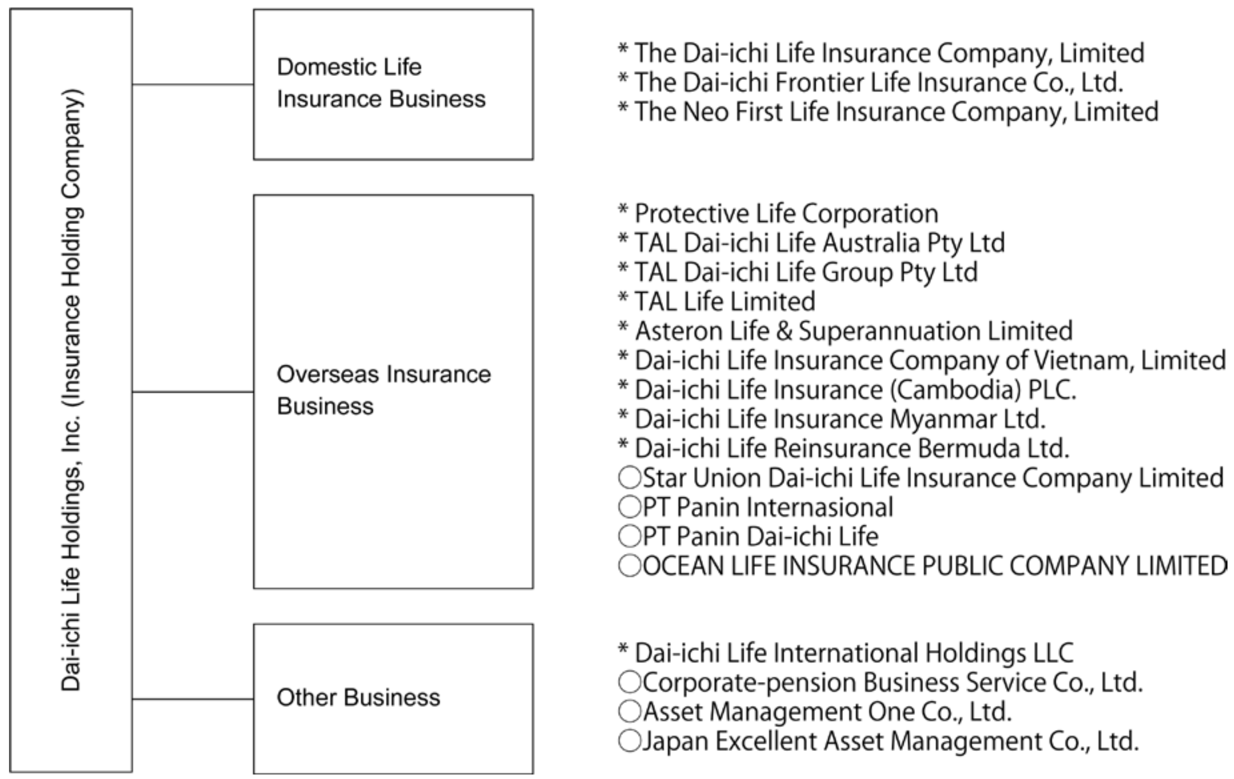
KPMG AZSA LLC

Overview of the Insurance Holding Company and its Subsidiaries and Affiliated Companies

Main Businesses and Organization

Main businesses operated by the Company and its 110 subsidiaries and 29 affiliated companies, and the positioning of the group companies with respect to each of these businesses, are described as follows.

<Diagram of the Company and its Subsidiaries and Affiliated Companies>



(Notes) 1. Company names of principal subsidiaries and affiliated companies are shown.
2. Company names with "∗" are consolidated subsidiaries and "○" are affiliated companies under the equity method as of March 31, 2022.

List of Group Companies

Company Name	Date of Establishment	Location	Capital	Principal Business (Note 1)	Percentage of voting rights of subsidiaries, etc. held by the Company (%)	Percentage of voting rights of subsidiaries, etc. held by Group companies (%) (Note 2)
(Consolidated Subsidiary)						
The Dai-ichi Life Insurance Company, Limited	April 1, 2016	Chiyoda-ku, Tokyo	60.0 billion JPY	Life insurance business in Japan	100.0%	0.0%
The Dai-ichi Frontier Life Insurance Co., Ltd.	December 1, 2006	Shinagawa-ku, Tokyo	117.5 billion JPY	Life insurance business in Japan	100.0%	0.0%
The Neo First Life Insurance Company, Limited	April 23, 1999	Shinagawa-ku, Tokyo	47.5 billion JPY	Life insurance business in Japan	100.0%	0.0%
Protective Life Corporation	July 24, 1907	Birmingham, U.S.A.	10 USD	Overseas insurance business	100.0%	0.0%
TAL Dai-ichi Life Australia Pty Ltd	March 25, 2011	Sydney, Australia	2.130 billion AUD	Overseas insurance business	0.0%	100.0%
TAL Dai-ichi Life Group Pty Ltd	March 25, 2011	Sydney, Australia	2.270 billion AUD	Overseas insurance business	0.0%	100.0%
TAL Life Limited	October 11, 1990	Sydney, Australia	0.654 billion AUD	Overseas insurance business	0.0%	100.0%
Asteron Life & Superannuation Limited	June 14, 1996	Sydney, Australia	0.804 billion AUD	Overseas insurance business	0.0%	100.0%
Dai-ichi Life Insurance Company of Vietnam, Limited	January 18, 2007	Ho Chi Minh City, Vietnam	7,697.5 billion VND	Overseas insurance business	100.0%	0.0%
Dai-ichi Life Insurance (Cambodia) PLC.	March 14, 2018	Phnom Penh, Cambodia	33 million USD	Overseas insurance business	100.0%	0.0%
Dai-ichi Life Insurance Myanmar Ltd.	May 17, 2019	Yangon, Myanmar	49 million USD	Overseas insurance business	0.0%	100.0%
Dai-ichi Life Reinsurance Bermuda Ltd.	September 25, 2020	Hamilton, Bermuda	65 million USD	Overseas insurance business	100.0%	0.0%
Dai-ichi Life International Holdings LLC	June 22, 2020	Chiyoda-ku, Tokyo	5 million JPY	Other business	100.0%	0.0%
(Affiliated Company Under the Equity Method)						
Star Union Dai-ichi Life Insurance Company Limited	September 25, 2007	Navi Mumbai, India	2.589 billion INR	Overseas insurance business	0.0%	45.9%
PT Panin Internasional	July 24, 1998	Jakarta, Indonesia	1,022.5 billion IDR	Overseas insurance business	0.0%	36.8%
PT Panin Dai-ichi Life	July 19, 1974	Jakarta, Indonesia	1,067.3 billion IDR	Overseas insurance business	5.0%	95.0%
OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED	January 11, 1949	Bangkok, Thailand	2.360 billion THB	Overseas insurance business	0.0%	24.0%
Corporate-Pension Business Service Co., Ltd.	October 1, 2001	Osaka-shi, Osaka	6.0 billion JPY	Other business	0.0%	50.0%
Asset Management One Co., Ltd.	July 1, 1985	Chiyoda-ku, Tokyo	2.0 billion JPY	Other business	49.0%	0.0%
Japan Excellent Asset Management Co., Ltd.	April 14, 2005	Minato-ku, Tokyo	400 million JPY	Other business	0.0%	36.0%

(Notes) 1. "Principal Business" is categorized with the three reportable segments of the Company.
2. "Percentage of voting rights of subsidiaries, etc. held by Group companies" represent percentages including the those of indirect voting rights, which in turn include the percentages of "voting rights held by any persons who are found to exercise their voting rights in the same manner as the intent of the subject person due to their close ties with the subject person in terms of contribution, personnel affairs, funds, technology, transactions, etc. and those held by any persons who have given their consent to exercising their voting rights in the same manner as the intent of the subject person."

Main Businesses of the Insurance Holding Company and its Subsidiaries and Affiliated Companies

Key Management Indicators

	Fiscal Year Ended March 31,				
	2018	2019	2020	2021	2022
Ordinary revenues (million yen)	7,037,827	7,184,093	7,114,099	7,827,806	8,209,708
Ordinary profit (million yen)	471,994	432,945	218,380	552,861	590,897
Net income attributable to shareholders of parent company (million yen)	363,928	225,035	32,433	363,777	409,353
Comprehensive income (million yen)	684,757	72,613	167,564	1,143,981	(130,395)

	As of March 31,				
	2018	2019	2020	2021	2022
Total net assets (million yen)	3,749,271	3,713,592	3,776,918	4,807,129	4,408,507
Total assets (million yen)	53,603,028	55,941,261	60,011,999	63,593,705	65,881,161
Consolidated solvency margin ratio (%)	838.3	869.7	884.1	958.5	902.6

Outline of business

Ordinary revenues for the fiscal year ended March 31, 2022 increased by 4.9% compared to the previous fiscal year to 8,209.7 billion yen, consisting of 5,291.9 billion yen (11.9% increase) in premium and other income, 2,551.1 billion yen (6.2% decrease) in investment income, and 366.6 billion yen (3.0% decrease) in other ordinary revenues.

Meanwhile, ordinary expenses for the fiscal year ended March 31, 2022 increased by 4.7% compared to the previous fiscal year to 7,618.8 billion yen, consisting of 5,855.7 billion yen (17.1% increase) in benefits and claims, 316.8 billion yen (67.4% decrease) in provision for policy reserves and others, 381.1 billion yen (16.7% increase) in investment expenses, 752.1 billion yen (9.2% increase) in operating expenses, and 312.9 billion yen (9.1% increase) in other ordinary expenses.

As a result, ordinary profit for the fiscal year ended March 31, 2022 increased by 6.9% compared to the previous fiscal year to 590.8 billion yen. Net income attributable to shareholders of parent company, which is ordinary profit after extraordinary gains and losses, provision for reserve for policyholder dividends and total of corporate income taxes, increased to 409.3 billion yen (12.5% increase). This was mainly due to an improvement in profit related to market value adjustment (MVA) at Dai-ichi Frontier Life, one-time gains related to Group Tax Sharing System introduction and reversal of allowance for expected credit losses at Protective Life Corporation.

Segment results were as follows:

(1) Domestic Life Insurance Business

Ordinary revenues for the domestic life insurance business increased compared to the previous fiscal year by 663.9 billion yen, or 10.7%, to 6,845.1 billion yen mainly due to an increase in policy reserve reversals by reinsurance transaction contract as part of market risk reduction efforts at Dai-ichi Life. Segment profit increased compared to the previous fiscal year by 19.6 billion yen, or 4.1%, to 493.9 billion yen mainly due to an increase in profit related to market value adjustments (MVA) at Dai-ichi Frontier Life.

(2) Overseas Insurance Business

Ordinary revenues for the overseas insurance business increased compared to the previous fiscal year by 374.7 billion yen, or 20.1%, to 2,242.9 billion yen mainly due to an increase in premium and other income and investment income at Protective Life Corporation. Segment profit increased compared to the previous fiscal year by 21.3 billion yen, or 29.2%, to 94.3 billion yen mainly due to the reversal of allowance for expected credit losses in the commercial mortgage loan at Protective Life Corporation.

(3) Other Business

Ordinary revenues for other business increased compared to the previous fiscal year by 22.8 billion yen, or 11.8%, to 216.3 billion yen mainly because of an increase in dividends income from the group companies. Segment profit increased compared to the previous fiscal year by 19.7 billion yen, or 11.1%, to 197.5 billion yen.

Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2021	**2022**	**2022**
(ASSETS)			
Cash and deposits	1,884,141	2,183,874	17,843
Call loans	403,700	479,900	3,921
Monetary claims bought	252,140	255,902	2,090
Money held in trust	1,130,920	1,106,918	9,044
Securities	50,879,947	51,504,749	420,824
Loans	3,762,666	3,978,577	32,507
Tangible fixed assets	1,113,299	1,159,741	9,475
Land	761,546	808,368	6,604
Buildings	331,138	332,376	2,715
Leased assets	5,186	4,499	36
Construction in progress	2,168	551	4
Other tangible fixed assets	13,258	13,944	113
Intangible fixed assets	445,163	502,795	4,108
Software	117,231	124,331	1,015
Goodwill	42,696	56,245	459
Other intangible fixed assets	285,235	322,218	2,632
Reinsurance receivable	1,668,969	1,924,898	15,727
Other assets	2,016,733	2,748,965	22,460
Deferred tax assets	12,014	9,378	76
Customers' liabilities for acceptances and guarantees	52,861	45,745	373
Reserve for possible loan losses	(28,224)	(19,505)	(159)
Reserve for possible investment losses	(627)	(779)	(6)
Total assets	63,593,705	65,881,161	538,288
(LIABILITIES)			
Policy reserves and others	51,051,420	52,745,988	430,966
Reserves for outstanding claims	753,126	925,110	7,558
Policy reserves	49,897,294	51,407,655	420,031
Reserve for policyholder dividends	400,999	413,222	3,376
Reinsurance payable	796,523	895,123	7,313
Bonds payable	899,770	870,383	7,111
Other liabilities	4,671,205	5,906,787	48,262
Payables under repurchase agreements	2,346,988	3,115,017	25,451
Other liabilities	2,324,216	2,791,770	22,810
Net defined benefit liabilities	418,546	392,522	3,207
Reserve for retirement benefits of directors, executive officers and corporate auditors	998	929	7
Reserve for possible reimbursement of prescribed claims	800	800	6
Reserves under the special laws	264,454	287,358	2,347
Reserve for price fluctuations	264,454	287,358	2,347
Deferred tax liabilities	558,387	256,364	2,094
Deferred tax liabilities for land revaluation	71,606	70,652	577
Acceptances and guarantees	52,861	45,745	373
Total liabilities	58,786,576	61,472,654	502,268
(NET ASSETS)			
Capital stock	343,732	343,926	2,810
Capital surplus	330,065	330,259	2,698
Retained earnings	1,375,805	1,334,834	10,906
Treasury stock	(155,959)	(12,718)	(103)
Total shareholders' equity	1,893,643	1,996,301	16,310
Net unrealized gains (losses) on securities, net of tax	3,056,350	2,397,969	19,592
Deferred hedge gains (losses)	(2,916)	(15,532)	(126)
Reserve for land revaluation	(22,026)	16,643	135
Foreign currency translation adjustments	(108,830)	4,232	34
Accumulated remeasurements of defined benefit plans	(10,012)	8,197	66
Total accumulated other comprehensive income	2,912,564	2,411,510	19,703
Subscription rights to shares	920	694	5
Total net assets	4,807,129	4,408,507	36,020
Total liabilities and net assets	63,593,705	65,881,161	538,288

Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2021	**2022**	**2022**
ORDINARY REVENUES	7,827,806	8,209,708	67,078
Premium and other income	4,730,301	5,291,973	43,238
Investment income	2,719,584	2,551,112	20,844
Interest and dividends	1,347,865	1,386,792	11,330
Gains on money held in trust	28,179	—	—
Gains on investments in trading securities	132,406	206,378	1,686
Gains on sale of securities	471,363	393,503	3,215
Gains on redemption of securities	15,662	21,230	173
Foreign exchange gains	444,926	453,064	3,701
Reversal of reserve for possible loan losses	—	11,340	92
Other investment income	1,533	2,718	22
Gains on investments in separate accounts	277,646	76,084	621
Other ordinary revenues	377,921	366,622	2,995
ORDINARY EXPENSES	7,274,945	7,618,811	62,250
Benefits and claims	5,001,109	5,855,703	47,844
Claims	1,264,692	1,397,477	11,418
Annuities	775,379	778,494	6,360
Benefits	571,161	653,894	5,342
Surrender values	1,084,700	1,363,354	11,139
Other refunds	1,305,176	1,662,483	13,583
Provision for policy reserves and others	971,280	316,837	2,588
Provision for reserves for outstanding claims	1,253	48,203	393
Provision for policy reserves	961,808	260,369	2,127
Provision for interest on policyholder dividends	8,218	8,264	67
Investment expenses	326,626	381,136	3,114
Interest expenses	33,476	26,704	218
Losses on money held in trust	—	1,572	12
Losses on sale of securities	127,053	234,564	1,916
Losses on valuation of securities	14,300	7,817	63
Losses on redemption of securities	6,314	3,545	28
Derivative transaction losses	68,095	40,176	328
Provision for reserve for possible loan losses	17,225	—	—
Provision for reserve for possible investment losses	295	247	2
Write-down of loans	369	459	3
Depreciation of real estate for rent and others	13,188	13,458	109
Other investment expenses	46,306	52,590	429
Operating expenses	689,057	752,160	6,145
Other ordinary expenses	286,870	312,973	2,557
Ordinary profit	552,861	590,897	4,827
EXTRAORDINARY GAINS	40,480	10,766	87
Gains on disposal of fixed assets	5,471	10,404	85
Gains on sale of stocks of subsidiaries and affiliated companies	34,994	—	—
Other extraordinary gains	14	362	2
EXTRAORDINARY LOSSES	33,301	39,792	325
Losses on disposal of fixed assets	6,899	12,966	105
Impairment losses on fixed assets	2,552	3,850	31
Provision for reserve for price fluctuations	23,658	22,903	187
Other extraordinary losses	190	72	0
Provision for reserve for policyholder dividends	77,500	87,500	714
Income before income taxes	482,540	474,371	3,875
Corporate income taxes-current	116,138	136,131	1,112
Corporate income taxes-deferred	2,624	(71,113)	(581)
Total of corporate income taxes	118,763	65,018	531
Net Income	363,777	409,353	3,344
Net income attributable to shareholders of parent company	363,777	409,353	3,344

Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2021	**2022**	**2022**
Net income	363,777	409,353	3,344
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	773,016	(653,967)	(5,343)
Deferred hedge gains (losses)	(24,731)	(11,381)	(92)
Reserve for land revaluation	—	(25)	(0)
Foreign currency translation adjustments	12,338	110,026	898
Remeasurements of defined benefit plans, net of tax	17,424	18,185	148
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	2,157	(2,586)	(21)
Total other comprehensive income	780,204	(539,749)	(4,410)
Comprehensive income	1,143,981	(130,395)	(1,065)
(Details)			
Attributable to shareholders of parent company	1,143,981	(130,395)	(1,065)

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2021

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,517	329,860	1,094,483	(126,356)	1,641,506
Cumulative effect of changes in accounting policies			(15,150)		(15,150)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,517	329,860	1,079,333	(126,356)	1,626,355
Changes for the year					
Issuance of new shares	214	214			429
Dividends			(70,001)		(70,001)
Net income attributable to shareholders of parent company			363,777		363,777
Purchase of treasury stock				(29,999)	(29,999)
Disposal of treasury stock		(85)		396	311
Cancellation of treasury stock					—
Transfer from retained earnings to capital surplus		74	(74)		—
Transfer from reserve for land revaluation			4,048		4,048
Others			(1,277)		(1,277)
Net changes of items other than shareholders' equity					
Total changes for the year	214	204	296,472	(29,603)	267,287
Balance at the end of the year	343,732	330,065	1,375,805	(155,959)	1,893,643

(Unit: million yen)

	Accumulated other comprehensive income			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year	2,283,198	20,437	(17,978)	(123,850)
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	2,283,198	20,437	(17,978)	(123,850)
Changes for the year				
Issuance of new shares				
Dividends				
Net income attributable to shareholders of parent company				
Purchase of treasury stock				
Disposal of treasury stock				
Cancellation of treasury stock				
Transfer from retained earnings to capital surplus				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	773,152	(23,353)	(4,048)	15,020
Total changes for the year	773,152	(23,353)	(4,048)	15,020
Balance at the end of the year	3,056,350	(2,916)	(22,026)	(108,830)

(Unit: million yen)

	Accumulated other comprehensive income			
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Total net assets
Balance at the beginning of the year	(27,458)	2,134,348	1,063	3,776,918
Cumulative effect of changes in accounting policies				(15,150)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(27,458)	2,134,348	1,063	3,761,768
Changes for the year				
Issuance of new shares				429
Dividends				(70,001)
Net income attributable to shareholders of parent company				363,777
Purchase of treasury stock				(29,999)
Disposal of treasury stock				311
Cancellation of treasury stock				—
Transfer from retained earnings to capital surplus				—
Transfer from reserve for land revaluation				4,048
Others				(1,277)
Net changes of items other than shareholders' equity	17,445	778,215	(142)	778,073
Total changes for the year	17,445	778,215	(142)	1,045,360
Balance at the end of the year	(10,012)	2,912,564	920	4,807,129

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2022

(Unit: million yen)

	Shareholders' equity: Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,732	330,065	1,375,805	(155,959)	1,893,643
Cumulative effect of changes in accounting policies					—
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,732	330,065	1,375,805	(155,959)	1,893,643
Changes for the year					
Issuance of new shares	194	194			389
Dividends			(68,833)		(68,833)
Net income attributable to shareholders of parent company			409,353		409,353
Purchase of treasury stock				(199,999)	(199,999)
Disposal of treasury stock		(104)		365	261
Cancellation of treasury stock		(342,874)		342,874	—
Transfer from retained earnings to capital surplus		342,979	(342,979)		—
Transfer from reserve for land revaluation			(38,695)		(38,695)
Others			182		182
Net changes of items other than shareholders' equity					
Total changes for the year	194	194	(40,971)	143,241	102,658
Balance at the end of the year	343,926	330,259	1,334,834	(12,718)	1,996,301

(Unit: million yen)

	Accumulated other comprehensive income: Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year	3,056,350	(2,916)	(22,026)	(108,830)
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	3,056,350	(2,916)	(22,026)	(108,830)
Changes for the year				
Issuance of new shares				
Dividends				
Net income attributable to shareholders of parent company				
Purchase of treasury stock				
Disposal of treasury stock				
Cancellation of treasury stock				
Transfer from retained earnings to capital surplus				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	(658,381)	(12,615)	38,669	113,062
Total changes for the year	(658,381)	(12,615)	38,669	113,062
Balance at the end of the year	2,397,969	(15,532)	16,643	4,232

(Unit: million yen)

	Accumulated other comprehensive income: Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Total net assets
Balance at the beginning of the year	(10,012)	2,912,564	920	4,807,129
Cumulative effect of changes in accounting policies				—
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(10,012)	2,912,564	920	4,807,129
Changes for the year				
Issuance of new shares				389
Dividends				(68,833)
Net income attributable to shareholders of parent company				409,353
Purchase of treasury stock				(199,999)
Disposal of treasury stock				261
Cancellation of treasury stock				—
Transfer from retained earnings to capital surplus				—
Transfer from reserve for land revaluation				(38,695)
Others				182
Net changes of items other than shareholders' equity	18,210	(501,053)	(225)	(501,279)
Total changes for the year	18,210	(501,053)	(225)	(398,621)
Balance at the end of the year	8,197	2,411,510	694	4,408,507

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2022

(Unit: million US dollars)

	Shareholders' equity: Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	2,808	2,696	11,241	(1,274)	15,472
Cumulative effect of changes in accounting policies					—
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	2,808	2,696	11,241	(1,274)	15,472
Changes for the year					
Issuance of new shares	1	1			3
Dividends			(562)		(562)
Net income attributable to shareholders of parent company			3,344		3,344
Purchase of treasury stock				(1,634)	(1,634)
Disposal of treasury stock		(0)		2	2
Cancellation of treasury stock		(2,801)		2,801	—
Transfer from retained earnings to capital surplus		2,802	(2,802)		—
Transfer from reserve for land revaluation			(316)		(316)
Others			1		1
Net changes of items other than shareholders' equity					
Total changes for the year	1	1	(334)	1,170	838
Balance at the end of the year	2,810	2,698	10,906	(103)	16,310

(Unit: million US dollars)

	Accumulated other comprehensive income: Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year	24,972	(23)	(179)	(889)
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	24,972	(23)	(179)	(889)
Changes for the year				
Issuance of new shares				
Dividends				
Net income attributable to shareholders of parent company				
Purchase of treasury stock				
Disposal of treasury stock				
Cancellation of treasury stock				
Transfer from retained earnings to capital surplus				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	(5,379)	(103)	315	923
Total changes for the year	(5,379)	(103)	315	923
Balance at the end of the year	19,592	(126)	135	34

(Unit: million US dollars)

	Accumulated other comprehensive income: Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Total net assets
Balance at the beginning of the year	(81)	23,797	7	39,277
Cumulative effect of changes in accounting policies				—
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(81)	23,797	7	39,277
Changes for the year				
Issuance of new shares				3
Dividends				(562)
Net income attributable to shareholders of parent company				3,344
Purchase of treasury stock				(1,634)
Disposal of treasury stock				2
Cancellation of treasury stock				—
Transfer from retained earnings to capital surplus				—
Transfer from reserve for land revaluation				(316)
Others				1
Net changes of items other than shareholders' equity	148	(4,093)	(1)	(4,095)
Total changes for the year	148	(4,093)	(1)	(3,256)
Balance at the end of the year	66	19,703	5	36,020

Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2021	**2022**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes	482,540	474,371	3,875
Depreciation of real estate for rent and others	13,188	13,458	109
Depreciation	56,086	71,352	582
Impairment losses on fixed assets	2,552	3,850	31
Amortization of goodwill	4,039	5,154	42
Increase (decrease) in reserves for outstanding claims	94,552	117,139	957
Increase (decrease) in policy reserves	829,507	293,034	2,394
Provision for interest on policyholder dividends	8,218	8,264	67
Provision for (reversal of) reserve for policyholder dividends	77,500	87,500	714
Increase (decrease) in reserve for possible loan losses	17,238	(11,595)	(94)
Increase (decrease) in reserve for possible investment losses	(180)	152	1
Write-down of loans	369	459	3
Increase (decrease) in net defined benefit liabilities	2,804	(2,420)	(19)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(190)	(69)	(0)
Increase (decrease) in reserve for price fluctuations	23,658	22,903	187
Interest and dividends	(1,347,865)	(1,386,792)	(11,330)
Securities related losses (gains)	(749,410)	(451,269)	(3,687)
Interest expenses	33,476	26,704	218
Foreign exchange losses (gains)	(444,926)	(453,064)	(3,701)
Losses (gains) on disposal of fixed assets	1,125	2,191	17
Equity in losses (income) of affiliates	(10,643)	(5,529)	(45)
Losses (gains) on sale of stocks of subsidiaries and affiliated companies	(34,994)	—	—
Decrease (increase) in reinsurance receivable	(212,668)	(78,519)	(641)
Decrease (increase) in other assets unrelated to investing and financing activities	(54,059)	(251,517)	(2,055)
Increase (decrease) in reinsurance payable	(55,660)	76,163	622
Increase (decrease) in other liabilities unrelated to investing and financing activities	65,816	(25,677)	(209)
Others, net	107,459	87,547	715
Subtotal	(1,090,465)	(1,376,207)	(11,244)
Interest and dividends received	1,487,427	1,554,969	12,705
Interest paid	(43,394)	(32,077)	(262)
Policyholder dividends paid	(84,461)	(83,541)	(682)
Others, net	(304,509)	(383,791)	(3,135)
Corporate income taxes (paid) refund	(44,500)	(141,428)	(1,155)
Net cash flows provided by (used in) operating activities	(79,904)	(462,076)	(3,775)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in cash and deposits	(4,234)	(19,326)	(157)
Purchases of monetary claims bought	(48,967)	(47,029)	(384)
Proceeds from sale and redemption of monetary claims bought	15,459	40,290	329
Purchases of money held in trust	(226,019)	(69,896)	(571)
Proceeds from decrease in money held in trust	162,283	92,300	754
Purchases of securities	(11,675,124)	(10,457,617)	(85,445)
Proceeds from sale and redemption of securities	10,923,203	10,932,077	89,321
Origination of loans	(788,869)	(940,561)	(7,684)
Proceeds from collection of loans	676,611	863,640	7,056
Net increase (decrease) in short-term investing	1,587,013	672,886	5,497
Total of net cash provided by (used in) investment transactions	621,355	1,066,764	8,716
Total of net cash provided by (used in) operating activities and investment transactions	541,450	604,688	4,940
Acquisition of tangible fixed assets	(38,166)	(99,465)	(812)
Proceeds from sale of tangible fixed assets	23,283	31,910	260
Acquisition of intangible fixed assets	(38,310)	(49,547)	(404)
Proceeds from sale of intangible fixed assets	1	694	5
Proceeds from acquisitions of stock of subsidiaries resulting in change in scope of consolidation	—	12,919	105
Acquisition of stock of subsidiaries	(16,800)	—	—
Net cash flows provided by (used in) investing activities	551,362	963,276	7,870

Consolidated Statement of Cash Flows (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2021	**2022**	**2022**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	256,789	330,130	2,697
Repayment of borrowings	(182,470)	(298,308)	(2,437)
Proceeds from issuing bonds	79,440	79,453	649
Redemption of bonds	(2,132)	(129,858)	(1,061)
Repayment of financial lease obligations	(2,966)	(3,302)	(26)
Net increase (decrease) in short-term financing	17,281	109,976	898
Purchase of treasury stock	(29,999)	(199,999)	(1,634)
Cash dividends paid	(69,855)	(68,678)	(561)
Acquisitions of stock of subsidiaries that do not result in change in scope of consolidation	(500)	(120)	(0)
Others, net	0	0	0
Net cash flows provided by (used in) financing activities	65,587	(180,707)	(1,476)
Effect of exchange rate changes on cash and cash equivalents	28,283	33,341	272
Net increase (decrease) in cash and cash equivalents	565,328	353,833	2,891
Cash and cash equivalents at the beginning of the year	1,697,582	2,262,910	18,489
Cash and cash equivalents at the end of the year	2,262,910	2,616,743	21,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2022

Ⅰ. BASIS FOR PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by Dai-ichi Life Holdings, Inc. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Financial Instruments and Exchange Act, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP") which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements are reclassified for the convenience of readers outside Japan. The notes to the consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥122.39=US$1.00, the foreign exchange rate on March 31, 2022, has been used for translation of the truncated figures in Japanese yen. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

Ⅱ. PRINCIPLES OF CONSOLIDATION

1. Scope of Consolidation

(1) The number of consolidated subsidiaries as of March 31, 2022: 75

The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries (collectively, "the Group"), including The Dai-ichi Life Insurance Company, Limited ("DL"), The Dai-ichi Frontier Life Insurance Co., Ltd. ("DFLI"), The Neo First Life Insurance Company, Limited ("Neo First Life"), Dai-ichi Life Insurance Company of Vietnam, Limited ("DLVN"), TAL Dai-ichi Life Australia Pty Ltd ("TDLA"), Protective Life Corporation ("PLC"), Dai-ichi Life Insurance (Cambodia) PLC. ("DLKH"), Dai-ichi Life Insurance Myanmar Ltd.("DLMM"), Dai-ichi Life Reinsurance Bermuda Ltd. ("DLRe") and Dai-ichi Life International Holdings LLC ("DLIHD").

(2) The number of non-consolidated subsidiaries as of March 31, 2022: 35

The main subsidiaries that are not consolidated for the purposes of financial reporting are The Dai-ichi Life Information Systems Co., Ltd., THE DAI-ICHI BUILDING CO., LTD. and First U Anonymous Association.

The thirty-five non-consolidated subsidiaries as of March 31, 2022 had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), cash flows, and others.

2. Application of the Equity Method

The number of non-consolidated subsidiaries under the equity method as of March 31, 2022 was 0.

The number of affiliated companies under the equity method as of March 31, 2022 was 22. The affiliated companies included Asset Management One Co., Ltd., Corporate-pension Business Service Co., Ltd., Japan Excellent Asset Management Co., Ltd., OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED, Star Union Dai-ichi Life Insurance Company Limited and PT Panin Internasional.

Effective the fiscal year ended March 31, 2022, one affiliated company of Asset Management One Co., Ltd. was included in the scope of the equity method as it had become an affiliated company of the Company.

The non-consolidated subsidiaries (The Dai-ichi Life Information Systems Co., Ltd., THE DAI-ICHI BUILDING CO.,LTD. and First U Anonymous Association and others), as well as affiliated companies (Mizuho-DL Financial Technology Co., Ltd., NIHONBUSSAN Corporation and others) were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of the net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others.

3. Year-end Dates of Consolidated Subsidiaries

Among the consolidated subsidiaries, the closing dates of consolidated overseas subsidiaries are December 31 or March 31. In preparing the consolidated financial statements, the financial statements as of these dates are used, and necessary adjustments are made when significant transactions take place between these dates and the account closing date of the consolidated financial statements.

4. Summary of Significant Accounting Policies

(1) Valuation Methods of Securities

Securities held by the Company and its consolidated subsidiaries including cash and deposits and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

The amortization of premiums and accretion of discounts is calculated by the straight-line method.

a) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

b) Held-to-maturity Bonds

Held-to-maturity bonds are stated at amortized cost determined by the moving average method.

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

Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.

d) Stocks of Non-consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method

Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.

e) Available-for-sale Securities

i) Available-for-sale Securities other than stocks and other securities without market prices

Available-for-sale securities other than stocks and other securities without market prices are valued at fair value at the end of the fiscal year, with cost determined by the moving average method.

ii) Stocks and other securities without market prices

Stocks and other securities without market prices are valued at cost determined by the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the consolidated statement of earnings.

Securities held by certain consolidated overseas subsidiaries are stated at cost determined by the first-in first-out.

(2) Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

(3) Depreciation of Depreciable Assets

a) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets of the Company and its domestic consolidated subsidiaries is calculated by the declining balance method (the depreciation of buildings (other than facilities attached to buildings and structures that were acquired on or before March 31, 2016) is calculated by the straight-line method).

Estimated useful lives of major assets are as follows:

Buildings	two to sixty years
Other tangible fixed assets	two to twenty years

Other tangible fixed assets that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With respect to tangible fixed assets that were acquired on or before March 31, 2007 and that were fully depreciated to their original depreciable limit, effective the fiscal year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years from the following fiscal year of the year in which they reached the original depreciable limit.

Depreciation of tangible fixed assets owned by consolidated overseas subsidiaries is primarily calculated by the straight-line method.

b) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Company and its consolidated subsidiaries use the straight-line method for amortization of intangible fixed assets excluding leased assets.

Intangible fixed assets acquired through the business combination of consolidated overseas subsidiaries are amortized over a period during which their effect is estimated, in proportion to the manner in which their effect is realized.

Software for internal use is amortized by the straight-line method based on the estimated useful lives of two to ten years.

c) Depreciation of Leased Assets

Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero salvage value and using the lease period as the useful life.

(4) Reserve for Possible Loan Losses

The reserve for possible loan losses of consolidated subsidiaries that operate a life insurance business in Japan is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, "bankrupt obligors") and loans to and claims on obligors that have suffered substantial business failure (hereafter, "substantially bankrupt obligors"), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans to and claims on obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, "obligors at risk of bankruptcy"), the reserve is calculated, taking into account a) the recoverable amount covered by the collateral or guarantees and b) an overall assessment of the obligor's ability to repay.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in each subsidiary performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the fiscal years ended March 31, 2021 and 2022 were ¥1 million and ¥1 million (US$0 million), respectively.

For certain consolidated overseas subsidiaries, reserve for their estimate of contractual cash flows not expected to be collected is recognized for relevant claims on the date of the asset's acquisition.

(5) Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses is established for stocks and other securities without market prices and ownership stakes in partnerships, etc. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

(6) Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors, an estimated amount for future payment in accordance with the internal policies of certain consolidated subsidiaries is provided.

(7) Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had expired, an estimated amount for reserve for possible reimbursement of prescribed claims based on past reimbursement experience is provided.

(8) Net Defined Benefit Liabilities

For the net defined benefit liabilities, the amount is provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2022. The accounting treatment for retirement benefits is as follows.

a) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefit for the fiscal year ended March 31, 2022.

b) Amortization of Actuarial Differences and Past Service Cost

Past service cost is amortized under the straight-line method over a certain period (seven years) within the enployees' average remaining service period as of the time of its occurrence.

Actuarial differences are amortized under the straight-line method over a certain period (seven years) within the employees' average remaining service period, starting from the following year. Certain consolidated overseas subsidiaries apply corridor approach.

Certain consolidated overseas subsidiaries applied the simplified method in calculating their projected benefit obligations.

(9) Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the year in accordance with the provisions of Article 115 of the Insurance Business Act.

(10) Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

The Company and its domestic consolidated subsidiaries translate foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates at the end of the year. Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method are translated into yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Company's consolidated overseas subsidiaries are translated into yen at the exchange rates at the end of their fiscal year.

Translation adjustments associated with the consolidated overseas subsidiaries are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

For certain consolidated subsidiaries of the Company, changes in fair value of bonds included in foreign currency-denominated available-for-sale securities related to foreign currency-denominated insurance contracts are divided into two: changes in fair value due to changes in market prices in their original currencies are accounted for as "net unrealized gains (losses) on securities", and the remaining changes are reported in "foreign exchange gains (losses)".

(11) Hedge Accounting

a) Methods for Hedge Accounting

As for the Company and certain of its domestic consolidated subsidiaries, hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No.10 issued on March 10, 2008). Primarily, i) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; ii) the currency allotment method and the deferral hedge method using foreign currency swaps, foreign currency forward contracts and foreign currency-denominated monetary claims are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); iii) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; iv) the deferral hedge method for bond over-the-counter options is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; v) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction), and vi) the deferral hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (Industry Audit Committee Report No. 26 issued by JICPA).

b) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable, insurance liabilities
Foreign currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stocks (forecasted transaction)
Foreign currency-denominated monetary claims	Foreign currency-denominated stocks (forecasted transaction)
Currency options	Foreign currency-denominated bonds
Bond over-the-counter options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

c) Hedging Policies

The Company and certain of its domestic consolidated subsidiaries conduct hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

d) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of hedging instruments.

(Hedging relationships to which the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied)

Among the above hedging relationships, the exceptional treatment prescribed in the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No. 40 revised on March 17, 2022) is applied to all hedging relationships included in the scope of the application of the said Treatment. The details of hedging relationships to which the Treatment is applied are as follows:

Hedge accounting method: Special hedge accounting for interest rate swaps
Hedging instruments: Interest rate swaps
Hedged items: Loans
Type of hedging transactions: Transactions that fix cash flow

(12) Amortization of Goodwill

Goodwill is amortized over an effective period up to 20 years under the straight-line method. The entire amount is expensed as incurred if the amount is immaterial.

(13) Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and have an insignificant risk of changes in value.

(14) Calculation of National and Local Consumption Tax

The Company and its domestic consolidated subsidiaries account for national and local consumption tax mainly by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over five years in accordance with the Order for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

(15) Policy Reserves

Policy reserves of consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with the methods stated in the statement of calculation procedures for policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance contracts under which the insurer's liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance contracts. Concretely, policy reserves are calculated based on the future cash flows estimated using the assumptions, such as future mortality rates (assumed mortality rates), return on investment (assumed interest rates) and operating expense ratios (assumed operating expense ratios).

Of policy reserves, insurance premium reserves are calculated by the following methods.

a) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
b) Reserves for other policies are established based on the net level premium method.

If, through an estimation of future income based on most recent actual figures, the policy reserves set aside are found likely to be insufficient to cover the performance of future obligations, additional policy reserves need to be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. Policy reserves include additional policy reserves for some whole life insurance policies in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

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

Policy reserves of consolidated subsidiaries that operate a life insurance business in the U.S. are set aside in accordance with US GAAP in amounts calculated by estimated future cash flows based on actuarial assumptions determined at times such as when the contracts are concluded, including future investment yields, mortality and lapse rates. If the policy reserves set aside are found likely to be insufficient to cover the performance of future obligations due to a significant difference between the estimation and the most recent actual figures, additional policy reserves need to be set aside by way of amendment to the assumptions.

Policy reserves of other overseas subsidiaries are calculated based on the each country's accounting standard.

(16) Premium and Other Income and Benefits and Claims for Consolidated Subsidiaries That Operate a Life Insurance Business in Japan

a) Premium and other income (excluding reinsurance income)

Premium and other income (excluding reinsurance income) is recorded for insurance contracts for which insurance premium has been received and under which the insurer's liability has commenced by the relevant amounts received.

Of premium and other income (excluding reinsurance income), the portion corresponding to the period that has yet to pass as of the end of the fiscal year is set aside as policy reserves in accordance with Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

b) Reinsurance Income

Reinsurance income is recorded as amounts equivalent to the portion reinsured under reinsurance contracts out of the amounts paid as claims, etc. under direct insurance contracts at the time when those claims, etc. are paid.

For certain transactions of modified coinsurance that do not involve cash settlements, amounts received under the reinsurance contracts as part of amounts equivalent to acquisition costs related to direct insurance contracts are recorded as reinsurance income while the same amounts are recorded as unamortized ceded premium commissions in reinsurance receivable and are amortized over the period of the reinsurance contracts.

c) Benefits and Claims (excluding ceding reinsurance commissions)

Benefits and claims (excluding ceding reinsurance commissions) are recorded for contracts for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions by the relevant amounts paid.

In accordance with Article 117 of the Insurance Business Act, reserves for outstanding claims are set aside for claims, etc. for which the Company has a payment due but has not paid, or for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

d) Ceding reinsurance commissions

Ceding reinsurance commissions are recorded in agreed amounts in accordance with reinsurance contracts at the time either when insurance premiums under direct insurance contracts are received, or when the reinsurance contracts are entered into.

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

Premium and other income, and benefits and claims, of consolidated overseas subsidiaries are recorded based on the each country's accounting standard, such as US GAAP.

(17) Significant Accounting Estimates

a) Evaluation of goodwill

i) Amounts recognized on the consolidated financial statements in the fiscal year ended March 31, 2022

Goodwill presented on the consolidated balance sheets as of March 31, 2021 and 2022 were ¥10,030 million and ¥24,152 million (US$197 million) arising from the acquisition of PLC and the acquisition business of PLC's acquisition segment, and ¥32,666 million and ¥32,093 million (US$262 million) arising from the acquisition of TDLA.

ii) Information on the contents of significant accounting estimates related to identified items

Goodwill arising from acquisitions and acquisition business is recorded on the consolidated financial statements of these consolidated subsidiaries and is subject to judgement on recognition of impairment losses on goodwill to be examined by each subsidiary in accordance with the local accounting standards of each subsidiary.

PLC periodically assesses whether or not to record an impairment loss on goodwill.

First, PLC evaluates qualitative factors, which is an examination on whether or not there is any impairment indicator to consider whether or not there is a 50 percent or greater probability that book value exceeds fair value of each reporting unit that has goodwill. In accordance with the accounting standards, PLC has an unconditional option to bypass the qualitative assessment and directly proceeded to the quantitative impairment test described below for all or some of reporting units. Whether or not there is any impairment indicator is comprehensively examined in consideration of the presence of deterioration in economic and market environments surrounding PLC and its reporting units, the presence of factors that have a negative impact on future profits or cash flows, the presence of deterioration in overall business performance, and other events specific to PLC and its reporting units.

Next, if it is concluded that there is an impairment indicator of goodwill or it is selected not to conduct the test for impairment indicator, a comparison of the book value of the reporting units that include goodwill to its fair value (the quantitative impairment test) is performed. The key assumptions used in the calculation of fair value (e.g., projected cash flows and discount rates) are subject to the uncertainty of estimation.

If there is any impairment indicator that is attributable to the deterioration of circumstances or the occurrence of events, or if the key assumptions used in the comparison of book value to fair value (the quantitative impairment test) change, impairment losses on goodwill may be recorded in the following fiscal year.

TDLA performs quantitative impairment test by comparing book value with recoverable amount in each cash generating unit to which goodwill is allocated. Recoverable amount is calculated based on embedded values, etc. For calculating the embedded values, underlying actuarial assumptions are used such as discount rates, mortality, morbidity, discontinuances and others. If recoverable amount reduces due to the update of underlying actuarial assumptions, impairment losses on goodwill may be recorded in the following fiscal year.

The Company judges as to whether or not there is any impairment indicator of goodwill in accordance with the accounting standards in Japan, considering the results of the judgements made by each subsidiary. No impairment losses on goodwill are recorded in the fiscal year ended March 31, 2022 as the Company determined that there was no impairment indicator on goodwill.

b) Evaluation of value of in-force insurance contracts

i) Amounts recognized on the consolidated financial statements in the fiscal year ended March 31, 2022

Other intangible fixed assets presented in the Company's consolidated balance sheet includes assets regarding the present value of in-force insurance contracts, namely Value of Business Acquired (“VOBA”) or Value In-force (“VIF”). The balance of VOBA as of March 31, 2021 and 2022 were ¥186,370 million and ¥207,570 million (US$1,695 million) derived from the acquisition of PLC and the acquisition business of PLC's acquisition segment, and the balance of VIF as of March 31, 2021 and 2022 were ¥23,666 million and ¥23,259 million (US$190 million) derived from the acquisitions of TDLA, respectively.

ii) Information on the contents of significant accounting estimates related to identified items

The value of in-force insurance contracts arising from acquisitions and acquisition business is calculated as the present value of future profits to be earned from future cash flows arising from in-force insurance contracts and investment type insurance contracts at the acquisition date, and is recorded on the consolidated financial statements of these consolidated subsidiaries while the value of in-force insurance contracts is amortized over a period during which its effect is estimated, in proportion to the manner in which its effect is realized.

The VOBA of PLC is amortized based on future gross premiums, estimated gross margins, contractual terms and/or others.

With regards to the VOBA arising from investment type insurance contracts, PLC regularly reviews actuarial assumptions, such as interest rates, mortality and lapse rates, and updates them if necessary, and accordingly increases or decreases amortization amount of the VOBA. Where increase or decrease in estimated gross margins is expected due to the change in lapse, the update of actuarial assumptions may result in acceleration of amortization in the following fiscal year.

PLC assesses whether the VOBA arising from traditional insurance contracts is impaired concurrently with performing liability adequacy test of relevant policy reserves in addition to the predetermined amortization. The VOBA arising from traditional insurance contracts may result in impairment losses in the following fiscal year prior to providing additional policy reserves where the estimated future cash flows based on the underlying actuarial assumptions determined upon conclusion of contract, such as future investment yields, mortality and lapse rates differ significantly from actual and it is recognized that there is a risk of disabling to fulfill future obligations. No impairment losses on the VOBA are recorded in the fiscal year ended March 31, 2022.

TDLA assesses the VIF arising from the acquisition of TDLA as to whether there is any impairment indicator of the VIF at the same time as goodwill impairment test is performed because impairment of goodwill indicates impairment of the VIF. No impairment losses are recognized in the fiscal year ended March 31, 2022 as the TDLA determined that there was no indication that the VIF is impaired based on the result of the quantitative impairment test on goodwill.

(18) Policy Acquisition Costs

The costs of acquiring and renewing policies, which include agent commissions and certain other costs directly related to the acquisition of policies, are expensed when incurred as the Insurance Business Act in Japan does not permit insurance companies to defer and amortize these costs.

(19) Changes in Accounting Policies -Accounting Standard for Fair Value Measurement

Effective the fiscal year ended March 31, 2022, the Company and its domestic consolidated subsidiaries have applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, issued on July 4, 2019) and others.

In accordance with the transitional provision set forth in Paragraph 19 of "Accounting Standards for Fair Value Measurement" and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, revised on July 4, 2019), the Company and its domestic consolidated subsidiaries have applied the new accounting policies since the beginning of the fiscal year ended March 31, 2022. As a result, in principle, while fair value of domestic stocks was previously determined based on the average market price over the month preceding the consolidated balance sheet date, from the end of the fiscal year ended March 31, 2022, fair value of domestic stocks is determined based on the market price as of the consolidated balance sheet date.

Also, the Company has disclosed matters concerning fair value of financial instruments and breakdown by input level in Ⅸ. FINANCIAL INSTRUMENTS AND OTHERS.

However, the Company has omitted matters concerning fair value of financial instruments and breakdown by input level in the fiscal year ended March 31, 2021, in accordance with the transitional provision set forth in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on July 4, 2019).

(20) Accounting Standard and Guidance Not Yet Adopted

a) Financial Services - Insurance (Topic 944) (ASU No. 2018-12 issued on August 15, 2018, ASU No. 2019-09 issued on November 15, 2019, and ASU No. 2020-11 issued on November 5, 2020)

i) Outline

The amendments in this Update are mainly designed to make improvements of the accounting treatment of the liability for future policy benefits, the measurement of benefits with market risks at fair value, and the amortization methods of deferred acquisition costs of insurance contracts.

Privately owned companies that have adopted US GAAP will apply the amendments in this Update from the end of the fiscal year beginning on or after December 16, 2024 (early adoption is permitted).

ii) Scheduled date for adoption

Certain consolidated overseas subsidiaries have adopted US GAAP, and the amendments in this Update will be applied from the end of the fiscal year ending on December 31, 2025.

iii) Impact of applying the standard and guidance

The impact of applying the standard and guidance is currently under assessment.

b) Insurance Contracts (AASB No. 17)

i) Outline

This accounting standard prescribes the recognition, measurement, presentation, etc., of insurance contracts.

Companies that have adopted Australian Accounting Standards ("AAS") issued by the Australian Accounting Standards Board will apply this accounting standard from the fiscal year beginning on or after January 1, 2023.

ii) Scheduled date for adoption

Certain overseas consolidated subsidiaries have adopted AAS, and this accounting standard will be applied from the fiscal year beginning on April 1, 2023.

iii) Impact of applying the standard and guidance

The impact of applying the standard and guidance is currently under assessment.

(21) Change in Presentation

Effective the fiscal year ended March 31, 2022, the amount of "payables under repurchase agreements," which was included in "other liabilities" in the fiscal year ended March 31, 2021, is presented separately due to its increased importance in terms of amount.

For the purpose of reflecting this change in presentation, consolidated financial statements in the fiscal year ended March 31, 2021, were reclassified.

(Additional information)

Incentive Programs for Employees

The Company conducts transactions by granting its stocks to its employees using trust scheme ("the Stock Granting Trust (J-ESOP)") to incentivize its employees to improve stock prices and financial results.

a) Overview of the transactions

J-ESOP is a program to grant stocks of the Company to the employees who fulfill requirements under the Stock Granting Regulations of the Company and its group companies. The Company vests points to each managerial level employee based on her/his contribution, and vests stocks based on total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from book of the Company.

b) While adopting "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts." (ASBJ PITF No. 30), the Company applies the same accounting treatment as before.

c) Information related to the stocks of the Company which the trusts hold

i) Book value of the stocks of the Company within the trust as of March 31, 2021 and 2022 were ¥5,960 million and ¥5,895 million (US$48 million), respectively. These stocks were recorded as the treasury stock in the total shareholders' equity.

ii) The number of stocks within the trust as of March 31, 2021 and 2022 were 3,942 thousand shares and 3,899 thousand shares, and the average number of stocks within the trust for the fiscal years ended March 31, 2021 and 2022 were 3,991 thousand shares and 3,903 thousand shares, respectively. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

Ⅲ. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and deposits pledged as collateral were as follows:

	As of March 31, 2021	As of March 31, 2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Securities	2,616,478	3,683,194	30,093
Deposits	15,211	13,255	108
Total	2,631,690	3,696,450	30,202

The amounts of secured liabilities were as follows:

	As of March 31, 2021	As of March 31, 2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Payables under repurchase agreements	2,346,988	3,115,017	25,451
Cash collateral for securities lending transactions	239,987	260,531	2,128
Total	2,586,976	3,375,548	27,580

The amount of "Securities" pledged as collateral under repurchase agreements and for securities lending transactions with cash collateral as of March 31, 2021 and 2022 were ¥2,342,603 million and ¥3,217,022 million (US$26,285 million), respectively.

2. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2021 and 2022 were ¥2,644,610 million and ¥5,198,144 million (US$42,471 million), respectively.

3. Risk Management Policy of Policy-reserve-matching Bonds

Certain domestic consolidated subsidiaries categorize their insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulate their policies on investments and resource allocation based on the balance of the sub-groups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products of DL are:

Years ended March 31, 2021 and 2022
i) individual life insurance and annuities,
ii) non-participating single premium whole life insurance (without duty of medical disclosure),
iii) financial insurance and annuities, and
iv) group annuities,
with the exception of certain types.

The sub-groups of insurance products of DFLI are:

Years ended March 31, 2021 and 2022
i) individual life insurance and annuities (yen-denominated),
ii) individual life insurance and annuities (U.S. dollar-denominated), and
with the exception of certain types and contracts.

(Additional Information)

Effective the fiscal year ended March 31, 2022, DFLI discontinued the sub-group of "individual life insurance and annuities (New Zealand dollar-denominated)", and policy-reserve-matching bonds held in this sub-group were reclassified into available-for-sale securities.

This is mainly due to the fact that the significance of reflecting the actual situation of interest rate risk management using asset-liability matching in the financial statements has diminished given a decrease in the balance of policy reserves balance and shorter durations for this sub-group.

The impact of this change on the consolidated financial statements is immaterial.

4. Stocks of Subsidiaries and Affiliated Companies

The amounts of stocks of and stakes in non-consolidated subsidiaries and affiliated companies of the Company held were as follows:

	As of March 31, 2021	As of March 31, 2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Stocks	119,024	116,821	954
Capital	167,113	189,350	1,547
Total	286,138	306,172	2,501

5. Risk-managed claims

As of March 31, 2022, the amounts of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, claims that are overdue for three months or more, and claims with repayment relaxation, which were included in claims, were as follows:

	As of March 31, 2021	As of March 31, 2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Claims against bankrupt and quasi-bankrupt obligors (*1)	67	79	0
Claims with collection risk (*2)	3,216	7,273	59
Claims that are overdue for three months or more (*3)	–	–	–
Claims with repayment relaxation (*4)	1,016	1,108	9
Total	4,300	8,460	69

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

(*2) Claims with collection risk are claims to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the claims will be recovered.

(*3) Claims that are overdue for three months or more are loans for which payment of principal or interest is delayed for three months or more from the day following the contracted payment date. This category excludes claims against bankrupt and quasi-bankrupt obligors and claims with collection risk.

(*4) Claims with repayment relaxation are loans for which certain concessions favorable to the debtor, such as interest rate reduction and exemption, interest payment deferment, principal repayment deferment, debt waiver, etc., for the purpose of rebuilding or supporting the debtor. This category excludes claims against bankrupt and quasi-bankrupt obligors, claims with collection risk and claims that are overdue for three months or more.

As a result of the direct write-off of claims, the decrease in claims against bankrupt and quasi-bankrupt obligors as of March 31, 2021 and 2022 were ¥1 million and ¥1 million (US$0 million).

(*5) Claims against normal obligors who don't have any specific problems with financial conditions and operations, are all other claims excluding claims mentioned in above. The amounts of Claims against normal obligors as of March 31, 2021 and 2022 were ¥6,483,589 million and ¥9,284,129 million (US$75,856 million), respectively.

6. Commitment Line

As of March 31, 2021 and 2022, there were unused commitment line agreements under which the Company and its consolidated subsidiaries were the lenders of ¥161,391 million and ¥157,611 million (US$1,287 million), respectively.

7. Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets as of March 31, 2021 and 2022 were ¥633,461 million and ¥632,076 million (US$5,164 million), respectively.

8. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2021 and 2022 were ¥2,613,313 million and ¥2,690,773 million (US$21,985 million), respectively. Separate account liabilities were the same amount as the separate account assets.

9. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year	399,742	400,999	3,276
Dividends paid during the year	(84,461)	(83,541)	(682)
Interest accrual during the year	8,218	8,264	67
Provision for reserve for policyholder dividends	77,500	87,500	714
Balance at the end of the year	400,999	413,222	3,376

10. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of consolidated companies that operate a life insurance business in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2021 and 2022 were ¥59,304 million and ¥61,110 million (US$499 million), respectively. These obligations will be recognized as operating expenses for the years in which they are paid.

11. Revaluation of Land

Based on the "Act on Revaluation of Land" (Act No. 34, March 31, 1998), land for business use was revalued. The difference between the fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

・ Date of revaluation: March 31, 2001
・ Method stipulated in Article 3, Paragraph 3 of the Act on Revaluation of Land:

The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Order for Enforcement of the Act on Revaluation of Land (Publicly Issue Cabinet Order No. 119, March 31, 1998).

12. Bonds Payable

As of March 31, 2021 and 2022, bonds payable included foreign currency-denominated subordinated bonds of ¥789,533 million and ¥748,398 million (US$6,114 million), respectively, whose repayment is subordinated to other obligations.

Details of bonds payable were as follows:

Issuer	Description	Issuance date	Balance as of April 1, 2021	Balance as of March 31, 2022	Interest rate (%)	Collateral	Maturity date
			(Unit: million yen)				
The Company	From 1st to 4th series perpetual subordinated bond	From March 19, 2019 To December 23, 2021	230,000	310,000	From 0.90 to1.22	None	Perpetual
DL	Foreign currency (US dollar) denominated perpetual subordinated bonds	From March 15, 2011 To July 20, 2016	476,277 [4,800 mil US$]	368,715 [3,500 mil US$]	From 4.00 to 7.25	None	Perpetual
(*1)	Foreign currency (US dollar) denominated bonds	From August 15, 1994 to September 20, 2019	110,236 [1,065 mil US$]	121,985 [1,060 mil US$]	From 3.40 to 8.45	None	From August 15, 2024 to October 15, 2039
(*2)	Foreign currency (US dollar) denominated subordinated bonds	From August 10, 2017 to May 1, 2018	62,689 [605 mil US$]	69,683 [605 mil US$]	From 3.55 to 5.35	None	From May 1, 2038 to August 10, 2052
TDLA	Foreign currency (Australian dollar) denominated subordinated bonds	March 31, 2017	20,567 [243 mil AUD]	–	6.00	None	March 31, 2027
Total	–	–	899,770	870,383	–	–	–

Note: 1. The above (*1) represents the total of bonds issued by the following consolidated overseas subsidiaries: PLC, Golden Gate II Captive Insurance Company, Golden Gate V Vermont Captive Insurance Company, MONY Life Insurance Company and Golden Gate Captive Insurance Company.
The above (*2) represents the total of bonds issued by the following consolidated overseas subsidiaries: PLC and Protective Life Insurance company.
2. Figures in [ ] are the amounts denominated in foreign currency.
3. There is no scheduled redemption amount within 5 years after the consolidated settlement date.

13. Subordinated Debt and Other Liabilities

As of March 31, 2021 and 2022, other liabilities included subordinated debt of ¥390,600 million and ¥325,000 million (US$2,655 million), respectively, whose repayment is subordinated to other obligations.

Details of borrowings and lease obligations were as follows:

Category	Balance as of April 1, 2021	Balance as of March 31, 2022	Average interest rate (%)	Maturity	Balance as of April 1, 2021	Balance as of March 31, 2022
	(Unit: million yen)				(Unit: million US dollars)	
Short-term borrowings	19,665	31,630	1.1	–	177	258
Current portions of long-term borrowings	265,948	21,906	2.0	–	2,402	178
Current portions of lease obligations	2,875	3,044	–	–	25	24
Long-term borrowings (excluding current portion)	415,035	691,451	1.0	February 2024~ perpetual	3,748	5,649
Lease obligations (excluding current portion)	6,553	5,407	–	April 2023 ~ March 2027	59	44
Other interest-bearing liabilities Payables under repurchase agreements (current portion)	2,346,988	3,115,017	(0.1)	–	21,199	25,451
Total	3,057,067	3,868,457		–	27,613	31,607

Note: 1. Those borrowings, lease obligations and payables under repurchase agreements above are included in the "other liabilities" on the consolidated balance sheet.
2. The average interest rate represents the weighted-average rate applicable to the balance as of March 31, 2022. As for lease obligations, the average interest rate of is not presented above because interests of certain lease obligations are included in the total amount of lease payments.
3. The following table shows the maturities of long-term borrowings (excluding the current portion or those without maturities) and lease obligations (excluding the current portion) for the 5 years subsequent to March 31, 2022:

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
	(Unit: million yen)			
Long-term borrowings	8,080	9,200	8,080	319,012
Lease obligations	2,611	2,049	650	95

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
	(Unit: million US dollars)			
Long-term borrowings	66	75	66	2,606
Lease obligations	21	16	5	0

14. Securities Borrowing

Securities borrowed under borrowing agreements and securities received as collateral of reinsurance transactions can be sold or pledged as collateral. As of March 31, 2021 and 2022, the market value of the securities which were not sold or pledged as collateral was ¥117,720 million and ¥141,423 million (US$1,155 million), respectively. None of the securities were pledged as collateral as of March 31, 2021 and 2022, respectively.

15. Organizational Change Surplus

As of March 31, 2021 and 2022, the amounts of organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US$962 million), respectively.

Ⅳ. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

1. Operating Expenses

Details of operating expenses for the fiscal years ended March 31, 2021 and 2022 were as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses	273,519	290,652	2,374
Sales management expenses	92,204	99,290	811
General management expenses	323,334	362,217	2,959

2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the fiscal years ended March 31, 2021 and 2022 were as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Land	5,258	10,048	82
Buildings	210	153	1
Other tangible fixed assets	1	1	0
Other intangible fixed assets	–	201	1
Other assets	0	–	–
Total	5,471	10,404	85

3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal years ended March 31, 2021 and 2022 were as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Land	1,536	3,437	28
Buildings	4,824	8,503	69
Leased assets	7	18	0
Other tangible fixed assets	227	435	3
Software	62	532	4
Other intangible fixed assets	187	–	–
Other assets	53	39	0
Total	6,899	12,966	105

4. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets of the consolidated subsidiaries that operate a life insurance business in Japan for the years ended March 31, 2021 and 2022 were as follows:

a) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group for each consolidated company. Each property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.

b) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value of some asset groups, the consolidated subsidiaries wrote down the book value of these assets to the recoverable value, and reported such write-off as impairment losses in extraordinary losses.

c) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2021 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
			(Unit: million yen)		
Real estate for rent	Morioka city,Iwate Prefecture	1	25	31	57
Real estate not in use	Takamatsu city,Kagawa Prefecture and others	22	1,741	752	2,494
Total	–	23	1,767	784	2,552

Impairment losses by asset group for the fiscal year ended March 31, 2022 were as follows:

Asset Group	Place	Number	Impairment Losses					
			Land	Buildings	Total	Land	Buildings	Total
			(Unit: million yen)			(Unit: million US dollars)		
Real estate for rent	Morioka city,Iwate Prefecture	1	1	2	3	0	0	0
Real estate not in use	Yokohama city,Kanagawa Prefecture and others	18	1,035	2,811	3,846	8	22	31
Total	–	19	1,036	2,813	3,850	8	22	31

d) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 2.17% and 2.11% for the years ended March 31, 2021 and 2022, respectively, were applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

Ⅴ. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The amount reclassified and tax effect amounts related to other comprehensive income were as follows:

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2022
	(Unit: million yen)	(Unit: million yen)	(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	1,324,450	(752,029)	(6,144)
Amount reclassified	(278,014)	(143,891)	(1,175)
Before tax adjustment	1,046,436	(895,920)	(7,320)
Tax effect	(273,419)	241,952	1,976
Net unrealized gains (losses) on securities, net of tax	773,016	(653,967)	(5,343)
Deferred hedge gains (losses)			
Amount incurred during the year	(34,448)	(16,662)	(136)
Amount reclassified	34	1,846	15
Amount adjusted for asset acquisition cost	79	–	–
Before tax adjustment	(34,334)	(14,816)	(121)
Tax effect	9,602	3,434	28
Deferred hedge gains (losses)	(24,731)	(11,381)	(92)
Reserve for land revaluation			
Amount incurred during the year	–	–	–
Amount reclassified	–	–	–
Before tax adjustment	–	–	–
Tax effect	–	(25)	(0)
Reserve for land revaluation	–	(25)	(0)
Foreign currency translation adjustments			
Amount incurred during the year	12,338	110,026	898
Amount reclassified	–	–	–
Before tax adjustment	12,338	110,026	898
Tax effect	–	–	–
Foreign currency translation adjustments	12,338	110,026	898
Remeasurements of defined benefit plans, net of tax			
Amount incurred during the year	17,991	19,868	162
Amount reclassified	6,322	5,231	42
Before tax adjustment	24,314	25,100	205
Tax effect	(6,890)	(6,915)	(56)
Remeasurements of defined benefit plans, net of tax	17,424	18,185	148
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	(5,415)	(1,539)	(12)
Amount reclassified	7,572	(1,047)	(8)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	2,157	(2,586)	(21)
Total other comprehensive income	780,204	(539,749)	(4,410)

Ⅵ. NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

1. For the Year Ended March 31, 2021

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2021 At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands of shares)			
Common stock(*1)	1,198,443	312	–	1,198,755
Treasury stock(*2)(*3)(*4)	69,378	19,400	238	88,541

(*1) The increase of 312 thousand shares of outstanding common stock was due to the issuance of new shares under stock remuneration scheme.
(*2) Treasury stock at the beginning and the end of the fiscal year ended March 31, 2021, includes 4,068 thousand shares and 3,942 thousand shares held by the trust fund through the J-ESOP, respectively.
(*3) The increase of 19,400 thousand shares of treasury stock was due to the repurchase of 19,394 thousand shares of outstanding common stock and acquisition without consideration of 6 thousand shares of restricted stock.
(*4) The decrease of 238 thousand shares of treasury stock represents the sum of (1) 112 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 125 thousand shares granted to eligible employees at retirement by the J-ESOP.

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2021 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	920

(3) Dividends on Common Stock

a) Dividends paid during the fiscal year ended March 31, 2021

Date of resolution	June 22, 2020 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥70,001 million
Dividends per share	¥62
Record date	March 31, 2020
Effective date	June 23, 2020
Dividend resource	Retained earnings

(*) Total dividends did not include ¥252 million of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

b) Dividends, the record date of which was March 31, 2021, to be paid out in the year ending March 31, 2022

Date of resolution	June 21, 2021 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥68,833 million
Dividends per share	¥62
Record date	March 31, 2021
Effective date	June 22, 2021
Dividend resource	Retained earnings

(*) Total dividends did not include ¥244 million of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

2. For the Year Ended March 31, 2022

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2022			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands of shares)			
Common stock(*1)	1,198,755	183	167,591	1,031,348
Treasury stock(*2)(*3)(*4)(*5)	88,541	86,130	167,784	6,886

(*1) The increase of 183 thousand shares of outstanding common stock was due to the issuance of new shares under stock remuneration scheme.
(*2) Treasury stock at the beginning and the end of the fiscal year ended March 31, 2022, includes 3,942 thousand shares and 3,899 thousand shares held by the trust fund through the J-ESOP, respectively.
(*3) The decrease of 167,591 thousand shares of outstanding common stock was due to the cancellation of treasury stock.
(*4) The increase of 86,130 thousand shares of treasury stock was due to the purchase of treasury stock.
(*5) The decrease of 167,784 thousand shares of treasury stock represents the sum of (1) 151 thousand shares due to the exercise of stock acquisition rights (stock options), (2) 42 thousand shares granted to eligible employees at retirement by the J-ESOP, and (3) 167,591 thousand shares due to the cancellation of treasury stock.

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2022 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	694(US$5 million)

(3) Dividends on Common Stock

a) Dividends paid during the fiscal year ended March 31, 2022

Date of resolution	June 21, 2021 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥68,833 million (US$562 million)
Dividends per share	¥62 (US$0.50)
Record date	March 31, 2021
Effective date	June 22, 2021
Dividend resource	Retained earnings

(*) Total dividends did not include ¥244 million (US$1 million) of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

b) Dividends, the record date of which was March 31, 2022, to be paid out in the year ending March 31, 2023

Date of resolution	June 20, 2022 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥85,030 million (US$694 million)
Dividends per share	¥83 (US$0.67)
Record date	March 31, 2022
Effective date	June 21, 2022
Dividend resource	Retained earnings

(*) Total dividends did not include ¥323 million (US$2 million) of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

Ⅶ. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

1. Reconciliations of Cash and Cash Equivalents to Consolidated Balance Sheet Accounts

Details of reconciliations of cash and cash equivalents to consolidated balance sheet accounts were as follows:

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Cash and deposits	1,884,141	2,183,874	17,843
Call loans	403,700	479,900	3,921
Term deposits exceeding three months and others	(24,931)	(47,030)	(384)
Cash and cash equivalents	2,262,910	2,616,743	21,380

Ⅷ. LEASE TRANSACTIONS

1. Finance Leases (As Lessee)

For the fiscal years ended March 31, 2021 and 2022, information regarding finance leases (as lessee) is omitted due to the importance on the consolidated financial statements.

2. Operating Leases

Future minimum lease payments under non-cancellable operating leases as of March 31, 2021 and 2022 were as follows:

(As Lessee)

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	1,666	2,670	21
Due after one year	9,128	19,028	155
Total	10,794	21,699	177

(As Lessor)

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	357	417	3
Due after one year	4,136	12,644	103
Total	4,494	13,061	106

Ⅸ. FINANCIAL INSTRUMENTS AND OTHERS

1. Financial Instruments

(1) Policies in Utilizing Financial Instrument

The Group mainly operates in life insurance business and, in an effort to manage investment assets in a manner appropriate to liabilities, which arise from the insurance policies underwritten, engages in asset liability management, or ALM, which considers the long-term balance between assets and liabilities to ensure stable returns. With this strategy, the Group holds fixed income investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, the Group also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

The Group uses derivatives primarily to hedge market risks associated with its existing asset portfolio and to mitigate the risks associated with guaranteed minimum maturity benefits of individual variable annuity insurance.

With respect to financing, the Group has raised capital directly from the capital markets by issuing subordinated bonds as well as indirectly from banks in order to strengthen its capital base. To avoid impact from interest-rate fluctuations, the Group utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

(2) Financial Instruments Used and Their Risks

Securities included in financial assets of the Group, mainly stocks and bonds, are exposed to market fluctuation risk, credit risk and interest-rate risk and some of the securities denominated in foreign currency are exposed to foreign currency risk. Also, loans are exposed to credit risk arising from the defaults of obligors.

The Group might be exposed to liquidity risk in certain circumstance in which it cannot make timely payments of principal, interest or other amounts due to unpredictable cash outflows or is forced to raise capital with interest rates substantially higher than usual. Also, some of its loans payable and bonds payable which are floating interest rate based and denominated in foreign currency are exposed to interest-rate risk and foreign currency risk.

The Group utilizes a) interest rate swaps to hedge interest rate risk associated with certain of its loans receivable and payable, b) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and c) foreign currency forward contracts, currency options and foreign currency swaps to hedge foreign currency risks associated with certain foreign currency-denominated bonds, foreign currency-denominated short-term deposits and foreign currency-denominated debts, etc. and adopts hedge accounting.

In addition, certain consolidated subsidiaries utilize a) interest rate swaps to hedge interest rate risk associated with certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (JICPA Industry Audit Committee Report No. 26), and b) foreign currency swaps to hedge foreign currency risks associated with funding agreements and adopts hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in accounting standards such as the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008), the Group has established investment policy and procedure guidelines and clarified the transactions to be hedged, the risk of underlying assets to be hedged and derivative instruments to be used, and conducted pre- and post-effectiveness tests of the transactions.

(3) Risk Management

The Group manages risk in accordance with a basic policy for risk management, rules for management procedures, etc. defined by the board of directors, etc.

a) Market risk management

Under the internal investment policy and market risk management policy, DL manages market risk by conducting mid- to long-term asset allocation in a manner appropriate to its liabilities. Therefore, it categorizes its portfolio into sub-groups, based on their investment purpose, and manages them taking into account each of their risk characteristics.

i) Interest rate risk

DL keeps track of interest rates and durations of its assets and liabilities, monitors its internal analyses on duration gap and interest rate sensitivity, and periodically reports its findings to the board of directors, etc.

ii) Currency risk

DL keeps track of currency composition of its financial assets and liabilities, conducts sensitivity analyses, and periodically reports its findings to the board of directors, etc.

iii) Fluctuation in market values

DL defines risk management policies and management procedures for each component of its overall portfolio, including securities, based on the risk characteristics of the categories, and sets and manages upper limits of each asset balance and asset allocation weight.

Such management conditions are periodically reported by its risk management sections to the board of directors, etc.

iv) Derivative transactions

For derivative transactions, DL has established internal check system by segregating (i) the executing department, (ii) the department which engages in assessment of hedge effectiveness, and (iii) the back-office. Additionally, in order to limit speculative use of derivatives, it has put restrictions on utilization purpose, such as hedging, and establishes position limits for each asset class.

The consolidated subsidiaries other than DL have established appropriate risk management systems in accordance with the Group's basic policy for risk management, etc.

DFLI utilizes derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities and hedge foreign currency risks associated with bonds. For derivatives used to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities, in accordance with its internal regulations to manage the risks associated with its guaranteed minimum maturity benefits, it (i) assesses the hedge effectiveness of derivative transactions, (ii) manages gains and losses from derivative transactions on a daily basis, and (iii) periodically checks its progress on reducing the risk associated with its guaranteed minimum maturity benefits and measures estimated losses based on VaR (value-at-risk). The risk management section is in charge of managing overall risks including risks associated with the guaranteed minimum maturity benefits, and periodically reports the status of such management to the board of directors, etc.

b) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, DL has established a credit management system related to loans, such as preliminary reviews on individual transactions, credit limit setting, credit information management, internal credit rating, attachment of guarantees and collateral, and follow-ups on problem loans. For corporate bond investment, the credit section sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk-taking is restricted since front offices make investment within those caps. Policies and frameworks for large-lot borrowers have been formulated in order to prevent credit concentration by monitoring compliance, etc. That credit management has been conducted by the credit and risk management sections, and has been periodically reported to its board of directors, etc. Additionally, the internal audit section has also checked credit management status.

Credit risk of security issuers and counterparty risk with respect to derivative transactions are managed by the credit section, which sets upper limits for each counterparty and financial instrument and periodically monitors credit information, and by the risk management section, which periodically monitors current exposures.

The consolidated subsidiaries other than DL have established appropriate risk management systems in accordance with the Group's basic policy for risk management, etc.

(4) Supplementary Explanation for Fair Value of Financial Instruments

As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied. Also, for the contract value regarding derivative transactions described in "XII. DERIVATIVE TRANSACTIONS", the "Notional amount/contract value" itself does not indicate market risk related to derivative transactions.

2. Fair Values of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2021 and 2022 were as follows.

	As of March 31, 2021		
	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)		
(1) Monetary claims bought	252,140	252,140	–
(2) Money held in trust	1,130,920	1,130,920	–
(3) Securities(※2)			
a. Trading securities	4,343,031	4,343,031	–
b. Held-to-maturity bonds	110,171	111,589	1,418
c. Policy-reserve-matching bonds	16,734,673	19,129,396	2,394,723
d. Stocks of subsidiaries and affiliated companies	1,041	1,150	108
e. Available-for-sale securities	29,193,968	29,193,968	–
(4) Loans	3,762,666		
Reserves for possible loan losses (※3)	(23,842)		
	3,738,823	3,877,221	138,398
Total assets	55,504,769	58,039,418	2,534,648
(1) Bonds payable	899,770	947,004	47,233
(2) Long-term borrowings	700,648	701,211	562
Total liabilities	1,600,419	1,648,215	47,795
Derivative transactions (※4)			
a. Hedge accounting not applied	[99,077]	[99,077]	–
b. Hedge accounting applied	[296,206]	[296,828]	(621)
Total derivative transactions	[395,284]	[395,906]	(621)

(※1) Cash and deposits, call loans, and payables under repurchase agreements are not included since they are mainly due within a short period of time or have no maturity, and their fair value is close to the carrying amount.
(※2) Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of (3) Securities.

	As of March 31,2021
	Carrying amount
	(Unit: million yen)
1. Unlisted domestic stocks (*1)(*2)	104,421
2. Unlisted foreign stocks (*1)(*2)	66,716
3. Other foreign securities (*1)(*2)	100,889
4. Other securities (*1)(*2)	225,035
Total	497,061

(*1) These securities cannot be assigned a market value because of unavailability of tradable markets, and they are excluded from disclosure of fair value.
(*2) For the fiscal year ended March 31, 2021, impairment charges of ¥1,192 million was recorded.
(※3) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.
(※4) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

	As of March 31, 2022					
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Monetary claims bought	255,902	255,902	–	2,090	2,090	–
(2) Money held in trust	1,106,918	1,106,918	–	9,044	9,044	–
(3) Securities(※2)						
a. Trading securities	4,901,534	4,901,534	–	40,048	40,048	–
b. Held-to-maturity bonds	129,424	129,339	(84)	1,057	1,057	(0)
c. Policy-reserve-matching bonds	17,850,947	19,350,082	1,499,135	145,852	158,101	12,248
d. Stocks of subsidiaries and affiliated companies	1,157	1,157	–	9	9	–
e. Available-for-sale securities	27,815,759	27,815,759	–	227,271	227,271	–
(4) Loans	3,978,577			32,507		
Reserves for possible loan losses (※3)	(16,653)			(136)		
	3,961,923	4,053,566	91,643	32,371	33,120	748
Total assets	56,023,567	57,614,261	1,590,694	457,746	470,743	12,996
(1) Bonds payable	870,383	886,396	16,012	7,111	7,242	130
(2) Long-term borrowings	744,988	746,971	1,983	6,087	6,103	16
Total liabilities	1,615,372	1,633,368	17,996	13,198	13,345	147
Derivative transactions (※4)						
a. Hedge accounting not applied	[110,586]	[110,586]	–	[903]	[903]	–
b. Hedge accounting applied	[469,562]	[468,977]	584	[3,836]	[3,831]	4
Total derivative transactions	[580,148]	[579,563]	584	[4,740]	[4,735]	4

(※1) Cash and deposits, call loans, and payables under repurchase agreements are not included since they are mainly due within a short period of time or have no maturity, and their fair value is close to the carrying amount.
(※2) The carrying amount of stocks and other securities without market prices and ownership stakes in partnerships, etc. on the consolidated balance sheet are as follows. They are not included in the fair value of (3) Securities.

	As of March 31,2022	
	Carrying amount	
	(Unit: million yen)	(Unit: million US dollars)
Stocks and other securities without market prices (*1)(*3)	166,235	1,358
Ownership stakes in partnerships, etc. (*2)(*3)	639,692	5,226

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to disclosure of fair value in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 31, 2020).
(*2) Ownership stakes in partnerships, etc. mainly include stakes in anonymous associations and investment partnerships. They are not subject to disclosure of fair value in accordance with Paragraphs 26 or 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on July 4, 2019).
(*3) Impairment loss of ¥1,155 million (US$9 million) was recognized in the fiscal year ended March 31, 2022.
(※3) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.
(※4) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

Note 1: Scheduled redemptions of monetary claims and securities with maturities

As of March 31, 2021

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(Unit: million yen)			
Cash and deposits	1,870,672	13,472	–	–
Call loans	403,700	–	–	–
Monetary claims bought	–	31,055	32,543	182,629
Securities:				
Held-to-maturity bonds (bonds)	700	61,500	15,700	21,700
Held-to-maturity bonds(foreign securities)	–	10,832	100	–
Policy-reserve-matching bonds (bonds)	21,812	510,840	2,431,592	11,431,371
Policy-reserve-matching bonds (foreign securities)	29,558	463,056	1,226,552	523,613
Available-for-sale securities with maturities (bonds)	90,433	773,815	1,106,464	1,078,666
Available-for-sale securities with maturities (foreign securities)	735,608	4,191,940	4,294,477	7,839,076
Available-for-sale securities with maturities (other securities)	720	276,293	318,182	8,382
Loans (*)	438,660	1,242,856	854,132	725,373

(*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥633 million were not included. Also, ¥243,180 million of loans without maturities were not included.

As of March 31, 2022

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(Unit: million yen)			
Cash and deposits	2,169,025	14,851	–	–
Call loans	479,900	–	–	–
Monetary claims bought	3,350	56,217	21,942	171,440
Securities:				
Held-to-maturity bonds (bonds)	2,100	70,200	19,300	24,100
Held-to-maturity bonds(foreign securities)	4,700	8,455	600	–
Policy-reserve-matching bonds (bonds)	23,010	724,113	2,090,038	12,538,374
Policy-reserve-matching bonds (foreign securities)	43,937	514,463	1,257,123	590,985
Available-for-sale securities with maturities (bonds)	119,802	1,044,973	834,563	1,084,231
Available-for-sale securities with maturities (foreign securities)	666,658	4,183,466	4,338,823	8,266,268
Available-for-sale securities with maturities (other securities)	1,213	371,788	269,338	20,345
Loans (*)	470,341	1,328,652	858,178	788,909

As of March 31, 2022

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(Unit: million US dollars)			
Cash and deposits	17,722	121	–	–
Call loans	3,921	–	–	–
Monetary claims bought	27	459	179	1,400
Securities:				
Held-to-maturity bonds (bonds)	17	573	157	196
Held-to-maturity bonds(foreign securities)	38	69	4	–
Policy-reserve-matching bonds (bonds)	188	5,916	17,076	102,446
Policy-reserve-matching bonds (foreign securities)	358	4,203	10,271	4,828
Available-for-sale securities with maturities (bonds)	978	8,538	6,818	8,858
Available-for-sale securities with maturities (foreign securities)	5,446	34,181	35,450	67,540
Available-for-sale securities with maturities (other securities)	9	3,037	2,200	166
Loans (*)	3,842	10,855	7,011	6,445

(*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥4,575 million (US$ 37million) were not included. Also, ¥521,093 million (US$4,257 million) of loans without maturities were not included.

Note 2: Scheduled maturities of bonds, long term borrowings, and other interest-bearing liabilities

As of March 31, 2021

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(Unit: million yen)					
Bonds payable (*1)	–	–	–	195	–	184,885
Payables under repurchase agreements	2,346,988	–	–	–	–	–
Long term borrowings (*2)	285,510	20,063	7,409	62,100	–	–

(*1) ¥706,277 million of bonds payable without maturities were not included.
(*2) ¥325,000 million of long term borrowings without maturities were not included.

As of March 31, 2022

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(Unit: million yen)					
Bonds payable (*1)	–	–	–	–	–	182,964
Payables under repurchase agreements	3,115,017	–	–	–	–	–
Long term borrowings (*2)	53,511	8,080	9,200	8,080	319,012	22,080

As of March 31, 2022

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(Unit: million US dollars)					
Bonds payable (*1)	–	–	–	–	–	1,494
Payables under repurchase agreements	25,451	–	–	–	–	–
Long term borrowings (*2)	437	66	75	66	2,606	180

(*1) ¥678,715 million (US$5,545 million) of bonds payable without maturities were not included.
(*2) ¥325,000 million (US$2,655 million) of long term borrowings without maturities were not included.

3: Matters Concerning Fair Value of Financial Instruments and Breakdown by Input Level

The fair values of financial instruments are classified into the following three levels based on the observability and significance of the inputs used to measure fair value:

Level 1: Fair value determined based on the observable inputs, such as quoted prices in active markets for identical assets or liabilities

Level 2: Fair value determined based on observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified into the lowest priority level of fair value measurement in which each input belongs.

a) Financial assets and liabilities measured at fair value on the consolidated balance sheet

As of March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
	(Unit: million yen)			
Monetary claims bought	–	–	255,902	255,902
Money held in trust(*)	909,599	195,345	–	1,104,944
Securities(*)				
Trading securities	2,480,386	1,137,804	33,848	3,652,039
Available-for-sale securities				
Government bonds	2,005,060	–	–	2,005,060
Local government bonds	–	29,376	–	29,376
Corporate bonds	–	1,600,684	7,966	1,608,651
Domestic stocks	3,251,456	–	–	3,251,456
Foreign bonds	2,695,782	15,124,911	427,637	18,248,332
Other foreign securities	475,397	148,500	13,539	637,437
Other securities	3,064	–	–	3,064
Derivative transactions				
Currency-related	43	133,085	–	133,128
Interest-related	–	38,189	–	38,189
Stock-related	12,590	117,372	–	129,962
Bond-related	13,368	1,807	–	15,176
Others	–	390	27,972	28,362
Total assets	11,846,750	18,527,467	766,867	31,141,085
Long-term borrowings	–	69,401	–	69,401
Derivative transactions				
Currency-related	242	577,259	–	577,502
Interest-related	–	6,966	–	6,966
Stock-related	9,355	91,746	–	101,101
Bond-related	17,737	2,311	–	20,048
Others	–	20	219,329	219,350
Total liabilities	27,334	747,704	219,329	994,369

As of March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
	(Unit: million US dollars)			
Monetary claims bought	–	–	2,090	2,090
Money held in trust(*)	7,431	1,596	–	9,028
Securities(*)				
Trading securities	20,266	9,296	276	29,839
Available-for-sale securities				
Government bonds	16,382	–	–	16,382
Local government bonds	–	240	–	240
Corporate bonds	–	13,078	65	13,143
Domestic stocks	26,566	–	–	26,566
Foreign bonds	22,026	123,579	3,494	149,099
Other foreign securities	3,884	1,213	110	5,208
Other securities	25	–	–	25
Derivative transactions				
Currency-related	0	1,087	–	1,087
Interest-related	–	312	–	312
Stock-related	102	958	–	1,061
Bond-related	109	14	–	123
Others	–	3	228	231
Total assets	96,795	151,380	6,265	254,441
Long-term borrowings	–	567	–	567
Derivative transactions				
Currency-related	1	4,716	–	4,718
Interest-related	–	56	–	56
Stock-related	76	749	–	826
Bond-related	144	18	–	163
Others	–	0	1,792	1,792
Total liabilities	223	6,109	1,792	8,124

(*) In accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on July 4, 2019), mutual funds to which transitional provisions were applied are not included in the table above. The amounts of such mutual funds on the consolidated balance sheet are ¥1,974 million (US$16 million) in money held in trust and ¥3,281,874 million (US$26,814 million) in securities.

b) Financial assets and liabilities not measured at fair value on the consolidated balance sheet

As of March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
	(Unit: million yen)			
Securities				
Held-to-maturity bonds				
Government bonds	48,407	―	–	48,407
Corporate bonds	–	67,170	–	67,170
Foreign bonds	–	12,605	1,155	13,760
Policy-reserve-matching bonds				
Government bonds	15,436,289	―	–	15,436,289
Local government bonds	―	132,312	–	132,312
Corporate bonds	―	1,327,433	–	1,327,433
Foreign bonds	44,091	2,409,955	–	2,454,047
Stocks of subsidiaries and affiliated companies	–	300	857	1,157
Loans	–	–	4,053,566	4,053,566
Total assets	15,528,788	3,949,777	4,055,580	23,534,147
Bonds payable	―	873,051	13,345	886,396
Long-term borrowings	―	–	677,570	677,570
Total liabilities	―	873,051	690,915	1,563,967

As of March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
	(Unit: million US dollars)			
Securities				
Held-to-maturity bonds				
Government bonds	395	–	–	395
Corporate bonds	–	548	–	548
Foreign bonds	–	102	9	112
Policy-reserve-matching bonds				
Government bonds	126,123	–	–	126,123
Local government bonds	–	1,081	–	1,081
Corporate bonds	–	10,845	–	10,845
Foreign bonds	360	19,690	–	20,051
Stocks of subsidiaries and affiliated companies	–	2	7	9
Loans	–	–	33,120	33,120
Total assets	126,879	32,272	33,136	192,288
Bonds payable	–	7,133	109	7,242
Long-term borrowings	–	–	5,536	5,536
Total liabilities	–	7,133	5,645	12,778

Note 1: Description of the evaluation methods and inputs used to measure fair value

Assets

Monetary claims bought

The fair value of monetary claims bought is measured using the price obtained by outside contractors and counterparty financial institutions. Since significant unobservable inputs are used for the price obtained, the fair value of monetary claims bought is classified into Level 3.

Money held in trust

The fair value of money held in trust is classified into Level 1 in cases where unadjusted quoted market prices in active markets can be used. If the market is not active, the fair value of money held in trust is classified into Level 2, irrespective of whether disclosed quoted market prices are used.

The fair value of money held in trust for which quoted market prices are not used as fair value is measured using prices obtained from outside contractors and counterparty financial institutions, and classified into either Level 1 or Level 2, based on the level of the primary components of trust assets. Of the components of trust assets, mutual funds are not classified into any level, applying the transitional provisions in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on July 4, 2019).

Securities

The fair value of securities for which unadjusted quoted market prices in active markets are available is classified into Level 1. These include stocks and government bonds, among others. If the market is not active, the fair value of securities is classified into Level 2, irrespective of whether disclosed quoted market prices are used.

The fair value of bonds for which quoted market prices are not used as fair value is measured mainly using prices obtained from outside contractors and counterparty financial institutions. The present value of these prices is calculated by discounting future cash flows at a discount rate (i.e., a risk-free interest rate that takes into account credit spread). The fair value of bonds is classified into Level 2 if observable inputs are used in the calculation, and Level 3 if significant unobservable inputs are used.

The fair value of asset-backed securities of certain foreign consolidated subsidiaries is based on the price obtained from outside contractors. The fair value of such asset-backed securities is classified into Level 2 if observable inputs are used in the calculation, and Level 3 if significant unobservable inputs are used.

The fair value of mutual funds is based on prices obtained from counterparty financial institutions and are not classified into any level, applying the transitional measures in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on July 4, 2019).

Notes regarding securities by purpose of holding are described in "X. Securities" below.

Loans

The fair value of loans is calculated by discounting future cash flows at a discount rate (i.e., an interest rate corresponding to internal credit ratings and remaining periods which is assumed to be applied to new loans to the borrower and an interest rate assumed to be applied to new loans that take into account market risk and liquidity risk). The fair value of loans is classified into Level 3.

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses at the end of the fiscal year. Therefore, that amount (the carrying amount on the consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

Also, loans without a due date because of their characteristics that their exposure is limited to the amount of their collaterals, are deemed to have fair value close to book value, taking into account estimated repayment period and interest rates. Therefore, their book value is recorded as the fair value and classified into Level 3.

Liabilities

Bonds payable

The fair value of bonds payable for which quoted market prices can be used is based on the quoted market prices. For bonds payable for which quoted market prices are not available, the fair value is calculated by discounting future cash flows at a discount rate based on market yields for similar instruments. When quoted market prices and observable inputs are used in the calculation, the fair value of bonds payable is classified into Level 2. Otherwise, the fair value of bonds payable is classified into Level 3.

Long-term borrowings

The fair value of long-term borrowings is calculated by discounting the total amount of principal and interest, using interest rates corresponding to the internal credit rating and remaining periods which are assumed to be applied to new borrowings. The fair value of long-term borrowings is classified into Level 2 when observable inputs are used in the calculation, and Level 3 when significant unobservable inputs are used. Also, certain long-term borrowings are deemed to have fair value close to book value, taking into account interest rates and other factors. Therefore, their book value is recorded as the fair value, and their fair value is classified into Level 3.

Derivative Transactions

The fair value of listed derivative transactions for which unadjusted quoted market prices in active markets are available is classified into Level 1. These mainly include stock-related transactions and bond-related transactions. If the market is not active, the fair value of listed derivative transactions is classified into Level 2, irrespective of whether disclosed quoted market prices are used.

The fair value of over-the-counter derivative transactions is mainly based on the prices calculated using discounted present values obtained from outside contractors and counterparty financial institutions and option valuation models, etc. The inputs used in the valuation method for calculating the price of over-the-counter derivative transactions are mainly interest rate, foreign exchange rate, and volatility. Since no significant unobservable inputs are used or their effects are not significant, the fair value of over-the-counter derivative transactions is classified into Level 2.

The fair value of embedded derivatives at certain foreign consolidated subsidiaries is calculated using actuarial cash flow models. The main inputs used in those valuation methods are mortality, lapse, and withdrawal rates of insurance contracts. Since significant unobservable inputs are used, the fair value of such embedded derivatives is classified into Level 3.

Note 2: Quantitative information about financial assets and liabilities measured and stated on the consolidated balance sheet at fair value and classified into Level 3

a) Quantitative Information on Significant Unobservable Inputs

	Valuation method	Significant unobservable input	Range
Securities			
Trading securities	Discounted cash flow	Discount rate	0.00% to 4.00%
		Paydown rate	11.20% to 13.41%
Available-for-sale securities			
Foreign bonds	Discounted cash flow	Discount rate	0.00% to 4.00%
		Paydown rate	11.20% to 13.41%
	Trade Price	Discount rate	1.03% to 1.10%
Derivative transactions			
Other (Embedded derivatives)	Actuarial cash flow model	Mortality	Disclosed mortality that takes into account assumptions.
		Lapse	Lapse based on the policy period, etc.
		Withdrawal rate	Withdrawal rates that take into account assumptions for the minimum amount of withdrawals, etc.

b) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings of the current fiscal year

(Unit: million yen)

	Balance at the beginning of the year	Gains (losses) or other comprehensive income in the current fiscal year		Variable amount (net amount) by purchase, sale, issue and settlement	Transfer to Level 3(*3)	Transfer from Level 3(*4)	Balance at the end of the year	Gains (losses) on valuation of financial assets and liabilities held at the consolidated balance sheet date out of amounts recognized in consolidated statement of earnings(*1)
		Gains (losses) recorded in consolidated statement of earnings (*1)	Amount recorded in other comprehensive income (*2)					
Monetary claims bought	252,140	(1,831)	(1,174)	6,769	–	–	255,902	(1,777)
Securities								
Trading securities	34,084	(1,190)	3,655	(5,254)	3,695	(1,140)	33,848	344
Available-for-sale securities								
Corporate bonds	8,182	774	(4)	(985)	–	–	7,966	682
Foreign bonds	342,481	4,496	22,937	25,969	34,964	(3,210)	427,637	8,421
Other foreign securities	3,545	–	394	9,599	–	–	13,539	–
Derivative transactions								
Other (Embedded derivatives)	(201,337)	32,389	(22,409)	–	–	–	(191,357)	32,389

(Unit: million US dollars)

	Balance at the beginning of the year	Gains (losses) or other comprehensive income in the current fiscal year		Variable amount (net amount) by purchase, sale, issue and settlement	Transfer to Level 3(*3)	Transfer from Level 3(*4)	Balance at the end of the year	Gains (losses) on valuation of financial assets and liabilities held at the consolidated balance sheet date out of amounts recognized in consolidated statement of earnings(*1)
		Gains (losses) recorded in consolidated statement of earnings (*1)	Amount recorded in other comprehensive income (*2)					
Monetary claims bought	2,060	(14)	(9)	55	–	–	2,090	(14)
Securities								
Trading securities	278	(9)	29	(42)	30	(9)	276	2
Available-for-sale securities								
Corporate bonds	66	6	(0)	(8)	–	–	65	5
Foreign bonds	2,798	36	187	212	285	(26)	3,494	68
Other foreign securities	28	–	3	78	–	–	110	–
Derivative transactions								
Other (Embedded derivatives)	(1,645)	264	(183)	–	–	–	(1,563)	264

(*1) Gain/Loss recorded as investment income and investment expenses in consolidated statement of earnings.

(*2) Gain/Loss recorded in net unrealized gains (losses) on securities, net of tax and foreign currency translation adjustments of Other comprehensive income in consolidated statement of comprehensive income.

(*3) Transfer from Level 2 to Level 3 due to the change in the observability of inputs as a result of the change in the fair value measurement method and the lack of observable market data due to decreased market activity.

(*4) Transfer from Level 3 to Level 2 due to the availability of observable inputs.

c) Description of the fair value valuation process

The Group has established policies and procedures for measuring the fair value and classifying the fair value level in the accounting department. In accordance with these policies and procedures, the investment management service department selects the fair value valuation model, and then measures the fair value and classifies the fair value by level. For such fair value, the appropriateness of the valuation methods and inputs used in the measurement of the fair value and the appropriateness of the classification of the level of fair value are verified. In addition, when using the quoted market prices obtained from a third party as fair value, the validity is verified by appropriate methods such as confirmation of the valuation method and inputs used and comparison with the fair value of similar financial instruments.

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

Securities

Discount rate

The discount rate is an adjustment rate to the base market interest rate and consists primarily of a liquidity premium, which adjusts the discount rate by reflecting the uncertainty of cash flows and the liquidity of financial instruments, and a risk premium, which adjusts the discount rate by reflecting the issuer's credit risk and the overall market risk associated with similar financial instruments. In general, a significant increase (decrease) in the discount rate results in a significant decrease (increase) in the fair value.

Paydown rate

The paydown rate is the expected annual rate of principal repayment. In general, a significant increase (decrease) in the paydown rate is accompanied by a decrease (increase) in the projected weighted average life of the financial instrument, resulting in a significant increase (decrease) in the fair value.

Other (Embedded derivatives)

Mortality

The mortality is the percentage of deaths in a certain group of people in a certain period of time. In general, a significant increase (decrease) in the mortality results in a significant decrease (increase) in the fair value of the liability and affects the fair value of the embedded derivatives.

Lapse

The lapse is the percentage of people in a certain group who have surrendered insurance policies or whose insurance policies have lapsed in a certain period of time. In general, a significant increase (decrease) in the lapse results in a significant decrease (increase) in the fair value of the liability and affects the fair value of the embedded derivatives.

Withdrawal rate

The withdrawal rate is the percentage of policy reserves that are withdrawn in a certain period of time. In general, a significant increase (decrease) in the withdrawal rate results in a significant increase (decrease) in the fair value of the liability and affects the fair value of the embedded derivatives.

X. SECURITIES

1. Trading Securities

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Gains (losses) on valuation of trading securities	308,566	62,845	513

2. Held-to-maturity Bonds

	As of March 31, 2021		
	Carrying amount	Fair value	Unrealized gains (losses)
	(Unit: million yen)		
Held-to-maturity securities with unrealized gains:			
(1) Bonds	63,777	65,531	1,754
a. Government bonds	47,221	48,896	1,675
b. Local government bonds	–	–	–
c. Corporate bonds	16,556	16,635	78
(2) Foreign securities	4,998	5,023	24
a. Foreign bonds	4,998	5,023	24
Subtotal	68,776	70,554	1,778
Held-to-maturity securities with unrealized losses:			
(1) Bonds	35,450	35,101	(349)
a. Government bonds	–	–	–
b. Local government bonds	–	–	–
c. Corporate bonds	35,450	35,101	(349)
(2) Foreign securities	5,943	5,932	(11)
a. Foreign bonds	5,943	5,932	(11)
Subtotal	41,394	41,034	(360)
Total	110,171	111,589	1,418

	As of March 31, 2022					
	Carrying amount	Fair value	Unrealized gains (losses)	Carrying amount	Fair value	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Held-to-maturity securities with unrealized gains:						
(1) Bonds	53,142	54,053	911	434	441	7
a. Government bonds	47,522	48,407	884	388	395	7
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	5,619	5,645	26	45	46	0
(2) Foreign securities	3,999	4,009	9	32	32	0
a. Foreign bonds	3,999	4,009	9	32	32	0
Subtotal	57,141	58,062	920	466	474	7
Held-to-maturity securities with unrealized losses:						
(1) Bonds	62,505	61,525	(980)	510	502	(8)
a. Government bonds	–	–	–	–	–	–
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	62,505	61,525	(980)	510	502	(8)
(2) Foreign securities	9,776	9,751	(24)	79	79	(0)
a. Foreign bonds	9,776	9,751	(24)	79	79	(0)
Subtotal	72,282	71,276	(1,005)	590	582	(8)
Total	129,424	129,339	(84)	1,057	1,056	(0)

3. Policy-reserve-matching Bonds

	As of March 31, 2021		
	Carrying amount	Fair value	Unrealized gains (losses)
	(Unit: million yen)		
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	11,892,201	14,233,910	2,341,708
a. Government bonds	10,861,367	13,126,091	2,264,723
b. Local government bonds	105,165	120,563	15,397
c. Corporate bonds	925,668	987,255	61,587
(2) Foreign Securities	1,925,023	2,080,862	155,839
a. Foreign bonds	1,925,023	2,080,862	155,839
Subtotal	13,817,224	16,314,772	2,497,547
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	2,528,228	2,443,575	(84,653)
a. Government bonds	2,202,802	2,125,823	(76,979)
b. Local government bonds	20,744	20,253	(490)
c. Corporate bonds	304,681	297,498	(7,183)
(2) Foreign Securities	389,219	371,048	(18,171)
a. Foreign bonds	389,219	371,048	(18,171)
Subtotal	2,917,448	2,814,623	(102,824)
Total	16,734,673	19,129,396	2,394,723

	As of March 31, 2022					
	Carrying amount	Fair value	Unrealized gains (losses)	Carrying amount	Fair value	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Policy-reserve-matching bonds with unrealized gains:						
(1) Bonds	9,914,633	11,746,601	1,831,967	81,008	95,976	14,968
a. Government bonds	9,178,839	10,964,961	1,786,122	74,996	89,590	14,593
b. Local government bonds	81,443	92,513	11,069	665	755	90
c. Corporate bonds	654,350	689,125	34,774	5,346	5,630	284
(2) Foreign securities	1,389,880	1,431,470	41,590	11,356	11,695	339
a. Foreign bonds	1,389,880	1,431,470	41,590	11,356	11,695	339
Subtotal	11,304,513	13,178,071	1,873,557	92,364	107,672	15,308
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	5,461,096	5,149,434	(311,662)	44,620	42,073	(2,546)
a. Government bonds	4,757,101	4,471,327	(285,773)	38,868	36,533	(2,334)
b. Local government bonds	41,564	39,798	(1,766)	339	325	(14)
c. Corporate bonds	662,430	638,308	(24,122)	5,412	5,215	(197)
(2) Foreign securities	1,085,336	1,022,576	(62,759)	8,867	8,355	(512)
a. Foreign bonds	1,085,336	1,022,576	(62,759)	8,867	8,355	(512)
Subtotal	6,546,433	6,172,011	(374,421)	53,488	50,429	(3,059)
Total	17,850,947	19,350,082	1,499,135	145,852	158,101	12,248

4. Available-for-sale Securities

	As of March 31, 2021		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)		
Available-for-sale securities with unrealized gains:			
(1) Bonds	3,536,414	3,101,166	435,248
a. Government bonds	2,065,744	1,709,051	356,693
b. Local government bonds	28,080	26,607	1,473
c. Corporate bonds	1,442,589	1,365,507	77,082
(2) Domestic stocks	3,271,329	1,115,683	2,155,646
(3) Foreign securities	17,315,237	15,096,152	2,219,085
a. Foreign bonds	16,206,052	14,233,241	1,972,810
b. Other foreign securities	1,109,185	862,911	246,274
(4) Other securities	689,223	621,708	67,514
Subtotal	24,812,204	19,934,710	4,877,494
Available-for-sale securities with unrealized losses:			
(1) Bonds	381,823	384,641	(2,818)
a. Government bonds	11,324	11,710	(386)
b. Local government bonds	–	–	–
c. Corporate bonds	370,498	372,930	(2,431)
(2) Domestic stocks	248,451	292,493	(44,042)
(3) Foreign securities	3,662,248	3,833,968	(171,719)
a. Foreign bonds	3,152,640	3,310,207	(157,566)
b. Other foreign securities	509,608	523,760	(14,152)
(4) Other securities	412,378	432,755	(20,377)
Subtotal	4,704,901	4,943,858	(238,956)
Total	29,517,106	24,878,568	4,638,537

Note: Other securities include (1) certificates of deposit and (2) trust beneficiary rights, which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheet, respectively. The aggregate acquisition cost and carrying amount of such certificates of deposit were ¥71,000 million and ¥70,997 million, respectively, as of March 31, 2021. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥246,377 million and ¥252,140 million, respectively, as of March 31, 2021.

	As of March 31, 2022					
	Carrying amount	Acquisition cost	Unrealized gains (losses)	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Available-for-sale securities with unrealized gains:						
(1) Bonds	2,932,663	2,574,532	358,130	23,961	21,035	2,926
a. Government bonds	1,956,537	1,658,432	298,104	15,986	13,550	2,435
b. Local government bonds	26,378	24,628	1,750	215	201	14
c. Corporate bonds	949,747	891,471	58,275	7,760	7,283	476
(2) Domestic stocks	3,043,447	1,046,476	1,996,970	24,866	8,550	16,316
(3) Foreign securities	15,255,704	13,514,995	1,740,709	124,648	110,425	14,222
a. Foreign bonds	14,441,202	12,946,417	1,494,784	117,993	105,780	12,213
b. Other foreign securities	814,501	568,577	245,924	6,654	4,645	2,009
(4) Other securities	636,384	590,965	45,419	5,199	4,828	371
Subtotal	21,868,199	17,726,969	4,141,230	178,676	144,840	33,836
Available-for-sale securities with unrealized losses:						
(1) Bonds	710,425	723,630	(13,204)	5,804	5,912	(107)
a. Government bonds	48,523	50,552	(2,029)	396	413	(16)
b. Local government bonds	2,998	3,006	(7)	24	24	(0)
c. Corporate bonds	658,903	670,071	(11,167)	5,383	5,474	(91)
(2) Domestic stocks	208,009	243,138	(35,128)	1,699	1,986	(287)
(3) Foreign securities	4,913,834	5,205,122	(291,288)	40,148	42,528	(2,379)
a. Foreign bonds	4,471,039	4,730,109	(259,069)	36,531	38,647	(2,116)
b. Other foreign securities	442,794	475,013	(32,218)	3,617	3,881	(263)
(4) Other securities	455,690	464,202	(8,512)	3,723	3,792	(69)
Subtotal	6,287,959	6,636,094	(348,134)	51,376	54,220	(2,844)
Total	28,156,158	24,363,063	3,793,095	230,052	199,060	30,991

Note: Other securities include (1) certificates of deposit and (2) trust beneficiary rights, which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheet, respectively. The aggregate acquisition cost and carrying amount of such certificates of deposit were ¥84,500 million (US$690 million) and ¥84,497 million (US$690 million), respectively, as of March 31, 2022. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥251,314 million (US$2,053 million) and ¥255,902 million (US$2,090 million), respectively, as of March 31, 2022.

5. Held-to-maturity Bonds Sold

The Company and its consolidated subsidiaries sold no held-to-maturity bonds during the fiscal years ended March 31, 2021 and 2022.

6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the fiscal years ended March 31, 2021 and 2022 were as follows:

	Year ended March 31, 2021		
	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)		
(1) Bonds	606,251	77,800	168
a. Government bonds	523,160	72,922	18
b. Local government bonds	2,491	102	12
c. Corporate bonds	80,600	4,775	138
(2) Foreign securities	207,427	24,649	619
a. Foreign bonds	207,427	24,649	619
b. Other foreign securities	–	–	–
Total	813,679	102,449	787

	Year ended March 31, 2022					
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	782,720	72,633	22,625	6,395	593	184
a. Government bonds	682,245	69,783	21,166	5,574	570	172
b. Local government bonds	1,540	67	—	12	0	—
c. Corporate bonds	98,934	2,782	1,458	808	22	11
(2) Foreign securities	280,243	9,604	5,182	2,289	78	42
a. Foreign bonds	280,243	9,604	5,182	2,289	78	42
b. Other foreign securities	—	—	—	—	—	—
Total	1,062,964	82,237	27,808	8,685	671	227

7. Available-for-sale Securities Sold

Available-for-sale securities sold during the fiscal years ended March 31, 2021 and 2022 were as follows:

	Year ended March 31, 2021		
	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)		
(1) Bonds	584,191	3,998	617
a. Government bonds	95,218	573	207
b. Local government bonds	36,466	–	15
c. Corporate bonds	452,507	3,425	395
(2) Domestic stocks	244,203	145,738	4,147
(3) Foreign securities	2,919,618	215,712	90,486
a. Foreign bonds	2,229,627	130,689	43,286
b. Other foreign securities	689,991	85,022	47,200
(4) Other securities	194,619	3,463	31,013
Total	3,942,633	368,913	126,265

	Year ended March 31, 2022					
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	501,380	3,331	1,292	4,096	27	10
a. Government bonds	6,801	96	0	55	0	0
b. Local government bonds	815	0	—	6	0	—
c. Corporate bonds	493,763	3,235	1,291	4,034	26	10
(2) Domestic Stocks	328,773	166,752	8,104	2,686	1,362	66
(3) Foreign securities	3,871,570	138,254	168,491	31,633	1,129	1,376
a. Foreign bonds	2,843,392	52,560	130,292	23,232	429	1,064
b. Other foreign securities	1,028,177	85,694	38,199	8,400	700	312
(4) Other securities	308,303	2,926	28,868	2,519	23	235
Total	5,010,028	311,266	206,756	40,934	2,543	1,689

8. Securities Written Down

The Company and its consolidated subsidiaries write down the balance of certain available-for-sale securities with fair values (1) when the fair value of such securities declines by 50%, or more, of its purchase cost or (2) when the fair value of such securities without a certain level of creditworthiness declines by 30% or more, but less than 50%, of its purchase cost unless it is deemed that there is a possibility that the fair value of the security could recover to equal or exceed the purchase cost. The aggregate amounts written down from the balance of available-for-sale securities with fair value for the fiscal years ended March 31, 2021 and 2022 were ¥13,108 million and ¥6,662 million (US$54 million) (¥1,777 million (US$14 million) of monetary claims bought and ¥4,885 million (US$39 million) of securities), respectively.

XI. MONEY HELD IN TRUST

1. Money Held in Trust for Trading

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet	1,130,920	1,106,918	9,044
Gains (losses) on valuation of money held in trust	26,327	(1,826)	(14)

XII. DERIVATIVE TRANSACTIONS

1. Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

	As of March 31, 2021			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)			
Exchange-traded transactions:				
Currency futures:				
Sold	27,362	–	(373)	(373)
Euro / U.S. dollar	15,051	–	(126)	(126)
British pound / U.S. dollar	7,985	–	(223)	(223)
Yen / U.S. dollar	4,325	–	(24)	(24)
Over-the-counter transactions:				
Foreign currency forward contracts:				
Sold	1,165,895	–	(32,216)	(32,216)
U.S. dollar	589,044	–	(20,316)	(20,316)
Australian dollar	195,411	–	(5,244)	(5,244)
Euro	194,388	–	(1,152)	(1,152)
British pound	105,818	–	(3,802)	(3,802)
Canadian dollar	39,901	–	(1,582)	(1,582)
Others	41,331	–	(118)	(118)
Bought	565,818	–	1,639	1,639
U.S. dollar	318,324	–	2,366	2,366
Euro	153,735	–	(1,635)	(1,635)
British pound	48,033	–	604	604
Australian dollar	26,646	–	16	16
Canadian dollar	12,391	–	270	270
Others	6,687	–	16	16
Currency swaps:				
Receipts foreign currency, payments yen	540,477	540,477	67,965	67,965
Australian dollar	454,177	454,177	63,597	63,597
U.S. dollar	86,300	86,300	4,367	4,367
Receipts yen, payments foreign currency	27,165	27,165	(743)	(743)
U.S. dollar	27,165	27,165	(743)	(743)
Receipts foreign currency, payments foreign currency	50,242	50,242	570	570
Australian dollar / U.S. dollar	35,118	35,118	554	554
Australian dollar / Euro	15,123	15,123	16	16
Currency options:				
Sold:				
Put	108,807 [159]	–	0	158
U.S. dollar	108,807 [159]	–	0	158
Bought:				
Put	512,231 [4,631]	–	645	(3,985)
U.S. dollar	512,231 [4,631]	–	645	(3,985)
Total return swaps:				
Foreign currency index linked	176,528	176,528	3,001	3,001
Total	–	–	–	36,015

Note: 1. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
2. Fair value for forward contracts and swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

	As of March 31, 2022							
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Exchange-traded transactions:								
Currency futures:								
Sold	21,246	–	(198)	(198)	173	–	(1)	(1)
Euro / U.S. dollar	10,401	–	(58)	(58)	84	–	(0)	(0)
British pound / U.S. dollar	7,762	–	(184)	(184)	63	–	(1)	(1)
Yen / U.S. dollar	3,082	–	43	43	25	–	0	0
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold	1,969,641	–	(75,461)	(75,461)	16,093	–	(616)	(616)
U.S. dollar	884,748	–	(35,441)	(35,441)	7,228	–	(289)	(289)
Australian dollar	589,928	–	(27,597)	(27,597)	4,820	–	(225)	(225)
Euro	171,095	–	(4,816)	(4,816)	1,397	–	(39)	(39)
British pound	139,978	–	(2,663)	(2,663)	1,143	–	(21)	(21)
Canadian dollar	75,940	–	(3,553)	(3,553)	620	–	(29)	(29)
Others	107,948	–	(1,388)	(1,388)	882	–	(11)	(11)
Bought	793,145	–	15,246	15,246	6,480	–	124	124
U.S. dollar	523,260	–	7,962	7,962	4,275	–	65	65
Euro	117,246	–	2,790	2,790	957	–	22	22
Australian dollar	41,591	–	2,036	2,036	339	–	16	16
British pound	34,661	–	561	561	283	–	4	4
Canadian dollar	23,375	–	1,380	1,380	190	–	11	11
Others	53,009	–	513	513	433	–	4	4
Currency swaps:								
Receipts foreign currency, payments yen	551,332	551,232	70,221	70,221	4,504	4,503	573	573
Australian dollar	465,032	464,932	60,917	60,917	3,799	3,798	497	497
U.S. dollar	86,300	86,300	9,303	9,303	705	705	76	76
Receipts yen, payments foreign currency	27,165	21,795	(2,969)	(2,969)	221	178	(24)	(24)
U.S. dollar	27,165	21,795	(2,969)	(2,969)	221	178	(24)	(24)
Receipts foreign currency, payments foreign currency	54,792	20,139	(325)	(325)	447	164	(2)	(2)
Australian dollar / U.S. dollar	38,299	17,905	(338)	(338)	312	146	(2)	(2)
Australian dollar / Euro	16,493	2,234	13	13	134	18	0	0
Currency options:								
Sold:								
Call	10,581 [–]	–	–	–	86 [–]	–	–	–
U.S. dollar	10,581 [–]	–	–	–	86 [–]	–	–	–
Put	10,561 [227]	–	66	160	86 [1]	–	0	1
Euro	10,561 [227]	–	66	160	86 [1]	–	0	1
Bought:								
Call	52,905 [–]	–	–	–	432 [–]	–	–	–
U.S. dollar	52,905 [–]	–	–	–	432 [–]	–	–	–
Put	239,967 [837]	–	333	(503)	1,960 [6]	–	2	(4)
U.S. dollar	130,202 [256]	–	0	(256)	1,063 [2]	–	0	(2)
Euro	109,765 [580]	–	333	(246)	896 [4]	–	2	(2)

Total return swaps:								
Foreign currency index linked	183,394	183,394	17,893	17,893	1,498	1,498	146	146
Total	–	–	–	24,062	–	–	–	196

Note: 1. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
2. Fair value for forward contracts and swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

(2) Interest-related transactions

	As of March 31, 2021			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)			
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating	300,467	300,467	19,714	19,714
Receipts floating, payments fixed	22,775	22,775	(217)	(217)
Yen interest rate swaptions:				
Sold				
Receipts fixed, payments floating	20,000 [236]	–	13	222
Bought:				
Receipts fixed, payments floating	480,000 [12,300]	10,000 [70]	1,724	(10,575)
Receipts floating, payments fixed	1,895,000 [9,216]	1,095,000 [6,243]	6,072	(3,143)
Total	–	–	–	5,998

Note: 1. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
2. Fair value for swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

	As of March 31, 2022							
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Over-the-counter transactions:								
Yen interest rate swaps:								
Receipts fixed, payments floating	344,395	344,395	7,573	7,573	2,813	2,813	61	61
Receipts floating, payments fixed	15,751	15,751	(163)	(163)	128	128	(1)	(1)
Yen interest rate swaptions:								
Bought:								
Receipts floating, Payments fixed	1,340,000 [7,698]	1,030,000 [7,216]	24,329	16,630	10,948 [62]	8,415 [58]	198	135
Total	–	–	–	24,040	–	–	–	196

Note: 1. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
2. Fair value for swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

(3) Stock-related transactions

As of March 31, 2021

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)			
Exchange-traded transactions:				
Yen stock index futures:				
Sold	9,954	–	(353)	(353)
Bought	11,006	–	150	150
Foreign currency-denominated stock index futures:				
Sold	29,230	–	(464)	(464)
Bought	79,655	–	158	158
Yen stock index options:				
Bought:				
Put	277,518	3,436		
	[6,012]	[425]	4,441	(1,570)
Foreign currency-denominated stock index options:				
Sold:				
Call	444,633			
	[26,678]	–	69,555	(42,876)
Put	5,990			
	[443]	–	125	317
Bought:				
Call	427,265			
	[33,565]	–	81,166	47,600
Put	42,157	16,672		
	[3,012]	[1,897]	3,949	937
Over-the-counter transactions:				
Yen stock index options:				
Bought:				
Put	1,724	1,724		
	[567]	[567]	177	(389)
Foreign currency-denominated stock index options:				
Sold:				
Call	115,176			
	[6,619]	–	16,611	(9,991)
Put	3,338			
	[213]	–	68	144
Bought:				
Call	146,388	29,808		
	[10,469]	[1,521]	21,853	11,384
Put	120,948	79,643		
	[14,985]	[11,181]	10,632	(4,353)
Total return swaps:				
Foreign currency-denominated stock index linked	120,150	47,364	(1,313)	(1,313)
Total	–	–	–	(619)

Note: 1. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
2. Fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

As of March 31, 2022

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Exchange-traded transactions:								
Yen stock index futures:								
Sold	37,350	—	(3,754)	(3,754)	305	—	(30)	(30)
Bought	7,066	—	497	497	57	—	4	4
Foreign currency-denominated stock index futures:								
Sold	61,368	—	(4,084)	(4,084)	501	—	(33)	(33)
Bought	67,819	—	2,921	2,921	554	—	23	23
Yen stock index options:								
Bought:								
Put	326,849	4,915			2,670	40		
	[7,554]	[645]	3,670	(3,883)	[61]	[5]	29	(31)
Foreign currency-denominated stock index options:								
Sold:								
Call	616,379				5,036			
	[32,972]	—	63,964	(30,991)	[269]	—	522	(253)
Put	11,392				93			
	[494]	—	227	266	[4]	—	1	2
Bought:								
Call	596,866				4,876			
	[42,644]	—	76,863	34,219	[348]	—	628	279
Put	74,726	21,990			610	179		
	[5,119]	[1,940]	3,654	(1,465)	[41]	[15]	29	(11)
Over-the-counter transactions:								
Yen stock index options:								
Bought:								
Put	1,916	1,916			15	15		
	[630]	[630]	118	(511)	[5]	[5]	0	(4)
Foreign currency-denominated stock index options:								
Sold:								
Call	179,179				1,464			
	[9,281]	—	24,446	(15,165)	[75]	—	199	(123)
Put	3,285				26			
	[122]	—	74	47	[0]	—	0	0
Bought:								
Call	226,983	20,578			1,854	168		
	[15,405]	[1,011]	32,806	17,400	[125]	[8]	268	142
Put	138,870	70,898			1,134	579		
	[17,842]	[10,593]	8,457	(9,384)	[145]	[86]	69	(76)
Total return swaps:								
Foreign currency-denominated stock index linked	161,861	4,237	(3,577)	(3,577)	1,322	34	(29)	(29)
Total	–	–	–	(17,464)	–	–	–	(142)

Note: 1. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
2. Fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

(4) Bond-related transactions

	As of March 31, 2021		
	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)		
Exchange-traded transactions:			
Yen bond futures:			
Sold	20,232	(23)	(23)
Bought	18,001	(13)	(13)
Foreign currency-denominated bond futures:			
Sold	681,030	9,766	9,766
Bought	1,160,057	(9,951)	(9,951)
Over-the-counter transactions:			
Foreign currency-denominated bond forward contracts			
Sold	41,532	137	137
Bought	78,944	(133)	(133)
Yen bond OTC options:			
Sold:			
Call	6,555		
	[33]	31	2
Put	36,871		
	[134]	35	98
Bought:			
Call	36,871		
	[107]	170	63
Put	6,555		
	[37]	32	(4)
Total	–	–	(58)

Note: 1. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
2. Fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

	As of March 31, 2022					
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Exchange-traded transactions:						
Yen bond futures:						
Sold	27,048	102	102	220	0	0
Bought	62,543	(268)	(268)	511	(2)	(2)
Foreign currency-denominated bond futures:						
Sold	481,516	11,606	11,606	3,934	94	94
Bought	628,681	(14,638)	(14,638)	5,136	(119)	(119)
Over-the-counter transactions:						
Foreign currency-denominated bond forward contracts						
Sold	87,693	2,357	2,357	716	19	19
Bought	126,811	(3,872)	(3,872)	1,036	(31)	(31)
Yen bond OTC options:						
Sold:						
Call	19,200			156		
	[48]	16	31	[0]	0	0
Put	41,988			343		
	[181]	246	(64)	[1]	2	(0)
Bought:						
Call	41,988			343		
	[154]	41	(112)	[1]	0	(0)
Put	19,200			156		
	[53]	60	7	[0]	0	0
Total	–	–	(4,850)	–	–	(39)

Note: 1. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
2. Fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

(5) Others

	As of March 31, 2021			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)			
Over-the-counter transactions:				
Credit default swaps:				
Sold protection	46,763	45,763	754	754
Bought protection	11,300	11,300	(215)	(215)
Others:				
Embedded derivatives	1,878,646	1,878,646	(201,337)	(201,337)
Total	–	–	–	(200,799)

Note: 1. Embedded derivatives are guaranteed minimum portion and others of variable annuity products, which are classified as embedded derivatives by certain overseas subsidiaries under local accounting standards.
2. Fair value is shown in "Gains (losses)".

	As of March 31, 2022							
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Over-the-counter transactions:								
Credit default swaps:								
Sold protection	46,842	9,862	390	390	382	80	3	3
Bought protection	3,000	–	(20)	(20)	24	–	(0)	(0)
Others:								
Embedded derivatives	2,193,280	2,193,280	(191,357)	(191,357)	17,920	17,920	(1,563)	(1,563)
Total	–	–	–	(190,987)	–	–	–	(1,560)

Note: 1. Embedded derivatives are guaranteed minimum portion and others of variable annuity products, which are classified as embedded derivatives by certain overseas subsidiaries under local accounting standards.
2. Fair value is shown in "Gains (losses)".

2. Derivative Transactions (Hedge Accounting Applied)

(1) Currency-related transactions

	As of March 31, 2021		
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
	(Unit: million yen)		
Deferral hedge:			
Currency swaps to hedge foreign currency-denominated bonds:			
Receipts yen, payments foreign currency	196,770	185,116	(7,530)
U.S. dollar	114,235	108,781	(3,676)
Euro	70,488	64,288	(3,478)
British pound	12,046	12,046	(375)
Currency swaps to hedge foreign currency risks associated with funding agreement:			
Receipts foreign currency, payments foreign currency	12,127	12,127	(1,054)
Norway krone / U.S. dollar	12,127	12,127	(1,054)
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold	6,454,969	–	(306,980)
U.S. dollar	3,160,414	–	(177,109)
Euro	1,344,897	–	(42,286)
Australian dollar	835,833	–	(43,597)
Canadian dollar	344,654	–	(24,746)
British pound	162,460	–	(3,242)
Others	606,709	–	(15,997)
Bought	11,563	–	285
U.S. dollar	7,928	–	229
Australian dollar	3,585	–	53
Canadian dollar	49	–	1
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:			
Foreign currency forward contracts to hedge foreign currency-denominated term deposits:			
Sold	242,002	–	
U.S. dollar	92,002	–	
Others	150,000	–	
Currency swaps to hedge foreign currency-denominated bonds payable and loans:			
Receipts foreign currency, payments yen	476,277	368,715	
Foreign currency-denominated bonds payable:			
U.S. dollar	476,277	368,715	
Receipts yen, payments foreign currency	30,366	30,366	
Foreign currency-denominated loans:			
U.S. dollar	25,594	25,594	
Euro	4,771	4,771	

	As of March 31, 2022					
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
	(Unit: million yen)			(Unit: million US dollars)		
Deferral hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds						
Bought	74,637	―	10,310	609	―	84
Australian dollar	74,637	―	10,310	609	―	84
Currency swaps to hedge foreign currency-denominated bonds:						
Receipts yen, payments foreign currency	192,809	175,356	(13,639)	1,575	1,432	(111)
U.S. dollar	115,499	104,077	(8,735)	943	850	(71)
Euro	65,382	59,351	(4,488)	534	484	(36)
British pound	11,927	11,927	(415)	97	97	(3)
Currency swaps to hedge foreign currency risks associated with funding agreement:						
Receipts foreign currency, payments foreign currency	13,477	13,477	(1,461)	110	110	(11)
Norway krone / U.S. dollar	13,477	13,477	(1,461)	110	110	(11)
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold	5,839,213	―	(474,485)	47,709	―	(3,876)
U.S. dollar	2,940,436	―	(273,968)	24,025	―	(2,238)
Euro	1,302,139	―	(47,364)	10,639	―	(386)
Australian dollar	806,327	―	(92,374)	6,588	―	(754)
Canadian dollar	412,680	―	(34,194)	3,371	―	(279)
British pound	154,103	―	(9,791)	1,259	―	(79)
Others	223,525	―	(16,791)	1,826	―	(137)
Bought	151,085	―	10,230	1,234	―	83
U.S. dollar	109,969	―	7,484	898	―	61
Australian dollar	10,488	―	475	85	―	3
Canadian dollar	7,823	―	160	63	―	1
British pound	618	―	3	5	―	0
Euro	477	―	22	3	―	0
Others	21,707	―	2,082	177	―	17
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:						
Foreign currency forward contracts to hedge foreign currency-denominated term deposits:						
Sold	223,000	―		1,822	―	
New Zealand dollar	150,000	―		1,225	―	
U.S. dollar	73,000	―		596	―	
Currency swaps to hedge foreign currency-denominated bonds payable and loans:						
Receipts foreign currency, payments yen	368,715	368,715		3,012	3,012	
Foreign currency-denominated bonds payable:						
U.S. dollar	368,715	368,715		3,012	3,012	
Receipts yen, payments foreign currency	26,877	23,608		219	192	
Foreign currency-denominated loans:						
U.S. dollar	24,491	23,608		200	192	
Euro	2,385	―		19	―	

(2) Interest-related transactions

	As of March 31, 2021		
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
	(Unit: million yen)		
Deferral hedge:			
Yen interest rate swaps to hedge loans and insurance liabilities:			
Receipts fixed, payments floating	714,250	714,250	19,072
Special hedge accounting:			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating	12,300	8,300	124
Yen interest rate swaps to hedge loans payable:			
Receipts floating, payments fixed	325,000	325,000	(746)

	As of March 31, 2022					
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
	(Unit: million yen)			(Unit: million US dollars)		
Deferral hedge:						
Yen interest rate swaps to hedge loans and insurance liabilities:						
Receipts fixed, payments floating	714,600	710,600	(516)	5,838	5,806	(4)
Special hedge accounting:						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	8,300	8,300	81	67	67	0
Yen interest rate swaps to hedge loans payable:						
Receipts floating, payments fixed	325,000	181,000	503	2,655	1,478	4

XIII. EMPLOYEES' RETIREMENT BENEFITS

1. Overview of Employees' Retirement Benefit Plan of the Group

As a defined benefit plan for its sales representatives, DL has established and maintained a benefit plan consisting of retirement lump sum grants and company administered pension. For its administrative personnel, DL has established and maintained a benefit plan consisting of defined benefit corporate pension and retirement lump sum grants as a defined benefit plan and defined contribution pension as a defined contribution plan.

Certain consolidated overseas subsidiaries have maintained their defined benefit plan and defined contribution plan.

2. Defined Benefit Plans

(1) Reconciliations of beginning and ending balances of projected benefit obligations

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of the projected benefit obligations	727,391	731,812	5,979
Service cost	27,449	28,343	231
Interest cost	3,164	2,990	24
Accruals of actuarial (gains) and losses	10,617	(781)	(6)
Payment of retirement benefits	(35,701)	(37,579)	(307)
Accruals of past service cost	2,160	—	—
Others	(3,268)	4,102	33
Ending balance of the projected benefit obligation	731,812	728,888	5,955

Note: Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in "Service cost".

(2) Reconciliations of beginning and ending balances of pension assets

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of pension assets	286,517	313,266	2,559
Estimated return on assets	3,717	4,131	33
Accruals of actuarial (gains) and losses	30,736	19,594	160
Contributions from the employer	7,971	8,319	67
Payment of retirement benefits	(13,829)	(12,661)	(103)
Others	(1,847)	3,716	30
Ending balance of pension assets	313,266	336,366	2,748

(3) Reconciliations of year-end balance of projected benefit obligations and pension assets, and net defined benefit liabilities and assets that have been recorded in the consolidated balance sheet

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Projected benefit obligation for funded pensions	404,880	402,530	3,288
Pension assets	(313,266)	(336,366)	(2,748)
	91,614	66,164	540
Projected benefit obligation for unfunded pensions	326,932	326,357	2,666
Net of assets and liabilities recorded in the consolidated balance sheet	418,546	392,522	3,207
Net defined benefit liabilities	418,546	392,522	3,207
Net defined benefit assets	—	—	—
Net of assets and liabilities recorded in the consolidated balance sheet	418,546	392,522	3,207

(4) Amount of the components of retirement benefit expenses

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Service cost	27,449	28,343	231
Interest cost	3,164	2,990	24
Expected return on assets	(3,717)	(4,131)	(33)
Expense of actuarial (gains) and losses	5,972	4,798	39
Amortization of past service cost	(136)	174	1
Others	587	258	2
Retirement benefit expenses for defined benefit plans	33,318	32,434	265

Note: Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in "Service cost".

(5) Remeasurements of defined benefit plans

Breakdown of items recorded in remeasurements of defined benefit plans (before applicable tax effect) was as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Past service cost	(2,297)	151	1
Actuarial gains (losses)	26,611	24,948	203
Total	24,314	25,100	205

(6) Accumulated remeasurements of defined benefit plans

Breakdown of items recorded in accumulated remeasurements of defined benefit plans (before applicable tax effect) was as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Unrecognized past service cost	1,339	1,187	9
Unrecognized actuarial gains (losses)	11,877	(12,920)	(105)
Total	13,216	(11,733)	(95)

(7) Pension assets

a) The main components of the pension assets

Ratios of the major assets to the total pension assets were as follows:

	Year ended March 31,	
	2021	2022
Stocks	69%	64%
Assets under joint management	14%	19%
Bonds	6%	6%
Life insurance general account	4%	1%
Others	7%	10%
Total	100%	100%

Note: The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2021 and 2022 were 47% and 49%, respectively.

b) The method of setting the expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension assets, the consolidated subsidiaries have taken into account the allocation of pension assets at present and in future, and long-term rate of return on a variety of assets that make up the pension assets at present and in future.

(8) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of the fiscal year-end were as follows:

	Year ended March 31,	
	2021	2022
Discount rate	0.30 to 2.55%	0.30 to 2.95%
Expected long-term rate of return		
Defined benefit corporate pension	1.40 to 7.00%	1.40 to 7.00%
Employee pension trust	0.00%	0.00%

3. Defined Contribution Plans

Required amounts of contribution to defined contribution plans of consolidated subsidiaries for the fiscal years ended March 31, 2021 and 2022 were ¥2,586 million and ¥2,873 million (US$23 million), respectively.

XIV. STOCK OPTIONS

1. Amount recorded as revenue due to forfeiture of stock options as a result of non-exercise of stock options

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Other ordinary revenues	—	21	0

2. Details of the Stock Options Granted

(1) Details of the stock options

	The Dai-ichi Life Insurance Company, Limited 1st Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 2nd Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 3rd Series of Stock Acquisition Rights
Granted persons	10 directors (except outside directors) and 16 executive officers of the Company	11 directors (except outside directors) and 16 executive officers of the Company	11 directors (except outside directors) and 17 executive officers of the Company
Class and total number (*1)	169,800 shares of common stock	318,700 shares of common stock	183,700 shares of common stock
Grant date	August 16, 2011	August 16, 2012	August 16, 2013
Vesting conditions	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.
Service period covered	N/A	N/A	N/A
Exercise period (*2)	From August 17, 2011 to August 16, 2041	From August 17, 2012 to August 16, 2042	From August 17, 2013 to August 16, 2043

	The Dai-ichi Life Insurance Company, Limited 4th Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 5th Series of Stock Acquisition Rights	Dai-ichi Life Holdings, Inc. 1st Series of Stock Acquisition Rights
Granted persons	11 directors (except outside directors) and 17 executive officers of the Company	11 directors (except outside directors) and 18 executive officers of the Company	10 directors (except directors serving as Audit & Supervisory Committee members and outside directors) and 15 executive officers of the Company, and 38 directors, etc. of the Company's subsidiaries
Class and total number (*1)	179,000 shares of common stock	110,600 shares of common stock	269,600 shares of common stock
Grant date	August 18, 2014	August 17, 2015	October 18, 2016
Vesting conditions	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.
Service period covered	N/A	N/A	N/A
Exercise period (*2)	From August 19, 2014 to August 18, 2044	From August 18, 2015 to August 17, 2045	From October 19, 2016 to October 18, 2046

	Dai-ichi Life Holdings, Inc. 2nd Series of Stock Acquisition Rights
Granted persons	6 directors (except directors serving as Audit & Supervisory Committee members and outside directors) and 15 executive officers of the Company, and 37 directors, etc. of the Company's subsidiaries
Class and total number (*1)	215,800 shares of common stock
Grant date	August 24, 2017
Vesting conditions	The acquisition rights are vested on the above grant date.
Service period covered	N/A
Exercise period (*2)	From August 25, 2017 to August 24, 2047

(*1) It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.
(*2) A granted person can exercise stock acquisition rights only within 10 days from the day on which she/he loses status as any of a director (except director serving as Audit & Supervisory Committee member) or an executive officer of the Company, DL, DFLI and Neo First Life. For stock options granted before the shift to a holding company structure, the terms and conditions for the exercise period have been changed due to the shift to a holding company structure effective on October 1, 2016.

(2) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2022 and the total number of stock options is translated to the number of shares of common stock.

a) Number of the stock options (shares)

	The Dai-ichi Life Insurance Company, Limited		
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights
Before vesting			
Outstanding at the end of prior fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding at the end of the fiscal year	—	—	—
After vesting			
Outstanding at the end of prior fiscal year	36,800	93,500	66,500
Vested	—	—	—
Exercised	13,000	23,700	13,900
Forfeited	—	—	—
Outstanding at the end of the fiscal year	23,800	69,800	52,600

	The Dai-ichi Life Insurance Company, Limited		Dai-ichi Life Holdings, Inc.
	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights	1st Series of Stock Acquisition Rights
Before vesting			
Outstanding at the end of prior fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding at the end of the fiscal year	—	—	—
After vesting			
Outstanding at the end of prior fiscal year	73,600	61,400	163,600
Vested	—	—	—
Exercised	14,500	13,700	38,200
Forfeited	—	2,800	5,600
Outstanding at the end of the fiscal year	59,100	44,900	119,800

	Dai-ichi Life Holdings, Inc.
	2nd Series of Stock Acquisition Rights
Before vesting	
Outstanding at the end of prior fiscal year	—
Granted	—
Forfeited	—
Vested	—
Outstanding at the end of the fiscal year	—
After vesting	
Outstanding at the end of prior fiscal year	170,600
Vested	—
Exercised	34,100
Forfeited	5,000
Outstanding at the end of the fiscal year	131,500

Note: The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

b) Price information

	The Dai-ichi Life Insurance Company, Limited		
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥2,052 (US$16)	¥2,052 (US$16)	¥2,052 (US$16)
Fair value at the grant date	¥885 (US$7)	¥766 (US$6)	¥1,300 (US$10)

	The Dai-ichi Life Insurance Company, Limited		Dai-ichi Life Holdings, Inc.
	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights	1st Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥2,052 (US$16)	¥2,052 (US$16)	¥2,061 (US$16)
Fair value at the grant date	¥1,366 (US$11)	¥2,318 (US$18)	¥1,344 (US$10)

	Dai-ichi Life Holdings, Inc.
	2nd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option
Average stock price at the time of exercise	¥2,063(US$16)
Fair value at the grant date	¥1,568 (US$12)

Note: The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

3. Method to Estimate the Number of Stock Options Vested

Only the actual number of forfeited stock options is considered, because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

XV. DEFERRED TAX ACCOUNTING

1. Major Components of Deferred Tax Assets and Liabilities

	As of March 31, 2021	As of March 31, 2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others	505,943	475,841	3,887
Net defined benefits liabilities	147,069	139,537	1,140
Reserve for price fluctuations	73,860	80,284	655
Tax losses carried forward	54,678	49,469	404
Others	67,407	124,936	1,020
Subtotal of deferred tax assets	848,959	870,070	7,108
Valuation allowance on tax losses carried forward	(52,360)	(36,974)	(302)
Valuation allowance on total deductible temporary differences	(55,742)	(22,030)	(179)
Subtotal of valuation allowance	(108,102)	(59,005)	(482)
Total	740,856	811,065	6,626
Deferred tax liabilities:			
Net unrealized gains (losses) on securities, net of tax	(1,122,319)	(880,970)	(7,198)
Other intangible fixed assets	(67,525)	(72,925)	(595)
Others	(97,384)	(104,154)	(851)
Total	(1,287,229)	(1,058,050)	(8,644)
Net deferred tax assets (liabilities)	(546,373)	(246,985)	(2,018)

Note: 1. Valuation allowance decreased by ¥49,097 million (US$401 million). This decrease is mainly caused by that the Company and its domestic consolidated subsidiaries did not recognize part of valuation allowance in accordance with expected taxable income that is based on the group tax sharing system adopted from the fiscal year ending March 31, 2023.

Note: 2. Tax loss carried forward and the deferred tax assets by carry forward period as follows:

As of March 31, 2021

(Unit: million yen)

	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	Total
Tax losses carried forward (*1)	26	17	16	800	1,383	52,433	54,678
Valuation allowance	(6)	(2)	(2)	(791)	(1,378)	(50,179)	(52,360)
Deferred tax assets	20	14	14	9	5	2,254	(*2) 2,318

(*1) Tax loss carried forward is calculated by multiplying statutory effective tax rate.
(*2) Deferred tax assets of ¥2,318 million are recorded for tax losses carried forward of ¥54,678 million (calculated using the statutory effective tax rate). They are deemed to be recoverable as it is expected that there will be taxable income in the future.

As of March 31, 2022

(Unit: million yen)

	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	Total
Tax losses carried forward (*1)	107	407	1,243	1,402	7,132	39,175	49,469
Valuation allowance	(84)	(388)	(1,233)	(1,378)	(6,995)	(26,895)	(36,974)
Deferred tax assets	22	19	10	24	137	12,280	(*2) 12,494

(Unit: million US dollars)

	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	Total
Tax losses carried forward (*1)	0	3	10	11	58	320	404
Valuation allowance	(0)	(3)	(10)	(11)	(57)	(219)	(302)
Deferred tax assets	0	0	0	0	1	100	(*2) 102

(*1) Tax loss carried forward is calculated by multiplying statutory effective tax rate.
(*2) Deferred tax assets of ¥12,494 million (US$102 million) are recorded for tax losses carried forward of ¥49,469 million (US$404 million) (calculated using the statutory effective tax rate). They are deemed to be recoverable as it is expected that there will be taxable income in the future.

2. The Principal Reasons for the Difference between the Statutory Effective Tax Rate and Actual Effective Tax Rate after Considering Deferred Taxes

	As of March 31, 2021	As of March 31, 2022
Statutory effective tax rate	30.62%	30.62%
(Adjustments)		
Increase (decrease) in valuation allowance	(2.94)	(10.63)
Difference in tax rate of subsidiaries	(3.12)	(3.78)
Reversal of revaluation reserve for land	0.02	(2.40)
Others	0.03	(0.10)
Actual effective tax rate after considering deferred taxes	24.61	13.71

3. The Principal Reasons for the Difference between the Statutory Effective Tax Rate and Actual Effective Tax Rate after Considering Deferred Taxes

Since the Company and its domestic consolidated subsidiaries will adopt the group tax sharing system from the fiscal year ending March 31, 2023, in which the Company will be the tax sharing parent company, the Company has applied the accounting and disclosure treatment of deferred tax accounting related to corporate tax and local corporate tax assuming the application of the group tax sharing system in accordance with Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42 issued on August 12, 2021) since the end of the fiscal year ended March 31, 2022.

XVI. ASSET RETIREMENT OBLIGATIONS

1. Overview of Asset Retirement Obligations

The note is omitted because the balance of the asset retirement obligations as of the beginning and that as of the end of the current fiscal year were 1% or less than the total balance of the liabilities and the net assets as of the beginning and that as of the end of the current fiscal year, respectively.

XVII. REAL ESTATE FOR RENT

Certain domestic consolidated subsidiary owns a number of commercial buildings, including land, for rent in various locations including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2021 and 2022 were ¥35,836 million and ¥32,303 million (US$263 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. Impairment losses on rental real estate as extraordinary losses for the fiscal year ended March 31, 2021 and 2022 were ¥2,528 million and ¥3,848 million (US$31 million), respectively. Losses on sale of rental real estate as extraordinary losses was ¥2,548 million for the fiscal year ended March 31, 2021.Gains on sale of rental real estate as extraordinary gains was ¥4,127 million (US$33 million) for the fiscal year ended March 31, 2022.

The carrying amount, net change during the year and the market value of such rental real estate were as follows:

	Year ended March 31, 2021	Year ended March 31, 2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount:			
Beginning balance	788,201	787,387	6,433
Net change during year	(814)	72,549	592
Ending balance	787,387	859,937	7,026
Market value	1,056,203	1,144,726	9,353

Note: 1. The carrying amount of rental real estate on the consolidated balance sheet was acquisition costs net of accumulated depreciation and impairments.
2. Net change in carrying amount included cost of acquisition of the real estate of ¥30,668 million, sale of the real estate of ¥19,468 million, depreciation expense of ¥ 13,165 million, impairment loss of ¥2,528 million, during the fiscal year ended March 31, 2021.
Net change in carrying amount included cost of acquisition of the real estate of ¥98,927 million (US$808 million), sale of the real estate of ¥24,096 million (US$196 million), depreciation expense of ¥13,423 million (US$109 million), impairment loss of ¥3,848 million (US$31 million), during the fiscal year ended March 31, 2022.
3. Certain domestic consolidated subsidiaries calculate the market value of the majority of the rental real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

XVIII. SEGMENT INFORMATION AND OTHERS

1. Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company about which separate financial information is available. The segments are subject to periodic review to enable the Company's Board of Directors to decide on allocation of business resources and evaluate business performance.

The Company is a holding company which manages life insurance companies in Japan and elsewhere as well as other subsidiaries and affiliated companies. These companies are subject to regulations of the Insurance Business Act. The Company's operations are therefore segmented based on the operations of its subsidiaries and affiliated companies and the Company's three reportable segments are the Domestic Life Insurance Business, the Overseas Insurance Business, and Other Business.

The Domestic Life Insurance Business consists of subsidiaries that engage in the life insurance business in Japan. The Overseas Insurance Business consists of subsidiaries and affiliated companies that engage in the insurance business overseas. The Company, subsidiaries and affiliated companies that do not operate either the Domestic Life Insurance Business or the Overseas Insurance Business are segmented as Other Business and mainly consist of the asset management related business.

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

The method of accounting for the reportable segments is the same as that described in "Principles of Consolidation". Figures for reportable segment profit are based on ordinary profit.

Intersegment revenue is based on market prices.

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

For the fiscal year ended March 31, 2021:

	Reportable Segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
			(Unit: million yen)			
Ordinary revenues (Note 1)	6,145,157	1,858,044	11,500	8,014,702	(186,895)	7,827,806
Intersegment transfers	36,077	10,130	181,992	228,200	(228,200)	–
Total	6,181,235	1,868,175	193,493	8,242,903	(415,096)	7,827,806
Segment income (loss)	474,296	73,005	177,745	725,048	(172,187)	552,861
Segment assets	48,978,484	14,329,028	2,347,968	65,655,481	(2,061,775)	63,593,705
Segment liabilities	45,490,141	12,931,882	542,841	58,964,865	(178,288)	58,786,576
Other relevant information						
Depreciation of real estate for rent and others	13,171	17	–	13,188	–	13,188
Depreciation	39,989	15,962	134	56,086	–	56,086
Amortization of goodwill	–	4,039	–	4,039	–	4,039
Interest and dividend income	1,016,947	330,981	173,337	1,521,267	(173,401)	1,347,865
Interest expenses	12,372	19,332	2,848	34,554	(1,077)	33,476
Equity in income (loss) of affiliates	–	1,572	9,071	10,643	–	10,643
Extraordinary gains	5,469	15	34,994	40,480	–	40,480
Extraordinary losses	33,224	76	–	33,301	–	33,301
(Impairment losses)	(2,552)	(–)	(–)	(2,552)	(–)	(2,552)
Taxes	100,853	18,614	(704)	118,763	–	118,763
Investments in affiliated companies	–	53,817	35,486	89,304	–	89,304
Increase in tangible fixed assets and intangible fixed assets	76,562	4,075	6	80,643	–	80,643

Note: 1. Ordinary revenues, instead of sales, are presented here.
2. Adjusted amounts were as follows.
a) Adjustment for ordinary revenues of ¥(186,895) million was mainly related to ordinary revenues including other ordinary revenues of ¥122,761 million and derivative transaction gains of ¥34,552 million reconciled to provision for policy reserves and derivative transaction losses in the Consolidated Statement of Earnings.
b) Adjustment for segment income (loss) of ¥(172,187) million was mainly related to elimination of dividend income from subsidiaries and affiliated companies.
c) Adjustment for segment assets of ¥(2,061,775) million was mainly related to elimination of stocks of subsidiaries and affiliated companies.
d) Adjustment for segment liabilities of ¥(178,288) million was mainly related to elimination of intersegment receivables and payables.
e) Adjustment for others was mainly related to elimination of intersegment transactions.
3. Segment income is reconciled with Ordinary profit booked in the Consolidated Statement of Earnings.

For the fiscal year ended March 31, 2022:

	Reportable Segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
			(Unit: million yen)			
Ordinary revenues (Note 1)	6,789,525	2,222,658	9,209	9,021,393	(811,684)	8,209,708
Intersegment transfers	55,628	20,270	207,107	283,006	(283,006)	–
Total	6,845,154	2,242,928	216,317	9,304,400	(1,094,691)	8,209,708
Segment income (loss)	493,936	94,324	197,539	785,800	(194,903)	590,897
Segment assets	49,031,612	16,628,585	2,518,212	68,178,411	(2,297,249)	65,881,161
Segment liabilities	45,985,742	15,173,762	607,939	61,767,443	(294,789)	61,472,654
Other relevant information						
Depreciation of real estate for rent and others	13,439	19	–	13,458	–	13,458
Depreciation	44,646	26,520	186	71,352	–	71,352
Amortization of goodwill	–	5,154	–	5,154	–	5,154
Interest and dividend income	1,004,619	380,242	198,943	1,583,805	(197,013)	1,386,792
Interest expenses	10,391	14,378	3,904	28,673	(1,969)	26,704
Equity in income (loss) of affiliates	–	1,365	4,163	5,529	–	5,529
Extraordinary gains	10,402	364	–	10,766	–	10,766
Extraordinary losses	39,431	361	–	39,792	–	39,792
(Impairment losses)	(3,850)	(–)	(–)	(3,850)	(–)	(3,850)
Taxes	45,810	18,256	950	65,018	–	65,018
Investments in affiliated companies	–	50,987	36,300	87,287	–	87,287
Increase in tangible fixed assets and intangible fixed assets	157,222	6,875	5	164,102	–	164,102

	Reportable Segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
			(Unit: million US dollars)			
Ordinary revenues (Note 1)	55,474	18,160	75	73,710	(6,631)	67,078
Intersegment transfers	454	165	1,692	2,312	(2,312)	ー
Total	55,929	18,326	1,767	76,022	(8,944)	67,078
Segment income (loss)	4,035	770	1,614	6,420	(1,592)	4,827
Segment assets	400,617	135,865	20,575	557,058	(18,769)	538,288
Segment liabilities	375,731	123,978	4,967	504,677	(2,408)	502,268
Other relevant information						
Depreciation of real estate for rent and others	109	0	ー	109	ー	109
Depreciation	364	216	1	582	ー	582
Amortization of goodwill	ー	42	ー	42	ー	42
Interest and dividend income	8,208	3,106	1,625	12,940	(1,609)	11,330
Interest expenses	84	117	31	234	(16)	218
Equity in income (loss) of affiliates	ー	11	34	45	ー	45
Extraordinary gains	84	2	ー	87	ー	87
Extraordinary losses	322	2	ー	325	ー	325
(Impairment losses)	(31)	ー	ー	(31)	ー	(31)
Taxes	374	149	7	531	ー	531
Investments in affiliated companies	ー	416	296	713	ー	713
Increase in tangible fixed assets and intangible fixed assets	1,284	56	0	1,340	ー	1,340

Note: 1. Ordinary revenues, instead of sales, are presented here.
2. Adjusted amounts were as follows.
a) Adjustment for ordinary revenues of ¥(811,684) million (US$(6,631) million) was mainly related to ordinary revenues including other ordinary revenues of ¥768,037 million (US$6,275 million) and ordinary expenses including foreign exchange losses of ¥15,046 million (US$122 million) reconciled to provision for policy reserves and foreign exchange gains in the Consolidated Statement of Earnings.
b) Adjustment for segment income (loss) of ¥(194,903) million (US$(1,592) million) was mainly related to elimination of dividend income from subsidiaries and affiliated companies.
c) Adjustment for segment assets of ¥(2,297,249) million (US$(18,769) million) was mainly related to elimination of stocks of subsidiaries and affiliated companies.
d) Adjustment for segment liabilities of ¥(294,789) million (US$ (2,408) million) was mainly related to elimination of intersegment receivables and payables.
e) Adjustment for others was mainly related to elimination of intersegment transactions.
3. Segment income(loss) is reconciled with Ordinary profit booked in the Consolidated Statement of Earnings.

2. Other Related Information

For the fiscal year ended March 31, 2021:

(1) Product (Service) Segment Information

	Year ended March 31, 2021
	(Unit: million yen)
Premium and other income	
Domestic Life Insurance Business	3,577,998
Overseas Insurance Business	1,152,302
Other Business	–
Total	4,730,301

(2) Geographic Segment Information

a) Ordinary Revenues

	Year ended March 31, 2021
	(Unit: million yen)
Ordinary revenues	
Japan	5,493,689
United States of America	1,256,877
Other Areas	1,077,239
Total	7,827,806

Note: 1. Ordinary revenues, instead of sales, are presented here.
2. Geographic area is classified into "Japan," "United States of America" or "Other Areas" mainly based on locations of customers.

b) Tangible fixed assets

The geographic segment information has been omitted as more than 90% of the Group's tangible fixed assets derive from its business unit in Japan.

(3) Major Customer Information

The major customer information has been omitted as no single customer accounts for 10% or more of the Group's ordinary revenues.

For the fiscal year ended March 31, 2022

(1) Product (Service) Segment Information

	Year ended March 31, 2022	
	(Unit: million yen)	(Unit: million US dollars)
Premium and other income		
Domestic Life Insurance Business	3,916,438	31,999
Overseas Insurance Business	1,375,535	11,238
Other Business	ー	ー
Total	5,291,973	43,238

(2) Geographic Segment Information

a) Ordinary Revenues

	Year ended March 31, 2022	
	(Unit: million yen)	(Unit: million US dollars)
Ordinary revenues		
Japan	5,434,237	44,400
United States of America	1,545,530	12,627
Other Areas	1,229,940	10,049
Total	8,209,708	67,078

Note: 1. Ordinary revenues, instead of sales, are presented here.
2. Based on the location of customers,ordinary revenues are classified by country or region.

b) Tangible fixed assets

The geographic segment information has been omitted as more than 90% of the Group's tangible fixed assets derive from its business unit in Japan.

(3) Major Customer Information

The major customer information has been omitted as no single customer accounts for 10% or more of the Group's ordinary revenues.

3. Impairment Losses on Fixed Assets by Reporting Segment

For the fiscal years ended March 31, 2021 and 2022

The information on impairment losses on fixed assets by reporting segment has been omitted as it is explained in the segment information section.

4. Amortization of Goodwill and Unamortized Amount of Goodwill by Reporting Segment

For the fiscal year ended March 31, 2021:

	Year ended March 31, 2021	
	(Unit: million yen)	
	Amortization of goodwill	Unamortized amount of goodwill
Domestic Life Insurance Business	–	–
Overseas Insurance Business	4,039	42,696
Other Business	–	–
Total	4,039	42,696

For the fiscal year ended March 31, 2022:

	Year ended March 31, 2022			
	(Unit: million yen)		(Unit: million US dollars)	
	Amortization of goodwill	Unamortized amount of goodwill	Amortization of goodwill	Unamortized amount of goodwill
Domestic Life Insurance Business	—	—	—	—
Overseas Insurance Business	5,154	56,245	42	459
Other Business	—	—	—	—
Total	5,154	56,245	42	459

5. Gain on Negative Goodwill by Reporting Segment

For the fiscal years ended March 31, 2021 and 2022

Not applicable

6. Related Party Transactions

For the fiscal years ended March 31, 2021 and 2022

There are no significant transactions to be disclosed.

XIX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2021	2022	2022
	(Unit: yen)		(Unit: US dollars)
Net assets per share	4,329.08	4,302.56	35.15
Net income per share	325.61	383.15	3.13
Diluted net income per share	325.41	382.96	3.12

Note: 1. Underlying basis for the calculation of the net income per share and the diluted net income per share was as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income attributable to shareholders of parent company	363,777	409,353	3,344
Net income attributable to other than shareholders of common stock	–	–	–
Net income attributable to shareholders of common stock	363,777	409,353	3,344
Average number of common stock outstanding	1,117,211 thousand shares	1,068,380 thousand shares	1,068,380 thousand shares
Diluted net income per share			
Adjustments to net income	–		
Increase in the number of common stock	691 thousand shares	529 thousand shares	529 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[691 thousand shares]	[529 thousand shares]	[529 thousand shares]
Outline of the dilutive shares which are not counted in the basis of calculation of diluted net income per share because they do not have dilutive effect	–		

Note: 2. Underlying basis for the calculation of the net assets per share was as follows:

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Net assets	4,807,129	4,408,507	36,020
Adjustments	(920)	(694)	(5)
Subscription rights to shares	(920)	(694)	(5)
Net assets attributable to common stock	4,806,208	4,407,812	36,014
Number of outstanding common stock	1,110,214 thousand shares	1,024,462 thousand shares	1,024,462 thousand shares

Note: 3. For the calculation of net income per share, the treasury stock which includes shares held by "the Stock Granting Trust (J-ESOP)" was excluded from the average number of common shares outstanding. The average number of treasury stocks during the year ended March 31, 2021 and 2022 was 3,991 thousand shares and 3,903 thousand shares, respectively. For the calculation of net assets per share, the treasury stock which includes shares held by the J-ESOP was excluded from the total number of issued and outstanding shares. The number of treasury stocks as of March 31, 2021 and 2022 was 3,942 thousand shares and 3,899 thousand shares, respectively.

XX. SUBSEQUENT EVENTS

1. The board of directors of the Company has resolved, at its meeting held on May 12, 2022, to repurchase the Company's shares under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same, and the Company repurchased the Company's shares, as follows.

(1) Reason for repurchase of the Company's shares

To enhance shareholder return through the implementation of a flexible capital policy and the improvement of capital efficiency.

(2) Details of the Repurchase

a) Class of shares to be repurchased

Shares of common stock

b) Aggregate number of shares to be repurchased

Up to 90,000,000 shares (8.75% of the total issued and outstanding shares excluding treasury stock)

c) Aggregate price of shares to be repurchased
Up to ¥120 billion (US$980 million)

d) Period of repurchase of shares
From May13, 2022 to March 31, 2023

e) Method of repurchase of shares
Open-market repurchase by the discretionary trading method

(3) Details of the share repurchases made by August 31, 2022 as approved by the board of directors on May 12, 2022 are as follows.

a) Number of shares repurchased
0 shares

b) Aggregate number of shares to be repurchased
¥0

2. TDLA, a consolidated subsidiary of the Company, had signed an agreement with Westpac Banking Corporation ("Westpac") on August 8, 2021 to acquire Westpac Life Insurance Services Limited ("Westpac Life"), an Australian life insurance company and a 20-year exclusive strategic alliance to sell life insurance products through Westpac's banking network in Australia. TDLA has finally acquired Westpac Life since all prescribed conditions of this acquisition have been fulfilled. Westpac Life has changed its name to TAL Life Insurance Services Limited on August 1, 2022.

(1) Overview of business combination

a) Name and business of the acquired company

Company name	TAL Life Insurance Services Limited
Business	Life insurance and related services

b) Purpose of the acquisition
The Group aims for the expansion of business in Australia leveraging the access to the Westpac's customer base and the reduction of capital cost and profit growth through the expansion of risk-taking focusing on insurance risk.

c) Date of business combination
August 1, 2022

d) Legal form of business combination
Purchase of shares

e) Name of the acquired company after the business combination
TAL Life Insurance Services Limited

f) Percentage share of voting rights acquired
100%

g) Controlling company
TDLA is the controlling company as TDLA acquired 100% of voting rights of Westpac Life.

(2) Acquisition costs

Consideration paid in cash	900	million AU dollars
Total acquisition costs	900	million AU dollars

3. The Company, through DLIHD, a consolidated subsidiary of the Company, has decided to acquire Partners Group Holdings Limited ("Partners Life"), a life insurance holding company in New Zealand on August 12, 2022.

(1) Overview of business combination

a) Name and business of the acquired company

Company name	Partners Life Group Holdings Limited
Business	Life insurance and related services

b) Purpose of the acquisition
The Group aims for acquiring a platform with stable growth through market expansion in the developed market, strengthening the overseas business portfolio through geographical diversification and the improvement of group risk profile and profit growth through the expansion of risk-taking focusing on insurance risk.

c) Expected date of business combination
From December 2022 to April 2023 (*)
(*) Subject to approvals by the relevant authorities of Japan and New Zealand and is subject to change.

d) Legal form of business combination
Purchase of shares

e) Percentage share of voting rights acquired
100%

f) Controlling company
DLIHD will be the controlling company as DLIHD will acquire 100% of voting rights of Partners Life.

(2) Acquisition costs

Consideration paid in cash	980	million NZ dollars
Total acquisition costs	980	million NZ dollars

XXI. (Unaudited) QUARTERLY INFORMATION

	Three months ended June 30, 2021	Six months ended September 30, 2021	Nine months ended December 31, 2021	Year ended March 31, 2022
Ordinary revenues (million yen)	1,945,535	3,765,781	5,673,748	8,209,708
Income before income taxes (million yen)	180,511	234,334	381,799	474,371
Net income attributable to shareholders of parent company (million yen)	138,410	178,474	292,907	409,353
Net income attributable to shareholders of parent company per share (yen)	125.41	163.45	271.12	383.15

	Three months ended June 30, 2021	Three months ended September 30, 2021	Three months ended December 31, 2021	Three months ended March 31, 2022
Net income attributable to shareholders of parent company per share (yen)	125.41	37.09	108.24	112.79

	Three months ended June 30, 2021	Six months ended September 30, 2021	Nine months ended December 31, 2021	Year ended March 31, 2022
Ordinary revenues (million US dollars)	15,896	30,768	46,357	67,078
Income before income taxes (million US dollars)	1,474	1,914	3,119	3,875
Net income attributable to shareholders of parent company (million US dollars)	1,130	1,458	2,393	3,344
Net income attributable to shareholders of parent company per share (US dollars)	1.02	1.33	2.21	3.13

	Three months ended June 30, 2021	Three months ended September 30, 2021	Three months ended December 31, 2021	Three months ended March 31, 2022
Net income attributable to shareholders of parent company per share (US dollars)	1.02	0.30	0.88	0.92

Independent Auditor's Report

To the Board of Directors of Dai-ichi Life Holdings, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Dai-ichi Life Holdings, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statement of earnings, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Appropriateness of the judgement on the recognition of an impairment loss on goodwill recorded in overseas subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group, Goodwill of ¥56,245 million is presented for the current fiscal year, which includes goodwill of ¥24,152 million arising from the acquisition of Protective Life Corporation (herein after "PLC") and its acquisition business and goodwill of ¥32,093 million arising from the acquisition of TAL Dai-ichi Life Australia Pty. Ltd. (hereinafter "TDLA"). As described in Note II. "PRINCPLES OF CONSOLIDATION" under 4. "Summary of Significant Accounting Policies": (17) "Significant Accounting Estimates", a) "Evaluation of goodwill" to the consolidated financial statements, goodwill arising from acquisitions and the acquisition business is recorded on the consolidated financial statements of the respective consolidated subsidiaries, and is	We primarily performed the following procedures: **(1) Judgement made at consolidated subsidiaries on the recognition of an impairment loss on goodwill** We requested the component auditors of the respective subsidiaries to perform audits, communicated with them in a timely manner about the status of the work performed by them, and evaluated their reports that summarized the results of their audit procedures. We also inspected relevant working papers prepared by them and concluded on the sufficiency of the audit procedures performed by them. The audit procedures performed by the component auditors to which we particularly

Appropriateness of the judgement on the recognition of an impairment loss on goodwill recorded in overseas subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
assessed whether an impairment loss should be recognized at each consolidated subsidiary in accordance with the accounting standards of the country in which each consolidated subsidiary resides. In addition, the Company evaluates whether an impairment loss should be recognized on goodwill in the consolidated financial statements in accordance with the accounting standards in Japan, considering the results of the assessment made at each consolidated subsidiary. If the acquisitions and the acquisition business do not generate benefits as expected and there is a significant deterioration in the value of the acquired business, the recognition of an impairment loss may be required. **(1) Judgement made at consolidated subsidiaries on the recognition of an impairment loss on goodwill** (i) Goodwill arising from the acquisition of PLC and its acquisition business PLC assesses, on a regular basis, whether an impairment loss should be recognized on goodwill. PLC first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill has been allocated is less than its carrying amount including goodwill (qualitative assessment for impairment indicators). In accordance with the accounting standards, PLC has an unconditional option to bypass the qualitative assessment for any reporting unit and proceed directly to performing a quantitative impairment test described in the following paragraph. Impairment indicators are evaluated in a comprehensive manner, considering whether there has been: deterioration in the economic environment and market conditions surrounding PLC and each reporting unit; factors that may have an adverse impact on future profits or cash flows; deterioration in overall business performance; and other events or issues specific to PLC and each reporting unit. In particular, the future business performance of PLC and each reporting unit, that provides the basis for concluding whether there is any impairment indicator, is susceptible to economic conditions and trends. Accordingly, the projections of future business performance involve significant management judgement. If it is determined that it is more likely than not that impairment of goodwill exists or PLC	focused on included the following: (i) Goodwill arising from the acquisition of PLC and its acquisition business Assessment, in accordance with our group audit instructions, of the design and operating effectiveness of certain controls implemented by PLC over its process to determine whether an impairment loss should be recognized on goodwill, with a special focus on controls over the preparation of documentation supporting the determination of whether an impairment loss should be recognized on goodwill and those over approval on the conclusion. The substantive audit procedures set out below, among others, were performed to assess the appropriateness of PLC's determination of whether an impairment loss should be recognized on goodwill and also assess the valuation of the fair value used in the quantitative impairment test. In performing these procedures, a particular attention was given to the effect, if any, of the spread of COVID-19 infections on the performance of PLC and each reporting unit. ・ inquiry of management and relevant personnel; ・ inspection of relevant internal documents; ・ assessment of the reliability of historical financial information used in the determination; ・ evaluation of the appropriateness of key assumptions adopted in preparing the projected cash flows which were used in the calculation of the fair value, by inspecting relevant internal documents, comparing with available external data and inquiring of management and relevant personnel; and ・ evaluation of the appropriateness of the valuation models and underlying key assumptions, such as the projected cash flows and the discount rates, used in the calculation of the fair value, with the assistance of actuarial specialists and economic valuation specialists employed by the component auditor. (ii) Goodwill arising from the acquisition of TDLA Assessment, in accordance with our group audit

Appropriateness of the judgement on the recognition of an impairment loss on goodwill recorded in overseas subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
elects to bypass the qualitative assessment for impairment indicators, PLC then compares the fair value of the reporting unit to which the goodwill has been allocated with its carrying amount including goodwill (quantitative impairment test). Key assumptions used to calculate the fair value, such as projected cash flows and discount rates, involve significant estimation uncertainty, and the fair value calculations require a high level of expertise in actuarial valuation and economic valuation. (ii) Goodwill arising from the acquisition of TDLA TDLA performs, on a regular basis, a quantitative impairment test in which it compares the carrying amount of a cash generating unit to which goodwill has been allocated with its recoverable amount (quantitative impairment test) to assess whether an impairment loss should be recognized on goodwill. The recoverable amount was calculated based on the embedded value, among others. The actuarial assumptions used to calculate the embedded value, such as discount rates, mortality/morbidity, lapse rates, involve significant estimation uncertainty, and the actuarial calculations require a high level of expertise in actuarial valuation. **(2) Judgement made by the Company on the recognition of an impairment loss on goodwill** The Company evaluates, on a regular basis, whether there is any impairment indicator for goodwill, by considering if: the cash flows generated from the asset group that includes goodwill have been negative for consecutive periods; the recoverable amount of the asset group that includes goodwill has significantly decreased; or the business environments surrounding the asset group that includes goodwill has significantly deteriorated. This impairment assessment by the Company also involves significant management judgement. If it is determined that there is an impairment indicator, the Company compares the carrying amount of the asset group that includes goodwill with its recoverable amount calculated by the consolidated subsidiaries to determine whether an impairment loss should be recognized on goodwill. As a result of the comparison, if the recoverable amount of the asset group is less than its carrying amount, the carrying amount of the	instructions, of the design and operating effectiveness of certain controls implemented by TDLA over the quantitative impairment test, with a special focus on controls over the preparation of documentation supporting the impairment test and those over approval on the conclusion. The substantive procedures set out below, among others, were performed to evaluate the recoverable amount used in the quantitative impairment test. In performing these procedures, a particular attention was given to the effect, if any, of the spread of COVID-19 infections on the performance of TDLA and each cash generating unit. ・ evaluation of the relevance of the valuation models used and assessment of the appropriateness of changes from the previous year made in the current year; and ・ evaluation of the appropriateness of actuarial assumptions used in the calculation, such as discount rates, mortality/morbidity and lapse rates, with the assistance of actuarial specialists employed by the component auditor. **(2) Judgement made by the Company on the recognition of an impairment loss on goodwill** We assessed the design and operating effectiveness of certain controls over the Company's process to determine whether an impairment loss should be recognized on goodwill. In this assessment, we focused on controls over the preparation of documentation supporting the determination of whether an impairment loss should be recognized on goodwill and those over approval on the conclusion. In addition, we primarily performed the substantive procedures set out below to assess the appropriateness of the Company's determination of whether an impairment loss should be recognized on goodwill. In performing these procedures, a particular attention was given to the effect, if any, of the spread of COVID-19 infections on the performance of the respective consolidated subsidiaries. ・ inquiry of management and relevant personnel;

Appropriateness of the judgement on the recognition of an impairment loss on goodwill recorded in overseas subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
asset group shall be reduced to its recoverable amount, and this reduction shall be recorded as an impairment loss. We, therefore, determined that our assessment of the appropriateness of the judgement on the recognition of an impairment loss on goodwill recorded in overseas subsidiaries was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	• inspection of relevant internal documents and confirming the consistency in amounts between those documents; and • assessment of the reliability of historical financial information used in the determination.

Appropriateness of the judgement on amortization or the recognition of a loss in value of acquired in-force insurance contracts recorded in overseas subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group, Other intangible fixed assets of ¥322,218 million are presented for the current fiscal year, which included assets representing the present value of acquired in-force insurance contracts, namely a Value of Business Acquired (hereinafter "VOBA") or a Value In-force (hereinafter "VIF"). A VOBA in the amount of ¥207,570 million was derived from the acquisition of PLC and its acquisition business, and a VIF in the amount of ¥23,259 million was derived from the acquisition of TDLA. As described in Note II. "PRINCIPLES OF CONSOLIDATION" under 4. "Summary of Significant Accounting Policies": (17) "Significant Accounting Estimates", b) "Evaluation of value of in-force insurance contracts" to the consolidated financial statements, the value of in-force insurance contracts arising from acquisitions and the acquisition business is determined based on an actuarial calculation of the present value of future profits to be earned from cash flows from acquired in-force insurance contracts and investment-type insurance contracts at the acquisition date, and is recorded on the consolidated financial statements of the respective consolidated subsidiaries. In addition, as described in Note II. "PRINCIPLES OF CONSOLIDATION" under 4. "Summary of Significant Accounting Policies": (3) "Depreciation of Depreciable Assets", b) "Amortization of Intangible Fixed Assets Excluding Leased Assets" to the consolidated financial statements, the value of acquired in-force insurance contracts is amortized over a period during which their benefits are expected to last in a manner that reflects the pattern in which they are realized, based on the projected future profits to be earned from the in-force insurance contracts at each reporting date and their contractual terms, among others. Any deviations in actuarial assumptions from the initial estimates may result in changes in amortization expense or the recognition of a loss in value of the in-force insurance contracts. More specifically, the value of acquired in-force insurance contracts is assessed in accordance with the accounting standards of the country in which each consolidated subsidiary resides as follows: **(1) Amortization of the VOBA which is assessed by updating underlying actuarial assumptions** The VOBA arising mainly from acquired investment-type insurance products of PLC is amortized based on the estimated gross profits	We requested the component auditors of the respective subsidiaries to perform audits, communicated with them in a timely manner about the status of the work performed by them, and evaluated their reports that summarized the results of their audit procedures. We also inspected relevant working papers prepared by them and concluded on the sufficiency of the audit procedures performed by them. The audit procedures performed by the component auditors to which we particularly focused on included the following: **(1) Amortization of the VOBA which was assessed by updating underlying actuarial assumptions** Assessment, in accordance with our group audit instructions, of the design and operating effectiveness of certain controls implemented by PLC over the VOBA arising mainly from acquired investment-type insurance products of PLC, with a special focus on controls over the recognition and measurement of amortization expense for the VOBA. The substantive procedures set out below, among others, were performed to assess the accuracy and reasonableness of amortization of the VOBA, with the assistance of actuarial specialists employed by the component auditor. In performing these procedures, a particular attention was given to the effect, if any, of the spread of COVID-19 infections on future profits expected from investment-type insurance products of PLC. • evaluation of the relevance of amortization models; and • evaluation of the appropriateness of updated actuarial assumptions, such as interest rates, mortality and lapse rates. **(2) Recognition of a loss in value of the VOBA which was assessed together with the determination on the sufficiency of policy reserves** Assessment, in accordance with our group audit instructions, of whether there was a decline in the value of the VOBA arising mainly from traditional insurance products of PLC, concurrently with the assessment of the determination on the sufficiency of policy

Appropriateness of the judgement on amortization or the recognition of a loss in value of acquired in-force insurance contracts recorded in overseas subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
and their contractual terms, among others. PLC reviews, on a regular basis, actuarial assumptions, such as interest rates, mortality and lapse rates, and updates them as necessary, and accordingly adjusts amortization expense for the VOBA. Especially when changes in the estimated gross profits and others are expected due to changes in lapse rates, amortization expense may increase or decrease by updating underlying actuarial assumptions. These actuarial assumptions involve significant estimation uncertainty and require a high level of expertise in actuarial valuation. **(2) Recognition of a loss in value of the VOBA which is assessed together with the determination on the sufficiency of policy reserves** The VOBA arising mainly from acquired traditional insurance products may result in the recognition of a loss in value, prior to providing for an additional policy reserve, if actual experience deteriorates compared to the actuarial assumptions, such as future investment yields, mortality and lapse rates. Therefore, PLC assesses, on a regular basis, whether there has been a decline in the value of the VOBA, concurrently with the determination on the sufficiency of policy reserves. As described in the Key Audit Matter, “Appropriateness of the judgement on the sufficiency of policy reserves,” the testing to validate the sufficiency of policy reserves requires significant management judgement in estimating future cash flows as well as a high level of expertise in actuarial valuation. **(3) Recognition of an impairment loss on the VIF which is assessed together with the determination of whether an impairment loss should be recognized on goodwill** TDLA evaluates, on a regular basis, the VIF arising from the acquisition of TDLA concurrently with the determination of whether an impairment loss should be recognized on goodwill because any goodwill impairment may be an impairment indicator for the VIF. As described in the Key Audit Matter, “Appropriateness of the judgement on the recognition of an impairment loss on goodwill recognized in overseas subsidiaries,” in determining the recoverable amount for the goodwill impairment testing, the actuarial	reserves. More specifically, assessment, in accordance with our group audit instructions, of the design and operating effectiveness of relevant controls implemented by PLC, with a special focus on controls over determining whether there was a decline in value of the VOBA. The substantive procedures set out below, among others, were performed with the assistance of actuarial specialists employed by the component auditor. In performing these procedures, a particular attention was given to the effect, if any, of the spread of COVID-19 infections on future cash flows expected from traditional insurance products of PLC. • evaluation of the appropriateness of actuarial assumptions, such as future investment yields, mortality and lapse rates, used to estimate future cash flows; and • evaluation of whether the testing to validate the sufficiency of policy reserves was performed in accordance with applicable accounting standards. **(3) Recognition of an impairment loss on the VIF which was assessed together with the determination of whether an impairment loss should be recognized on goodwill** Assessment, in accordance with our group audit instructions, of whether there were impairment indicators for the VIF arising from the acquisition of TDLA, concurrently with the assessment of the determination on whether an impairment loss should be recognized on goodwill. More specifically, the control assessment and substantive procedures listed under (1)(ii) in the audit response section of the Key Audit Matter, “Appropriateness of the judgement on the recognition of an impairment loss on goodwill recorded in overseas subsidiaries” were performed.

Appropriateness of the judgement on amortization or the recognition of a loss in value of acquired in-force insurance contracts recorded in overseas subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
assumptions used to calculate the embedded value involve significant estimation uncertainty and require a high level of expertise in actuarial valuation. We, therefore, determined that our assessment of the appropriateness of the judgement on amortization or the recognition of a loss in value of acquired in-force insurance contracts recorded in overseas subsidiaries was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Appropriateness of the judgement on the sufficiency of policy reserves

The key audit matter

In the consolidated balance of the Group, Policy reserves of ¥51,407,655 million is presented for the current fiscal year, which accounts for approximately 78% of total liabilities and net assets. Of this amount, policy reserves for the individual insurance block and the individual annuity block recorded by The Dai-ichi Life Insurance Company, Limited (hereinafter "DL") and The Dai-ichi Frontier Life Insurance Co., Ltd (hereinafter "DFLI"), and policy reserves for traditional insurance products recorded by PLC are of quantitative significance.

Policy reserves, which account for a majority of total liabilities of insurance companies, are provided for the future fulfillment of obligations under insurance contracts, and are actuarially calculated using specific methods and assumptions based on the requirements of regulations and accounting standards in the country where the entities underwriting the insurance contracts are located. As described in Note II. "PRINCIPLES OF CONSOLIDATION" under 4. "Summary of Significant Accounting Policies": (15) "Policy Reserves" to the consolidated financial statements, policy reserves of consolidated domestic subsidiaries that operate a life insurance business are provided as a reserve pursuant to Article 116 of the Insurance Business Act for an amount calculated using a certain methodology, while policy reserves of consolidated foreign life insurance subsidiaries are calculated based on the accounting standards of each country, including U.S. generally accepted accounting principles. In addition, the testing to validate the sufficiency of policy reserve is required to be performed in each country.

(1) Policy reserves recognized by DL and DFLI

Policy reserves of DL and DFLI are provided for in compliance with the statements of calculation methodology approved by the Financial Services Agency in Japan. More specifically, policy reserves are calculated based on the future cash flows estimated using the assumptions, such as future mortality rates (assumed mortality rates), return on investment (assumed interest rates) and operating expense ratios (assumed operating expense ratios), stipulated in the statements of calculation methodology. If recent actual results deviate significantly from the estimates and there is deemed to be a risk of fulfilling future obligations, an additional policy reserve must be provided for in accordance with Article 69, Paragraph 5 of Ordinance for Enforcement of the Insurance Business Act. The policy reserves recorded by DL include additional policy reserves for certain whole

How the matter was addressed in our audit

We primarily performed the following procedures:

(1) Policy reserves recognized by DL and DFLI

We assessed the design and operating effectiveness of certain controls implemented by DL and DFLI over policy reserves for the individual insurance block and the individual annuity block. In this assessment, we focused on controls to ensure that all relevant data in the contract master files was reflected completely in the calculation of policy reserves and that approved actuarial assumptions were properly used in the calculation of policy reserves.

We primarily performed the following substantive procedures to evaluate the sufficiency of policy reserves of each consolidated subsidiary:

- analysis of overall consistency between changes in the balances of policy reserves for the individual insurance block and the individual annuity block and the factors contributing to the changes in policy reserves, such as premium income, benefit and claim payments, operating expenses and the results of profit source analysis, among others, using a recurrence formula; and
- reconciliation of the balance of additional policy reserves recognized by DL to the amount on the document output from the relevant system, and comparison of the current-year provision for additional policy reserves with the reserve plan.

We also primarily performed the substantive procedures set out below to assess the appropriateness of the judgement made at each consolidated subsidiary in performing the testing to validate the sufficiency of policy reserves (i.e., an analysis on future income and expenses, and a stress test for third sector products), with the assistance of actuarial specialists within our firm. In performing these procedures, a particular attention was given to the effect, if any, of the spread of COVID-19 infections on future cash flows of each consolidated subsidiary.

- assessment of whether the testing to validate the sufficiency of policy reserves was performed in compliance with the relevant laws and regulations, the "Standard of Practice for Appointed Actuaries of Life Insurance Companies" (the Institute of Actuaries of Japan) and the internal company

Appropriateness of the judgement on the sufficiency of policy reserves

The key audit matter

life insurance contracts in accordance with the Ordinance.

Assessment on the sufficiency of policy reserves is of quantitative significance. The contents and results of the testing to validate the sufficiency of policy reserves (an analysis on future income and expenses, and a stress test for third sector products) are described in the opinion and supplementary reports of the appointed actuary, and the testing requires significant management judgement in estimating future cash flows as well as a high level of expertise in actuarial valuation.

(2) Policy reserves recognized by PLC

Policy reserves for traditional insurance products of PLC are calculated, in accordance with U.S. generally accepted accounting principles, based on the future cash flows estimated using actuarial assumptions, such as future investment yields, mortality and lapse rates. If recent actual results deviate significantly from the estimate and there is deemed to be a risk of fulfilling future obligations, the assumptions need to be updated and an additional policy reserve must be provided for. As described in the Key Audit Matter, "Appropriateness of the judgement on amortization or the recognition of a loss in value of acquired in-force insurance contracts recorded in overseas subsidiaries," prior to providing for an additional policy reserve, a loss in value of the VOBA may have to be recognized. Therefore, PLC assesses it concurrently with the determination on amortization or the recognition of a loss in value of the VOBA.

Assessment of the adequacy of policy reserves is of quantitative significance. The testing to validate the adequacy of policy reserves requires significant management judgement in estimating future cash flows as well as a high level of expertise in actuarial valuation.

We, therefore, determined that our assessment of the appropriateness of the judgement on the sufficiency of policy reserves was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

How the matter was addressed in our audit

rules, and comparison of the calculation results with those in the prior year;

- review of the contents and results described in the opinion and supplementary reports of the appointed actuary, including the assessment of whether an additional policy reserve was necessary, and inquiry of the appointed actuary; and
- comparison of the interest rate scenarios used in the analysis on future income and expenses described in the opinion and supplementary reports of the appointed actuary with interest rate information we obtained from independent sources.

(2) Policy reserves recognized by PLC

We requested the component auditors of PLC to perform an audit, communicated with them in a timely manner about the status of the work performed by them, and evaluated their report that summarized the results of their audit procedures. We also inspected relevant working papers prepared by them and concluded on the sufficiency of the audit procedures performed by them.

More specifically, the control assessment and substantive procedures listed under (2) in the audit response section of the Key Audit Matter, "Appropriateness of the judgement on amortization or the recognition of a loss in value of acquired in-force insurance contracts recorded in overseas subsidiaries" were performed.

Appropriateness of the judgement on the recoverability of deferred tax assets	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group, Deferred tax assets of ¥9,378 million, which were the amount considered recoverable offset by applicable deferred tax liabilities, and Deferred tax liabilities of ¥256,364 million are presented for the current fiscal year. As described in Note XV. "DEFERRED TAX ACCOUNTING" under 1. "Major Components of Deferred Tax Assets and Liabilities" to the consolidated financial statements, the amount of gross deferred tax assets considered recoverable amounted to ¥811,065 million. As described in Note XV. "DEFERRED TAX ACCOUNTING" under 3. "The Principal Reasons for the Difference between the Statutory Effective Tax Rate and Actual Effective Tax Rate after Considering Deferred Taxes" to the consolidated financial statements, deferred tax assets of ¥762,704 million recognized by the Company and its domestic consolidated subsidiaries (hereinafter the "Tax Sharing Group"), which have elected to adopt the Group Tax Sharing System from the fiscal year ending March 31, 2023, accounted for a majority of the gross deferred tax assets and were of quantitative significance. Major components of deferred tax assets included policy reserves and others, net defined benefits liabilities and reserve for price fluctuations. The recoverability of deferred tax assets related to corporate tax and local corporate tax recorded by the Tax Sharing Group is mainly determined based on the estimated taxable income of the Tax Sharing Group that reflects future profitability of the Tax Sharing Group as a whole, and it is dependent upon the appropriateness of the company classification, the sufficiency of future taxable income and assumptions used in the scheduling of years in which deductible temporary differences are expected to reverse determined for the Tax Sharing Group, as stipulated in the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Implementation Guidance No. 26 issued by the Accounting Standards Board of Japan). This recoverability assessment requires significant management judgment and estimates. We, therefore, determined that our assessment of the appropriateness of the judgement on the recoverability of deferred tax assets was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	We primarily performed the following procedures to assess the appropriateness of the determination on the recoverability of deferred tax assets recorded by the Tax Sharing Group: **(1) Internal control testing** We assessed the design and operating effectiveness of relevant controls implemented by the Company and DL. In this assessment, we focused on controls over the preparation of documentation supporting the determination on the recoverability of deferred tax assets and those over approval on the conclusion. **(2) Judgement made by the Company on the recoverability of deferred tax assets** We primarily performed the substantive procedures set out below. In performing these procedures, a particular attention was given to the effect, if any, of the spread of COVID-19 infections on the company classification, estimated future taxable income and the scheduling of the Tax Sharing Group as a whole: ・ evaluation of the appropriateness of the company classification of the Tax Sharing Group determined in accordance with the Implementation Guidance No. 26, especially whether significant changes in business environment were expected in the near term; ・ confirmation that the business plan of the Tax Sharing Group as the basis for estimating future taxable income used in determining the recoverability of deferred tax assets was approved by the board of directors; ・ evaluation of the appropriateness of key assumptions used to prepare the business plan, by inspecting relevant internal documents, comparison with available external data and inquiring of management and relevant personnel; ・ evaluation of the reasonableness and feasibility of future taxable income of the Tax Sharing Group by comparing future taxable income estimated in the prior year with actual taxable income in the current fiscal year; and ・ evaluation of the appropriateness of key assumptions used in the scheduling of years in which deductible temporary difference were expected to reverse, by inspecting relevant internal documents, confirming the consistency in amounts between the documents and inquiring of management and relevant personnel.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yutaka Terasawa
Designated Engagement Partner
Certified Public Accountant

Takanobu Miwa
Designated Engagement Partner
Certified Public Accountant

Hatsumi Fujiwara
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
September 28, 2022

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Consolidated Balance Sheet of The Dai-ichi Life Insurance Company, Limited

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2021	**2022**	**2022**
(ASSETS)			
Cash and deposits	383,214	444,435	3,631
Call loans	403,700	479,900	3,921
Monetary claims bought	252,140	239,896	1,960
Money held in trust	7,716	12,164	99
Securities	33,462,279	32,735,396	267,467
Loans	2,576,064	2,569,190	20,991
Tangible fixed assets	1,086,447	1,128,321	9,219
Land	758,555	805,044	6,577
Buildings	315,822	315,106	2,574
Leased assets	5,145	4,342	35
Construction in progress	2,161	551	4
Other tangible fixed assets	4,762	3,277	26
Intangible fixed assets	119,638	128,772	1,052
Software	97,081	98,823	807
Other intangible fixed assets	22,557	29,949	244
Reinsurance receivable	28,084	56,701	463
Other assets	554,045	845,759	6,910
Customers' liabilities for acceptances and guarantees	52,861	45,745	373
Reserve for possible loan losses	(2,358)	(6,501)	(53)
Reserve for possible investment losses	(627)	(779)	(6)
Total assets	38,923,206	38,679,002	316,030
(LIABILITIES)			
Policy reserves and others	30,844,451	30,131,766	246,194
Reserves for outstanding claims	148,071	184,666	1,508
Policy reserves	30,295,380	29,533,878	241,309
Reserve for policyholder dividends	400,999	413,222	3,376
Reinsurance payable	1,048	170,408	1,392
Bonds payable	476,277	368,715	3,012
Other liabilities	3,340,298	4,371,423	35,717
Payables under repurchase agreements	2,301,762	2,954,780	24,142
Other liabilities	1,038,536	1,416,642	11,574
Net defined benefit liabilities	406,894	383,065	3,129
Reserve for retirement benefits of directors, executive officers and corporate auditors	998	929	7
Reserve for possible reimbursement of prescribed claims	800	800	6
Reserve for price fluctuations	233,453	250,453	2,046
Deferred tax liabilities	310,360	119,735	978
Deferred tax liabilities for land revaluation	71,606	70,652	577
Acceptances and guarantees	52,861	45,745	373
Total liabilities	35,739,051	35,913,694	293,436
(NET ASSETS)			
Capital stock	60,000	60,000	490
Capital surplus	370,000	320,000	2,614
Retained earnings	247,446	249,321	2,037
Total shareholders' equity	677,446	629,322	5,141
Net unrealized gains (losses) on securities, net of tax	2,536,608	2,130,413	17,406
Deferred hedge gains (losses)	(3,501)	(21,621)	(176)
Reserve for land revaluation	(22,026)	16,643	135
Foreign currency translation adjustments	497	(445)	(3)
Accumulated remeasurements of defined benefit plans	(4,869)	10,995	89
Total accumulated other comprehensive income	2,506,708	2,135,985	17,452
Total net assets	3,184,154	2,765,307	22,594
Total liabilities and net assets	38,923,206	38,679,002	316,030

Consolidated Statement of Earnings of The Dai-ichi Life Insurance Company, Limited

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2021	**2022**	**2022**
Ordinary revenues	3,811,851	4,450,973	36,367
Premium and other income	2,285,515	2,276,222	18,598
Investment income	1,357,203	1,247,130	10,189
Interest and dividends	836,660	831,209	6,791
Gains on money held in trust	4,849	795	6
Gains on sale of securities	371,297	351,106	2,868
Gains on redemption of securities	15,370	20,207	165
Other investment income	1,202	2,410	19
Gains on investments in separate accounts	127,823	41,401	338
Other ordinary revenues	169,132	927,619	7,579
Ordinary expenses	3,439,065	4,072,541	33,275
Benefits and claims	2,364,632	3,015,988	24,642
Claims	616,314	637,451	5,208
Annuities	486,953	553,586	4,523
Benefits	378,685	427,247	3,490
Surrender values	392,747	544,342	4,447
Other refunds	489,930	853,361	6,972
Provision for policy reserves and others	28,898	44,859	366
Provision for reserves for outstanding claims	20,679	36,595	299
Provision for interest on policyholder dividends	8,218	8,264	67
Investment expenses	408,404	361,303	2,952
Interest expenses	12,358	10,375	84
Losses on sale of securities	125,323	221,597	1,810
Losses on valuation of securities	1,285	8,479	69
Losses on redemption of securities	6,175	3,545	28
Derivative transaction losses	172,879	38,627	315
Foreign exchange losses	31,837	10,113	82
Provision for reserve for possible loan losses	1,813	4,393	35
Provision for reserve for possible investment losses	295	247	2
Write-down of loans	43	41	0
Depreciation of real estate for rent and others	13,171	13,439	109
Other investment expenses	43,219	50,442	412
Operating expenses	404,407	410,696	3,355
Other ordinary expenses	232,723	239,692	1,958
Ordinary profit	372,786	378,431	3,092
Extraordinary gains	5,469	10,402	84
Gains on disposal of fixed assets	5,469	10,402	84
Extraordinary losses	27,554	33,425	273
Losses on disposal of fixed assets	6,810	12,506	102
Impairment losses on fixed assets	2,552	3,850	31
Provision for reserve for price fluctuations	18,000	17,000	138
Other extraordinary losses	190	68	0
Provision for reserve for policyholder dividends	77,500	87,500	714
Income before income taxes	273,201	267,909	2,188
Corporate income taxes-current	77,701	102,283	835
Corporate income taxes-deferred	439	(33,661)	(275)
Total of corporate income taxes	78,141	68,622	560
Net income	195,059	199,287	1,628
Net income attributable to shareholders of parent company	195,059	199,287	1,628

Consolidated Statement of Comprehensive Income of The Dai-ichi Life Insurance Company, Limited

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2021	**2022**	**2022**
Net income	195,059	199,287	1,628
Other comprehensive income	614,980	(409,417)	(3,345)
Net unrealized gains (losses) on securities, net of tax	620,191	(406,195)	(3,318)
Deferred hedge gains (losses)	(24,814)	(18,119)	(148)
Reserve for land revaluation	-	(25)	(0)
Foreign currency translation adjustments	592	(942)	(7)
Remeasurements of defined benefit plans, net of tax	19,011	15,864	129
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	0	(0)	(0)
Comprehensive income	810,040	(210,130)	(1,716)
Attributable to shareholders of parent company	810,040	(210,130)	(1,716)

Consolidated Statement of Cash Flows of The Dai-ichi Life Insurance Company, Limited

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2021	**2022**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income taxes	273,201	267,909	2,188
Depreciation of real estate for rent and others	13,171	13,439	109
Depreciation	36,489	39,815	325
Impairment losses on fixed assets	2,552	3,850	31
Increase (decrease) in reserves for outstanding claims	20,679	36,595	299
Increase (decrease) in policy reserves	(908)	(761,501)	(6,221)
Provision for interest on policyholder dividends	8,218	8,264	67
Provision for (reversal of) reserve for policyholder dividends	77,500	87,500	714
Increase (decrease) in reserve for possible loan losses	1,798	4,143	33
Increase (decrease) in reserve for possible investment losses	(180)	152	1
Write-down of loans	43	41	0
Increase (decrease) in net defined benefit liabilities	2,134	(1,816)	(14)
Increase (decrease) in reserve for retirement benefits of directors ,executive officers and corporate auditors	(190)	(69)	(0)
Increase (decrease) in reserve for price fluctuations	18,000	17,000	138
Interest and dividends	(836,660)	(831,209)	(6,791)
Securities related losses (gains)	(381,706)	(179,092)	(1,463)
Interest expenses	12,358	10,375	84
Foreign exchange losses (gains)	31,837	10,113	82
Losses (gains) on disposal of fixed assets	1,038	1,733	14
Equity in losses (income) of affiliates	181	352	2
Decrease (increase) in reinsurance receivable	(21,366)	(28,542)	(233)
Decrease (increase) in other assets unrelated to investing and financing activities	8,834	(98,852)	(807)
Increase (decrease) in reinsurance payable	(134,441)	169,359	1,383
Increase (decrease) in other liabilities unrelated to investing and financing activities	(48,673)	(32,782)	(267)
Others, net	208,950	84,076	686
Subtotal	(707,138)	(1,179,145)	(9,634)
Interest and dividends received	859,457	858,307	7,012
Interest paid	(15,809)	(14,613)	(119)
Policyholder dividends paid	(84,461)	(83,541)	(682)
Others, net	(333,890)	(353,395)	(2,887)
Corporate income taxes (paid) refund	(65,561)	(87,244)	(712)
Net cash flows provided by (used in) operating activities	(347,404)	(859,632)	(7,023)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in cash and deposits	-	(80)	(0)
Purchases of monetary claims bought	(48,967)	(30,229)	(246)
Proceeds from sale and redemption of monetary claims bought	15,459	39,597	323
Purchases of money held in trust	-	(5,000)	(40)
Proceeds from decrease in money held in trust	31,348	1,321	10
Purchases of securities	(7,450,592)	(6,325,117)	(51,680)
Proceeds from sale and redemption of securities	6,185,137	6,991,915	57,128
Origination of loans	(616,958)	(684,636)	(5,593)
Proceeds from collection of loans	586,560	697,277	5,697
Net increase (decrease) in short-term investing	1,460,596	653,018	5,335
Total of net cash provided by (used in) investment transactions	162,583	1,338,068	10,932
Total of net cash provided by (used in) operating activities and investment transactions	(184,820)	478,435	3,909
Acquisition of tangible fixed assets	(35,988)	(96,724)	(790)
Proceeds from sale of tangible fixed assets	23,282	31,899	260
Acquisition of intangible fixed assets	(29,591)	(38,936)	(318)
Proceeds from sale of intangible fixed assets	1	694	5
Acquisition of stock of subsidiaries and affiliates	(966)	-	-
Net cash flows provided by (used in) investing activities	119,321	1,235,000	10,090
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	246,600	80,000	653
Repayment of borrowings	(139,000)	-	-
Redemption of bonds	-	(107,562)	(878)
Repayment of financial lease obligations	(1,809)	(1,747)	(14)
Cash dividends paid	(151,078)	(208,716)	(1,705)
Acquisitions of stock of subsidiaries and affiliates that do not result in change in scope of consolidation	-	(120)	(0)
Net cash flows provided by (used in) financing activities	(45,288)	(238,145)	(1,945)
Effect of exchange rate changes on cash and cash equivalents	920	118	0
Net increase (decrease) in cash and cash equivalents	(272,450)	137,340	1,122
Cash and cash equivalents at the beginning of the year	1,059,365	786,914	6,429
Cash and cash equivalents at the end of the year	786,914	924,255	7,551

Consolidated Statement of Changes in Net Assets of The Dai-ichi Life Insurance Company, Limited

Year ended March 31, 2021

(Unit: million yen)

	Shareholders' equity				Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	60,000	370,000	199,422	629,422	1,916,417	21,312
Changes for the year						
Dividends			(151,084)	(151,084)		
Net income attributable to shareholders of parent company			195,059	195,059		
Transfer from reserve for land revaluation			4,048	4,048		
Others				-		
Net changes of items other than shareholders' equity					620,191	(24,814)
Total changes for the year	-	-	48,023	48,023	620,191	(24,814)
Balance at the end of the year	60,000	370,000	247,446	677,446	2,536,608	(3,501)

(Unit: million yen)

	Accumulated other comprehensive income				Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the year	(17,978)	(94)	(23,880)	1,895,776	2,525,199
Changes for the year					
Dividends					(151,084)
Net income attributable to shareholders of parent company					195,059
Transfer from reserve for land revaluation					4,048
Others					-
Net changes of items other than shareholders' equity	(4,048)	592	19,011	610,931	610,931
Total changes for the year	(4,048)	592	19,011	610,931	658,955
Balance at the end of the year	(22,026)	497	(4,869)	2,506,708	3,184,154

Year ended March 31, 2022

(Unit: million yen)

	Shareholders' equity				Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	60,000	370,000	247,446	677,446	2,536,608	(3,501)
Changes for the year						
Dividends		(49,999)	(158,716)	(208,716)		
Net income attributable to shareholders of parent company			199,287	199,287		
Transfer from reserve for land revaluation			(38,695)	(38,695)		
Others			0	0		
Net changes of items other than shareholders' equity					(406,195)	(18,119)
Total changes for the year	-	(49,999)	1,875	(48,124)	(406,195)	(18,119)
Balance at the end of the year	60,000	320,000	249,321	629,322	2,130,413	(21,621)

(Unit: million yen)

	Accumulated other comprehensive income				Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the year	(22,026)	497	(4,869)	2,506,708	3,184,154
Changes for the year					
Dividends					(208,716)
Net income attributable to shareholders of parent company					199,287
Transfer from reserve for land revaluation					(38,695)
Others					0
Net changes of items other than shareholders' equity	38,669	(942)	15,864	(370,722)	(370,722)
Total changes for the year	38,669	(942)	15,864	(370,722)	(418,847)
Balance at the end of the year	16,643	(445)	10,995	2,135,985	2,765,307

Year ended March 31, 2022

(Unit: million US dollars)

	Shareholders' equity				Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	490	3,023	2,021	5,535	20,725	(28)
Changes for the year						
Dividends		(408)	(1,296)	(1,705)		
Net income attributable to shareholders of parent company			1,628	1,628		
Transfer from reserve for land revaluation			(316)	(316)		
Others			0	0		
Net changes of items other than shareholders' equity					(3,318)	(148)
Total changes for the year	-	(408)	15	(393)	(3,318)	(148)
Balance at the end of the year	490	2,614	2,037	5,141	17,406	(176)

(Unit: million US dollars)

	Accumulated other comprehensive income				Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the year	(179)	4	(39)	20,481	26,016
Changes for the year					
Dividends					(1,705)
Net income attributable to shareholders of parent company					1,628
Transfer from reserve for land revaluation					(316)
Others					0
Net changes of items other than shareholders' equity	315	(7)	129	(3,029)	(3,029)
Total changes for the year	315	(7)	129	(3,029)	(3,422)
Balance at the end of the year	135	(3)	89	17,452	22,594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2022

Ⅰ. BASIS FOR PRESENTATION

The accompanying financial statements have been prepared from the accounts maintained by The Dai-ichi Life Insurance Company, Limited (the "Company") and its consolidated subsidiary in accordance with the provisions set forth in the Insurance Business Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP") which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements are reclassified for the convenience of readers outside Japan. The notes to the consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥122.39=US$1.00, the foreign exchange rate on March 31, 2022, has been used for translation of the truncated figures in Japanese yen. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

Ⅱ. GUIDELINES FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) The number of consolidated subsidiaries as of March 31, 2022: 1
The subsidiary of the Company included:
・ Dai-ichi Life Insurance Myanmar Ltd.

(2) The number of non-consolidated subsidiaries as of March 31, 2022: 25
The main subsidiaries that are not consolidated for the purposes of financial reporting are The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Life Business Services Co., Ltd. and First U Anonymous Association.
The twenty-five non-consolidated subsidiaries had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), cash flows, and others.

2. Application of the Equity Method

(1) The number of non-consolidated subsidiaries under the equity method as of March 31, 2022: 0

(2) The number of affiliated companies under the equity method as of March 31, 2022: 2
The affiliated companies of the Company included:
・ Corporate-pension Business Service Co., Ltd.,
・ Japan Excellent Asset Management Co., Ltd.,

(3) The non-consolidated subsidiaries (The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Life Business Services Co., Ltd., First U Anonymous Association and others), as well as affiliated companies (Mizuho-DL Financial Technology Co., Ltd., and Rifare Management K.K.) were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others.

3. Year-end Dates of a Consolidated Subsidiary

The closing date of a consolidated subsidiary is March 31.

Ⅲ. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Valuation Methods of Securities

Securities held by the Company and its consolidated subsidiary including cash and deposits and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

The amortization of premiums and accretion of discounts is calculated by the straight-line method.

(1) Trading Securities
Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Bonds
Held-to-maturity bonds are stated at amortized cost determined by the moving average method.

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

(4) Stocks of Non-Consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method
Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.

(5) Available-for-sale Securities
a) Available-for-sale Securities other than stocks and other securities without market prices
Available-for-sale Securities other than stocks and other securities without market prices are valued at fair value at the end of the fiscal year, with cost determined by the moving average method.

b) Stocks and other securities without market prices
Stocks and other securities without market prices are valued at cost determined by the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the consolidated statement of earnings.
Securities held by a consolidated overseas subsidiary are stated at cost determined by the first-in first-out.

2. Risk Management Policy of Policy-Reserve-Matching Bonds

The Company categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policies on investments and resource allocation based on the balance of the sub-groups. Moreover, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products of the Company are:
・ individual life insurance and annuities,
・ non-participating single premium whole life insurance (without duty of medical disclosure),
・ financial insurance and annuities, and
・ group annuities,
with the exception of certain types.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

Based on the "Act on Revaluation of Land" (Act No. 34, March 31, 1998), land for business use was revalued. The difference between the fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as a reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.
・ Date of revaluation: March 31, 2001
・ Method stipulated in Article 3 Paragraph 3 of the Act on Revaluation of Land:
The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Articles 2-1 and 2-4 of the Order for Enforcement of the Act on Revaluation of Land (Publicly Issue Cabinet Order No. 119, March 31, 1998).

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets
Depreciation of tangible fixed assets excluding leased assets of the Company is calculated by the declining balance method (the depreciation of buildings (other than facilities attached to buildings and structures that were acquired on or before March 31, 2016) is calculated by the straight-line method).

Estimated useful lives of major assets are as follows:

Buildings	two to sixty years
Other tangible fixed assets	two to twenty years

Other tangible fixed assets that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With respect to tangible fixed assets that were acquired on or before March 31, 2007 and that were fully depreciated to their original depreciable limit, effective the fiscal year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years from the following fiscal year of the year in which they reached the original depreciable limit.

Depreciation of tangible fixed assets owned by a consolidated overseas subsidiary is calculated by the straight-line method.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Company and its consolidated subsidiary use the straight-line method for amortization of intangible fixed assets excluding leased assets.

Software for internal use is amortized by the straight-line method based on the estimated useful lives of five years.

(3) Depreciation of Leased Assets

Depreciation for leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero salvage value and using the lease period as the useful life.

(4) Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets as of March 31, 2021 and 2022 were ¥622,564 million and ¥616,128 million (US$5,034 million), respectively.

6. Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

The Company translates foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates at the end of the fiscal year. Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method are translated into yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Company's consolidated overseas subsidiary are translated into yen at the exchange rates at its account closing date. Translation adjustments associated with the consolidated overseas subsidiary are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

7. Reserve for Possible Loan Losses

The reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, "bankrupt obligors") and loans to and claims on obligors that have suffered substantial business failure (hereafter, "substantially bankrupt obligors"), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans to and claims on obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, "obligors at risk of bankruptcy") the reserve is calculated, taking into account (1) the recoverable amount covered by the collateral or guarantees and (2) an overall assessment of the obligor's ability to repay.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the fiscal years ended March 31, 2021 and 2022 were ¥1 million and ¥1 million (US$0 million), respectively.

8. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses is established for stocks and other securities without market prices and ownership stakes in partnerships, etc. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

9. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors, an estimated amount for future payment in accordance with the internal policies is provided.

10. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had expired, an estimated amount for reserve for possible reimbursement of prescribed claims based on past reimbursement experience is provided.

11. Net Defined Benefit Liabilities

For the net defined benefit liabilities, the amount is provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2021. The accounting treatment for retirement benefits is as follows.

(1) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefit for the fiscal year ended March 31, 2022.

(2) Amortization of Actuarial Differences and Past Service Cost

Past service cost is amortized under the straight-line method over a certain period (seven years) within the employees' average remaining service period as of the time of its occurrence.

Actuarial differences are amortized under the straight-line method over a certain period (seven years) within the employees' average remaining service period, starting from the following year.

12. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the year in accordance with the provisions of Article 115 of the Insurance Business Act.

13. Hedge Accounting

(1) Methods for Hedge Accounting

As for the Company, hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). Primarily, (a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; (b) the currency allotment method and the deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); (c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; (d) the deferral hedge method for over-the-counter options on bonds is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; (e) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction), and (f) the deferral hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (Industry Audit Committee Report No. 26 issued by JICPA).

(2) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable, insurance liabilities
Foreign currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stocks (forecasted transaction)
Currency options	Foreign currency-denominated bonds
Bond over-the-counter options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

(3) Hedging Policies

The Company conducts hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

(4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of hedging instruments.

(Hedging relationships to which the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied)

Among the above hedging relationships, the exceptional treatment prescribed in the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No. 40, revised on March 17, 2022) is applied to all hedging relationships included in the scope of the application of the said Treatment. The details of hedging relationships to which the Treatment is applied are as follows:

Hedging accounting method: Special hedge accounting for interest rate swaps

Hedging instruments: Interest rate swaps

Hedged items: Loans

Type of hedging transactions: Transactions that fix cash flow

14. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over five years in accordance with the Order for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

15. Policy Reserves

Policy reserves of the Company are established in accordance with the methods stated in the statement of calculation procedures for policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance contracts under which the insurer's liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated by the following methods:

a) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
b) Reserves for other policies are established based on the net level premium method.

If, through an estimation of future income based on most recent actual figures, the policy reserves set aside are found likely to be insufficient to cover the performance of future obligations, additional policy reserves need to be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. Policy reserves include additional policy reserves for some whole life insurance policies in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

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

16. Changes in Accounting Policies

Effective the fiscal year ended March 31, 2022, the Company have applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019) and others.

In accordance with the transitional provision set forth in Item 19 of "Accounting Standards for Fair Value Measurement" and Item 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, revised on July 4, 2019), the Company have applied new accounting policies since the beginning of the fiscal year ended March 31, 2022. As a result, in principle, while fair value of domestic stocks was previously determined based on the average market price over the month preceding the consolidated balance sheet date, from the end of the fiscal year ended March 31, 2022, fair value of domestic stocks is determined based on the market price as of the consolidated balance sheet date.

Also, the Company has disclosed matters concerning fair value of financial instruments and breakdown by input level in "18. Financial Instruments and Others".

17. Policy Acquisition Costs

The costs of acquiring and renewing policies, which include agent commissions and certain other costs directly related to the acquisition of policies, are expensed when incurred as the Insurance Business Act in Japan does not permit insurance companies to defer and amortize these costs.

18. Financial Instruments and Others

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

In an effort to manage investment assets in a manner appropriate to liabilities, which arise from the insurance policies underwritten, the Company engages in asset liability management, or ALM, which considers the long-term balance between assets and liabilities to ensure stable returns. With this strategy, the Company holds fixed income investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, the Company also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

The Company uses derivatives primarily to hedge market risks associated with its existing asset portfolio and supplement its investment objectives to the extent necessary, taking into account the exposure of underlying assets.

With respect to financing, the Company has raised capital directly from the capital markets by issuing subordinated bonds as well as indirectly from banks in order to strengthen its capital base. To avoid impact from interest-rate fluctuations, the Company utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

b) Financial Instruments Used and Their Risks

Securities included in financial assets of the Company, mainly stocks and bonds, are categorized by its investment objectives such as held-to-maturity, policy-reserve-matching securities and available-for-sale securities. Those securities are exposed to market fluctuation risk, credit risk and interest rate risk and some of the securities denominated in foreign currency are exposed to foreign currency risk. Also, loans are exposed to credit risk arising from the defaults of obligors.

The Company might be exposed to liquidity risk in certain circumstances in which it cannot make timely payments of principal, interest or other amounts due to unpredictable cash outflows or is forced to raise capital with interest rates substantially higher than usual. Also, some of its loans payable and bonds payable which are floating interest rate based and denominated in foreign currency are exposed to interest rate risk and foreign currency risk.

The Company utilizes i) interest rate swaps to hedge interest rate risk associated with certain of its loans receivable and payable, ii) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and iii) foreign currency forward contracts, currency options and foreign currency swaps to hedge foreign currency risks associated with certain foreign currency-denominated bonds, foreign currency-denominated short-term deposits and foreign currency-denominated debts, etc. and adopt hedge accounting.

In addition, the Company utilizes iv) interest rate swaps to hedge interest rate risk associated with certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (JICPA Industry Audit Committee Report No. 26).

In applying the hedge accounting, in order to fulfill requirements stipulated in the "Accounting standards for financial instruments" (ASBJ Statement No. 10 issued on March 10, 2008), the Company has established investment policy and procedure guidelines and clarified the transactions to be hedged, the risk of underlying assets to be hedged and derivative instruments to be used, and conducted pre- and post-effectiveness tests of the transactions.

c) Risk Management

The risk management system of the Company is as follows:

i) Market Risk Management

Under the internal investment policy and market risk management policy, the Company manages market risk by conducting mid- to long-term asset allocation in a manner appropriate to its liabilities. Therefore, it categorizes its portfolio into sub-groups, based on their investment purpose, and manages them taking into account each of their risk characteristics.

(a) Interest rate risk

The Company keeps track of interest rates and durations of its assets and liabilities, monitors its internal analyses on duration gap and interest rate sensitivity, and periodically reports its findings to the board of directors, etc.

(b) Currency risk

The Company keeps track of currency composition of its financial assets and liabilities, conducts sensitivity analyses, and periodically reports its findings to the board of directors, etc.

(c) Fluctuation in market values

The Company defines risk management policies and management procedures for each component of its overall portfolio, including securities, based on the risk characteristics of the categories, and set and manages upper limits of each asset balance and asset allocation weight.

Such management conditions are periodically reported by its risk management sections to the board of directors, etc.

(d) Derivative transactions

For derivative transactions, the Company has established internal check system by segregating i) executing department, ii) the department which engages in assessment of hedge effectiveness, and iii) the back-office. Additionally, in order to limit speculative use of derivatives, the Company has put restrictions on utilization purpose, such as hedging, and establishes position limits for each asset class.

ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, the Company has established a credit management system related to loans, such as preliminary reviews on individual transactions, credit limit setting, credit information management, internal credit rating, attachment of guarantees and collateral, and follow-ups on problem loans. For corporate bond investment, the credit section sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk-taking is restricted since front offices make investment within those caps. Policies and framework for large-lot borrowers have been formulated in order to prevent credit concentration by monitoring compliance, etc. That credit management has been conducted by the credit and risk management sections, and has been periodically reported to the board of directors, etc. Additionally, the internal audit section has also checked credit management status.

Credit risk of security issuers and counterparty risk with respect to derivative transactions are managed by the credit section, which sets upper limits for each counterparty and financial instrument and periodically monitors credit information, and by the risk management section, which periodically monitors current exposures.

d) Supplementary Explanation for Fair Value of Financial Instruments

As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied.

(2) Fair Values of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2021 and 2022 were as follows.

	As of March 31, 2021		
	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)		
(1) Monetary claims bought	252,140	252,140	-
(2) Money held in trust	7,716	7,716	-
(3) Securities(*2)			
a. Trading securities	936,743	936,743	-
b. Held-to-maturity bonds	48,646	50,321	1,675
c. Policy-reserve-matching bonds	13,332,171	15,520,087	2,187,915
d. Stocks of subsidiaries and affiliated companies	343	451	108
e. Available-for-sale securities	18,844,324	18,844,324	-
(4) Loans	2,576,064		
Reserves for possible loan losses(*3)	(850)		
	2,575,213	2,633,115	57,901
Total assets	35,997,297	38,244,898	2,247,601
(1) Bonds payable	476,277	509,676	33,399
(2) Long-term borrowings	390,600	390,394	(205)
Total liabilities	866,877	900,070	33,193
Derivative transactions(*4)			
a. Hedge accounting not applied	[5,691]	[5,691]	–
b. Hedge accounting applied	[295,152]	[295,773]	(621)
Total derivative transactions	[300,843]	[301,465]	(621)

(*1) Cash and deposits, call loans, and payables under repurchase agreements are not included since they are mainly due within a short period of time or have no maturity, and their fair value is close to the carrying amounts.

(*2) Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of (3) Securities.

	As of March 31, 2021
	Carrying amount
	(Unit: million yen)
1. Unlisted domestic stocks (*1)(*2)	49,781
2. Unlisted foreign stocks(*1)(*2)	25,234
3. Other foreign securities(*1)(*2)	-
4. Other securities(*1)(*2)	225,035
Total	300,051

(*1) These securities cannot be assigned a market value because of unavailability of tradable markets, and they are excluded from disclosure of fair value.

(*2) For the fiscal year ended March 31, 2021, impairment charges of ¥1,192 million was recorded.

(*3) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(*4) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

	As of March 31, 2022					
	Carrying amount	Fair value	Gains (Losses)	Carrying amount	Fair value	Gains (Losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Monetary claims bought	239,896	239,896	-	1,960	1,960	-
(2) Money held in trust	12,164	12,164	-	99	99	-
(3) Securities(*2)						
a. Trading securities	1,043,161	1,043,161	-	8,523	8,523	-
b. Held-to-maturity bonds	48,678	49,563	884	397	404	7
c. Policy-reserve-matching bonds	14,257,659	15,739,225	1,481,566	116,493	128,598	12,105
d. Available-for-sale securities	16,695,365	16,695,365	-	136,411	136,411	-
(4) Loans	2,569,190			20,991		
Reserve for possible loan losses (*3)	(4,819)			(39)		
	2,564,371	2,596,244	31,873	20,952	21,212	260
Total assets	34,861,295	36,375,620	1,514,324	284,837	297,210	12,372
(1) Bonds payable	368,715	371,486	2,771	3,012	3,035	22
(2) Long-term borrowings	470,600	465,819	(4,780)	3,845	3,806	(39)
Total liabilities	839,315	837,305	(2,009)	6,857	6,841	(16)
Derivative transactions (*4)						
a. Hedge accounting not applied	[15,423]	[15,423]	-	[126]	[126]	-
b. Hedge accounting applied	[478,410]	[477,826]	584	[3,908]	[3,904]	4
Total derivative transactions	[493,834]	[493,250]	584	[4,034]	[4,030]	4

(*1) Cash and deposits, call loans, and payables under repurchase agreements are not included since they are mainly due within a short period of time or have no maturity, and their fair value is close to the carrying amounts.

(*2) The carrying amount of stocks and other securities without market prices and ownership stakes in partnerships, etc. on the consolidated balance sheet are as follows. They are not included in the fair value of (3) Securities.

	As of March 31, 2022	
	Carrying amount	
	(Unit: million yen)	(Unit: million US dollars)
Stocks and other securities without market prices (*a)(*c)	51,463	420
Ownership stakes in partnerships, etc.(*b)(*c)	639,068	5,221

(*a) Stocks and other securities without market prices include unlisted stocks, etc. and are not subject to disclosure of fair value in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 31, 2020).

(*b) Ownership stakes in partnerships, etc. mainly include stakes in anonymous associations and investment partnerships. They are not subject to disclosure of fair value in accordance with Paragraphs 26 or 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on July 4, 2019).

(*c) Impairment loss of ¥1,155 million (US$9 million) was recognized in the fiscal year ended March 31, 2022.

(*3) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(*4) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

(3) Matters Concerning Fair Value of Financial Instruments and Breakdown by Input Level

The fair values of financial instruments are classified into the following three levels based on the observability and significance of the inputs used to measure fair value:

Level 1: Fair value determined based on the observable inputs, such as quoted prices in active markets for identical assets or liabilities.
Level 2: Fair value determined based on observable inputs other than Level 1 inputs
Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified into the lowest priority level of fair value measurement in which each input belongs.

(i) Financial assets and liabilities measured at fair value on the consolidated balance sheet

As of March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
	(Unit: million yen)			
Monetary claims bought	-	-	239,896	239,896
Money held in trust(*1)	8,334	1,855	-	10,190
Securities(*1)				
Trading securities	582,361	127,840	12	710,213
Available-for-sale securities				
Government bonds	1,896,749	-	-	1,896,749
Local government bonds	-	15,782	-	15,782
Corporate bonds	-	1,246,704	7,966	1,254,671
Domestic stocks	3,249,996	-	-	3,249,996
Foreign bonds	2,331,995	5,398,685	155,966	7,886,647
Other foreign securities	358,940	148,500	20,855	528,296
Other securities	3,064	-	-	3,064
Derivative transactions				
Currency-related	-	33,200	-	33,200
Interest-related	-	29,942	-	29,942
Stock-related	6,354	1	-	6,356
Bond-related	12,847	1,807	-	14,655
Others	-	150	-	150
Total assets	8,450,643	7,004,472	424,697	15,879,813
Derivative transactions				
Currency-related	-	545,905	-	545,905
Interest-related	-	6,129	-	6,129
Stock-related	6,514	30	-	6,545
Bond-related	17,229	2,311	-	19,540
Others	-	20	-	20
Total liabilities	23,743	554,397	-	578,140

As of March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
	(Unit: million US dollars)			
Monetary claims bought	-	-	1,960	1,960
Money held in trust(*1)	68	15	-	83
Securities(*1)				
Trading securities	4,758	1,044	0	5,802
Available-for-sale securities				
Government bonds	15,497	-	-	15,497
Local government bonds	-	128	-	128
Corporate bonds	-	10,186	65	10,251
Domestic stocks	26,554	-	-	26,554
Foreign bonds	19,053	44,110	1,274	64,438
Other foreign securities	2,932	1,213	170	4,316
Other securities	25	-	-	25
Derivative transactions				
Currency-related	-	271	-	271
Interest-related	-	244	-	244
Stock-related	51	0	-	51
Bond-related	104	14	-	119
Others	-	1	-	1
Total assets	69,046	57,230	3,470	129,747
Derivative transactions				
Currency-related	-	4,460	-	4,460
Interest-related	-	50	-	50
Stock-related	53	0	-	53
Bond-related	140	18	-	159
Others	-	0	-	0
Total liabilities	193	4,529	-	4,723

(*1) In accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on July 4, 2019), mutual funds to which transitional provisions were applied are not included in the table above. The amounts of such mutual funds on the consolidated balance sheet are ¥1,974 million (US$16 million) in money held in trust and ¥2,193,105 million (US$17,918 million) in securities.

(ii) Financial assets and liabilities not measured at fair value on the consolidated balance sheet

As of March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
	(Unit: million yen)			
Securities				
Held-to-maturity bonds				
Government bonds	48,407	-	-	48,407
Foreign bonds	-	-	1,155	1,155
Policy-reserve-matching bonds				
Government bonds	14,992,503	-	-	14,992,503
Local government bonds	-	99,600	-	99,600
Corporate bonds	-	576,876	-	576,876
Foreign bonds	-	70,244	-	70,244
Loans	-	-	2,596,244	2,596,244
Total assets	15,040,910	746,722	2,597,400	18,385,033
Bonds payable	-	371,486	-	371,486
Long-term borrowings	-	-	465,819	465,819
Total liabilities	-	371,486	465,819	837,305

As of March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
	(Unit: million US dollars)			
Securities				
Held-to-maturity bonds				
Government bonds	395	-	-	395
Foreign bonds	-	-	9	9
Policy-reserve-matching bonds				
Government bonds	122,497	-	-	122,497
Local government bonds	-	813	-	813
Corporate bonds	-	4,713	-	4,713
Foreign bonds	-	573	-	573
Loans	-	-	21,212	21,212
Total assets	122,893	6,101	21,222	150,216
Bonds payable	-	3,035	-	3,035
Long-term borrowings	-	-	3,806	3,806
Total liabilities	-	3,035	3,806	6,841

(Note 1) Description of the evaluation methods and inputs used to measure fair value

Assets

Monetary claims bought

The fair value of monetary claims bought is measured using the price obtained by outside contractors and counterparty financial institutions. Since significant unobservable inputs are used for the price obtained, the fair value of monetary claims bought is classified into Level 3.

Money held in trust

The fair value of money held in trust is measured using the price obtained by counterparty financial institutions. Money held in trust is classified into either Level 1 or Level 2, mainly based on constituents held in trust. Of the components of trust assets, mutual funds are not classified into any level, applying the transitional provisions in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on July 4, 2019).

Securities

The fair value of securities for which unadjusted quoted market prices in active markets are available is classified into Level 1. These include stocks and government bonds, among others. If the market is not active, the fair value of securities is classified into Level 2, irrespective of whether disclosed quoted market prices are used.

The fair value of bonds for which quoted market prices are not used as fair value is measured mainly using prices obtained from outside contractors and counterparty financial institutions. The present value of these prices is calculated by discounting future cash flows at a discount rate (i.e., a risk-free interest rate that takes into account credit spread). The fair value of bonds is classified into Level 2 if observable inputs are used in the calculation, and Level 3 if significant unobservable inputs are used.

The fair value of mutual funds is based on prices obtained from counterparty financial institutions and are not classified into any level, applying the transitional measures in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on July 4, 2019).

Loans

The fair value of loans is calculated by discounting future cash flows of the subject loan, using interest rates corresponding to the internal credit rating and remaining periods which are assumed to be applied to new loans to the subject borrower. Loans are classified into Level 3.

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses as of March 31, 2022. Therefore, that amount (the carrying amount on the consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

Also, loans without a due date because of their characteristics that their exposure is limited to the amount of their collaterals, are deemed to have fair value close to book value, taking into account estimated repayment period and interest rates. Therefore, their book value is recorded as the fair value and classified into Level 3.

Liabilities

Bonds payable

The fair value of bonds payable for which quoted market prices can be used is based on the quoted market prices. Bonds payable are classified into Level 2.

Long-term borrowings

The fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to the internal credit rating and remaining periods which are assumed to be applied to new borrowings. Long-term borrowings are classified into Level 3.

Derivative Transactions

The fair value of listed derivative transactions for which unadjusted quoted market prices in active markets are available is classified into Level 1. These mainly include stock-related transactions and bond-related transactions. If the market is not active, the fair value of listed derivative transactions is classified into Level 2, irrespective of whether disclosed quoted market prices are used.

The fair value of over-the-counter derivative transactions is mainly based on the prices calculated using discounted present values obtained from outside contractors and counterparty financial institutions and option valuation models, etc. The inputs used in the valuation method for calculating the price of over-the-counter derivative transactions are mainly interest rate, foreign exchange rate, and volatility. Since no significant unobservable inputs are used or their effects are not significant, the fair value of over-the-counter derivative transactions is classified into Level 2.

(Note 2) Quantitative information about financial assets and liabilities measured and stated on the consolidated balance sheet at fair value and classified into Level 3

(i) Quantitative information on significant unobservable inputs

	Valuation method	Significant unobservable input	Range
Securities			
Available-for-sale securities			
Other foreign securities	Discounted cash flow	Discount rate	5.87%

(ii) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings of the current fiscal year

	Balance at the beginning of the year	Gains (losses) or other comprehensive income in the current fiscal year		Variable amount (net amount) by purchase, sale, issue and settlement	Transfer to Level 3(*3)	Balance at the end of the year	Gains (losses) on valuation of financial assets and liabilities held at the consolidated balance sheet date out of amounts recognized in consolidated statement of earnings(*1)
		Gains (losses) recorded in consolidated statement of earnings (*1)	Amount recorded in other comprehensive income (*2)				
	(Unit: million yen)						
Monetary claims bought	252,140	(1,831)	(1,073)	(9,338)	-	239,896	(1,777)
Securities							
Trading securities	-	-	-	-	12	12	-
Available-for-sale securities							
Corporate bonds	8,182	774	(4)	(985)	-	7,966	682
Foreign bonds	145,943	3,853	3,993	2,176	-	155,966	8,610
Other foreign securities	20,248	-	2,483	(1,875)	-	20,855	-

	Balance at the beginning of the year	Gains (losses) or other comprehensive income in the current fiscal year		Variable amount (net amount) by purchase, sale, issue and settlement	Transfer to Level 3(*3)	Balance at the end of the year	Gains (losses) on valuation of financial assets and liabilities held at the consolidated balance sheet date out of amounts recognized in consolidated statement of earnings(*1)
		Gains (losses) recorded in consolidated statement of earnings (*1)	Amount recorded in other comprehensive income (*2)				
	(Unit: million US dollars)						
Monetary claims bought	2,060	(14)	(8)	(76)	-	1,960	(14)
Securities							
Trading securities	-	-	-	-	0	0	-
Available-for-sale securities							
Corporate bonds	66	6	(0)	(8)	-	65	5
Foreign bonds	1,192	31	32	17	-	1,274	70
Other foreign securities	165	-	20	(15)	-	170	-

(*1) Gain/Loss recorded as investment income and investment expenses in consolidated statement of earnings.
(*2) Gain/Loss recorded in net unrealized gains (losses) on securities, net of tax of Other comprehensive income in consolidated statement of comprehensive income.
(*3) Transfer from Level 2 to Level 3 due to the lack of observable market data due to decreased market activity.

(iii) Description of the fair value valuation process

The Company and its subsidiaries have established policies and procedures for measuring the fair value and classifying the fair value level in the accounting department. In accordance with these policies and procedures, the investment management service department selects the fair value valuation model, and then measures the fair value and classifies the fair value by level. For such fair value, the appropriateness of the valuation methods and inputs used in the measurement of the fair value and the appropriateness of the classification of the level of fair value are verified. In addition, when using the quoted market prices obtained from a third party as fair value, the validity is verified by appropriate methods such as confirmation of the valuation method and inputs used and comparison with the fair value of similar financial instruments.

(iv) Explanation of the sensitivity of the fair value to changes in significant unobservable input

Discount rate is an adjustment rate to the base market interest rate and adjusted by reflecting the uncertainty of cash flows and the liquidity of financial instruments. In general, a significant increase (decrease) in the discount rate results in a significant decrease (increase) in the fair value.

19. Real Estate for Rent

The Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2021 and 2022 were ¥35,836 million and ¥32,303 million (US$263 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. Gains on sale as extraordinary gains for the fiscal year ended March 31, 2021 and 2022 were ¥2,548 million and ¥4,127 million (US$33 million), respectively. Impairment losses on rental real estate as extraordinary losses for the fiscal year ended March 31, 2021 and 2022 were ¥2,528 million and ¥3,848 million (US$31 million), respectively.

The carrying amount, net change during the year and the fair value of such rental real estate, were as follows:

	As of March 31, 2021	As of March 31, 2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount			
Beginning balance	788,201	787,387	6,433
Net change for the year	(814)	72,549	592
Ending balance	787,387	859,937	7,026
Fair value	1,056,203	1,144,726	9,353

(*1) The carrying amount of rental real estate on the consolidated balance sheet was acquisition costs net of accumulated depreciation and impairments.
(*2) Net change in the carrying amount included cost of acquisition of the real estate of ¥30,668 million, sale of the real estate of ¥19,468 million, depreciation expense of ¥13,165 million, and impairment loss of ¥2,528 million, during the fiscal year ended March 31, 2021.
Net change in the carrying amount included cost of acquisition of the real estate of ¥98,927 million (US$808 million), sale of the real estate of ¥24,096 million (US$196 million), depreciation expense of ¥13,423 million (US$109 million), and impairment loss of ¥3,848 million (US$31 million), during the fiscal year ended March 31, 2022.
(*3) The Company calculates the fair value of the majority of the rental real estate based on real estate appraisal standards and assessment by an independent appraiser, and others based on internal but reasonable estimates.

20. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2021 and 2022 were ¥2,246,652 million and ¥4,669,012 million (US$38,148 million), respectively.

21. Risk-managed claims

The amounts of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, claims that are overdue for three months or more, and claims with repayment relaxation, which were included in claims, were as follows:

	As of March 31, 2021	As of March 31, 2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Claims against bankrupt and quasi-bankrupt obligors(*1)	67	79	0
Claims with collection risk (*2)	3,216	7,273	59
Claims that are overdue for three months or more (*3)	-	-	-
Claims with repayment relaxation(*4)	833	1,108	9
Total	4,117	8,460	69

(*1) Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
(*2) Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial

condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

(*3) Claims that are overdue for three months or more are loans for which payment of principal or interest is delayed for three months or more from the day following the contracted payment date. This category excludes claims against bankrupt and quasi-bankrupt obligors and claims with collection risk.

(*4) Claims with repayment relaxation are loans for which certain concessions favorable to the debtor, such as interest rate reduction and exemption, interest payment deferment, principal repayment deferment, debt waiver, etc., for the purpose of rebuilding or supporting the debtor. This category excludes claims against bankrupt and quasi-bankrupt obligors, claims with collection risk and claims that are overdue for three months or more.

As a result of the direct write-off of claims described in Note 7, the decreases in claims against bankrupt and quasi-bankrupt obligors as of March 31, 2021 and 2022 were ¥1 million and ¥1 million (US$0 million), respectively.

(*5) Claims against normal obligors who don't have any specific problems with financial conditions and operations, are all other claims excluding claims mentioned in above. The amounts of Claims against normal obligors as of March 31, 2021 and 2022 were ¥4,885,696 million and ¥7,317,803 million (US$59,790 million), respectively.

22. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Act as of March 31, 2021 and 2022 were ¥1,575,100 million and ¥1,765,033 million (US$14,421 million), respectively. Separate account liabilities were the same amount as the separate account assets.

23. Contingent Liabilities

Guarantee for debt obligations of a separate company were as follows:

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Dai-ichi Life Holdings, Inc.	250,002	250,002	2,042

24. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the fiscal year	399,742	400,999	3,276
Dividends paid during the fiscal year	84,461	83,541	682
Interest accrual during the fiscal year	8,218	8,264	67
Provision for reserve for policyholder dividends	77,500	87,500	714
Balance at the end of the fiscal year	400,999	413,222	3,376

25. Stocks of Subsidiaries and Affiliated Companies

The amounts of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Company held were as follows:

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Stocks	4,788	4,337	35
Capital	166,145	188,193	1,537
Total	170,933	192,531	1,573

26. Organizational Change Surplus

As of March 31, 2021 and 2022, the amounts of organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US$962 million), respectively.

27. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash and deposits pledged as collateral were as follows:

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Securities	2,308,573	3,227,718	26,372
Cash and deposits	86	86	0
Total	2,308,659	3,227,805	26,373

The amounts of secured liabilities were as follows:

	As of March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Payables under repurchase agreements	2,301,762	2,954,780	24,142

The amounts of "Securities" pledged as collateral under repurchase agreements as of March 31, 2021 and 2022 were ¥2,074,617 million and ¥2,797,311 million (US$22,855 million), respectively.

28. Net Assets per Share

The amounts of net assets per share of the Company as of March 31, 2021 and 2022 were ¥530,692,467.11 and ¥460,884,611.14(US$3,765,704.80 million), respectively.

29. Employees' Retirement Benefits

(1) Overview of Employees' Retirement Benefit Plan of the Company

As a defined benefit plan for its sales representatives, the Company has established and maintained a benefit plan consisting of retirement lump sum grants and company administered pension. For its administrative personnel, the Company has established and maintained a benefit plan consisting of defined benefit corporate pension and retirement lump sum grants as a defined benefit plan and defined contribution pension as a defined contribution plan.

(2) Defined Benefit Plans

a) Reconciliations of beginning and ending balances of projected benefit obligations

		Year ended March 31,		
		2021	2022	2022
		(Unit: million yen)		(Unit: million US dollars)
a.	Beginning balance of the projected benefit obligations	684,256	686,771	5,611
b.	Service cost	25,769	26,177	213
c.	Interest cost	2,050	2,058	16
d.	Accruals of actuarial (gains) and losses	5,543	(577)	(4)
e.	Payment of retirement benefits	(32,125)	(33,345)	(272)
f.	Accurulals of past service cost	2,160	-	-
g.	Others	(883)	(911)	(7)
h.	Ending balance of the projected benefit obligation (a + b + c + d + e + f + g)	686,771	680,173	5,557

b) Reconciliations of beginning and ending balances of pension assets

		Year ended March 31,		
		2021	2022	2022
		(Unit: million yen)		(Unit: million US dollars)
a.	Beginning balance of pension assets	253,121	279,877	2,286
b.	Estimated return on assets	1,753	1,837	15
c.	Accruals of actuarial (gains) and losses	28,511	17,103	139
d.	Contribution from the employer	6,746	6,719	54
e.	Payment of retirement benefits	(10,254)	(8,430)	(68)
f.	Ending balance of pension assets (a + b + c + d + e)	279,877	297,107	2,427

c) Reconciliations of year-end balance of projected benefit obligations and pension assets, and net defined benefit liabilities and assets that have been recorded in the consolidated balance sheet

		Year ended March 31,		
		2021	2022	2022
		(Unit: million yen)		(Unit: million US dollars)
a.	Projected benefit obligation for funded pensions	365,467	359,773	2,939
b.	Pension assets	(279,877)	(297,107)	(2,427)
c.	Subtotal (a + b)	85,590	62,665	512
d.	Projected benefit obligation for unfunded pensions	321,304	320,399	2,617
e.	Net of assets and liabilities recorded in the consolidated balance sheet (c + d)	406,894	383,065	3,129
f.	Net defined benefit liabilities	406,894	383,065	3,129
g.	Net defined benefit assets	-	-	-
h.	Net of assets and liabilities recorded in the balance sheet (f + g)	406,894	383,065	3,129

d) Amount of the components of retirement benefit expenses

		Year ended March 31,		
		2021	2022	2022
		(Unit: million yen)		(Unit: million US dollars)
a.	Service cost	25,769	26,177	213
b.	Interest cost	2,050	2,058	16
c.	Expected return on assets	(1,753)	(1,837)	(15)
d.	Expense of actuarial (gains) and losses	5,618	4,114	33
e.	Expense of past service cost	(136)	174	1
f.	Others	190	68	0
g.	Retirement benefit expenses for defined benefit plans (a + b + c + d + e + f)	31,738	30,755	251

e) Remeasurements of defined benefit plans

Breakdown of items recorded in remeasurements of defined benefit plans (before applicable tax effect) was as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Past service cost	(2,297)	151	1
Actuarial gains (losses)	28,672	21,860	178
Total	26,375	22,012	179

f) Accumulated remeasurements of defined benefit plans

Breakdown of items recorded in accumulated remeasurements of defined benefit plans (before applicable tax effect) was as follows:

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Unrecognized past service cost	1,339	1,187	9
Unrecognized actuarial gains (losses)	5,416	(16,443)	(134)
Total	6,755	(15,256)	(124)

g) Pension assets

i The main components of the pension assets

Ratios of the major assets to the total pension assets were as follows:

	Year ended March 31,	
	2021	2022
Stocks	70%	64%
Assets under joint management	15%	21%
Life insurance general account	4%	1%
Bonds	3%	2%
Others	8%	12%
Total	100%	100%

Note: The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2021 and 2022 were 53% and 56%, respectively.

ii The method of setting the expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension assets, the Company has taken into account the allocation of pension assets at present and in future, and long-term rate of return on a variety of assets that make up the pension assets at present and in future.

h) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of the fiscal year-end were as follows:

	Year ended March 31,	
	2021	2022
Discount rate	0.30%	0.30%
Expected long-term rate of return		
Defined benefit corporate pension	1.40%	1.40%
Employee pension trust	0.00%	0.00%

i) Defined Contribution Plans

Required amounts of contribution to defined contribution plans of the Company for the fiscal years ended March 31, 2021 and 2022 were ¥1,566 million and ¥1,602 million (US$13 million), respectively.

30. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2021 and 2022, the market value of the securities which were not sold or pledged as collateral were ¥ 2,343 million and ¥4,692 million (US$38 million). None of the securities were pledged as collateral as of March 31, 2021 and 2022, respectively.

31. Commitment Line

As of March 31, 2021 and 2022, there were unused commitment line agreements, under which the Company was the lenders, of ¥ 78,478 million and ¥ 43,321 million (US$353 million), respectively.

32. Subordinated Debt and Other Liabilities

As of March 31, 2021 and 2022, other liabilities included subordinated debt of ¥390,600 million and ¥470,600 million (US$3,845 million), respectively, whose repayment is subordinated to other obligations.

33. Bonds Payable

As of March 31, 2021 and 2022, bonds payable included foreign currency-denominated subordinated bonds of ¥476,277 million and ¥368,715 million (US$3,012 million), respectively, whose repayment is subordinated to other obligations.

34. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2021 and 2022 were ¥44,307 million and ¥47,066 million (US$384 million), respectively. These obligations will be recognized as operating expenses for the years in which they are paid.

35. Application of the Group Tax Sharing System

Since the Company will adopt the group tax sharing system from the fiscal year ending March 31, 2023, in which Dai-ichi Life Holdings, Inc. will be the tax sharing parent company, the Company has applied the accounting and disclosure treatment of deferred tax accounting related to corporate tax and local corporate tax assuming the application of the group tax sharing system in accordance with Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42 issued on August 12, 2021) since the end of the fiscal year ended March 31, 2022.

Ⅳ. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

1. Accounting Policies for Premium and Other Income and Benefits and Claims for the Company

(1) Premium and other income (excluding reinsurance income)

Premium and other income (excluding reinsurance income) is recorded for insurance contracts for which insurance premium has been received and the insurer's liability under the insurance contracts has commenced by the relevant amounts received.

Of premium and other income (excluding reinsurance income), the portion corresponding to the period that has yet to pass as of the end of the fiscal year is set aside as policy reserves in accordance with Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(2) Reinsurance Income

Reinsurance income is recorded as amounts equivalent to the portion reinsured under reinsurance contracts out of the amounts paid as claims, etc. under direct insurance contracts at the time when those claims, etc. are paid.

(3) Benefits and claims (excluding ceding reinsurance commissions)

Benefits and claims (excluding ceding reinsurance commissions) are recorded for contracts for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions by the relevant amounts paid.

In accordance with Article 117 of the Insurance Business Act, reserves for outstanding claims are set aside for claims, etc. for which the Company has a payment due but has not paid, or for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

(4) Ceding reinsurance commissions

Ceding reinsurance commissions are recorded in agreed amounts in accordance with reinsurance contracts at the time either when insurance premiums under direct insurance contracts are received, or when the reinsurance contracts are entered into.

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

2. Net Income per Share

Net income per share for the fiscal year ended March 31, 2021 and 2022 were ¥32,509,940.19 and ¥33,214,545.02 (US$271,382.83), respectively. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2021 and 2022 were as follows:

(1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group. Each property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.

(2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value of some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported such write-off as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2021 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
			(Unit: million yen)		
Real estate for rent	Morioka city, Iwate Prefecture	1	25	31	57
Real estate not in use	Takamatsu city, Kagawa Prefecture and others	22	1,741	752	2,494
Total	-	23	1,767	784	2,552

Impairment losses by asset group for the fiscal year ended March 31, 2022 were as follows:

Asset Group	Place	Number	Impairment Losses					
			Land	Buildings	Total	Land	Buildings	Total
			(Unit: million yen)			(Unit: million US dollars)		
Real estate for rent	Morioka city, Iwate Prefecture	1	1	2	3	0	0	0
Real estate not in use	Yokohama city, Kanagawa Prefecture and others	18	1,035	2,811	3,846	8	22	31
Total	-	19	1,036	2,813	3,850	8	22	31

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 2.17% and 2.11% for the fiscal year ended March 31, 2021 and 2022, respectively, were applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

V. NOTES TO THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended March 31,		
	2021	2022	2022
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	1,078,176	(444,239)	(3,629)
Amount reclassified	(217,755)	(119,023)	(972)
Before tax adjustment	860,420	(563,263)	(4,602)
Tax effect	(240,229)	157,068	1,283
Net unrealized gains (losses) on securities, net of tax	620,191	(406,195)	(3,318)
Deferred hedge gains (losses)			
Amount incurred during the year	(34,139)	(26,870)	(219)
Amount reclassified	(286)	1,728	14
Before tax adjustment	(34,426)	(25,142)	(205)
Tax effect	9,611	7,022	57
Deferred hedge gains (losses)	(24,814)	(18,119)	(148)
Reserve for land revaluation			
Amount incurred during the year	-	-	-
Amount reclassified	-	-	-
Before tax adjustment	-	-	-
Tax effect	-	(25)	(0)
Reserve for land revaluation	-	(25)	(0)
Foreign currency translation adjustments			
Amount incurred during the year	592	(942)	(7)
Amount reclassified	-	-	-
Before tax adjustment	592	(942)	(7)
Tax effect	-	-	-
Foreign currency translation adjustments	592	(942)	(7)
Remeasurements of defined benefit plans, net of tax			
Amount incurred during the year	20,816	17,681	144
Amount reclassified	5,558	4,330	35
Before tax adjustment	26,375	22,012	179
Tax effect	(7,363)	(6,147)	(50)
Remeasurements of defined benefit plans, net of tax	19,011	15,864	129
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	0	(0)	(0)
Amount reclassified	-	-	-
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	0	(0)	(0)
Total other comprehensive income	614,980	(409,417)	(3,345)

Ⅵ. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and have an insignificant risk of changes in value.

Ⅶ. NOTES TO THE CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

1. For the Year Ended March 31, 2021

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2021			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands shares)			
Common stock	6	-	-	6

(2) Dividends on Common Stock

(a) Cash Dividends

Date of resolution	June 17, 2020 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥101,079 million
Dividends per share	¥16,846,500
Record date	March 31, 2020
Effective date	June 18, 2020
Dividend resource	Retained earnings

Date of resolution	August 12, 2020 (at the Extraordinary General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million
Dividends per share	¥8,333,300
Record date	-
Effective date	August 13, 2020
Dividend resource	Retained earnings

(b) Dividends in Kind

Date of resolution	August 12, 2020 (at the Extraordinary General Meeting of Shareholders) (*)
Type of shares	Common stock
Type of the dividend property	Securities
Book value of the dividend property	¥5,740,000
Record date	-
Effective date	August 31, 2020
Dividend resource	Retained earnings

(*)At the Extraordinary General Meeting of Shareholders on August 12, 2020, the Company decided to transfer the securities the Company had held to Dai-ichi life Holdings, Inc. as a dividend in kind, and carried it out on August 31, 2020.

(c) Dividends, the record date of which was March 31, 2021, to be paid out in the year ending March 31, 2022

Date of resolution	June 16, 2021 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥158,716 million
Dividends per share	¥26,452,800
Record date	March 31, 2021
Effective date	June 17, 2021
Dividend resource	Retained earnings

Date of resolution	June 16, 2021 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million
Dividends per share	¥8,333,300
Record date	March 31, 2021
Effective date	June 17, 2021
Dividend resource	Capital surplus

2. For the Year Ended March 31, 2022

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2022			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands shares)			
Common stock	6	-	-	6

(2) Dividends on Common Stock

(a) Cash Dividends

Date of resolution	June 16, 2021 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥158,716 million (US$1,296 million)
Dividends per share	¥26,452,800 (US$216,135)
Record date	March 31, 2021
Effective date	June 17, 2021
Dividend resource	Retained earnings

Date of resolution	June 16, 2021 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million (US$408 million)
Dividends per share	¥8,333,300 (US$68,088)
Record date	March 31, 2021
Effective date	June 17, 2021
Dividend resource	Capital surplus

(b) Dividends, the record date of which was March 31, 2022, to be paid out in the year ending March 31, 2023

Date of resolution	June 15, 2022 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥199,776 million (US$1,632 million)
Dividends per share	¥33,296,000 (US$272,048)
Record date	March 31, 2022
Effective date	June 16, 2022
Dividend resource	Retained earnings

Independent Auditor's Report

To the Board of Directors of The Dai-ichi Life Insurance Company, Limited:

Opinion

We have audited the accompanying consolidated financial statements of The Dai-ichi Life Insurance Company, Limited. ("the Company") and its consolidated subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statement of earnings, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor 's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Audit and Supervisory Board Members and the Audit and Supervisory Board for the Consolidated Financial Statements

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

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

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yutaka Terasawa
Designated Engagement Partner
Certified Public Accountant

Takanobu Miwa
Designated Engagement Partner
Certified Public Accountant

Hatsumi Fujiwara
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
September 28, 2022

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Solvency Margin Ratio

(1) Dai-ichi Life Holdings, Inc.

Consolidated Solvency Margin Ratio

(Unit: million yen)

		As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)		8,937,263	8,344,432
Common stock, etc. (*1)		1,519,154	1,561,364
Reserve for price fluctuations		264,454	287,358
Contingency reserve		712,999	715,990
Catastrophe loss reserve		—	—
General reserve for possible loan losses		340	276
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% (*2)		3,757,933	2,946,332
Net unrealized gains (losses) on real estate × 85% (*2)		255,652	361,793
Sum of unrecognized actuarial differences and unrecognized past service cost		(12,855)	11,999
Policy reserves in excess of surrender values		2,323,356	2,250,869
Qualifying subordinated debt		1,031,277	1,003,715
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(731,488)	(582,596)
Excluded items		(255,788)	(278,668)
Others		72,228	65,998
Total risk	$\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$ (B)	1,864,810	1,848,774
Insurance risk	R_1	140,083	149,541
General insurance risk	R_5	3,971	4,196
Catastrophe risk	R_6	1,327	1,599
3rd sector insurance risk	R_8	189,994	185,479
Small amount and short-term insurance risk	R_9	—	15
Assumed investment yield risk	R_2	230,346	209,933
Guaranteed minimum benefit risk	R_7 (*3)	67,185	76,193
Investment risk	R_3	1,493,251	1,487,381
Business risk	R_4	42,523	42,286
Solvency margin ratio	$\frac{(A)}{(1/2)\times(B)}\times 100$	958.5%	902.6%

*1: Expected disbursements of capital to outside the Company and accumulated other comprehensive income, etc. are excluded.
*2: Multiplied by 100% if losses.
*3: Calculated by standard method.

Note: The above figures are calculated based on Article 210-11-3 and 210-11-4 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

(2) The Dai-ichi Life Insurance Company, Limited

Solvency Margin Ratio (Unit: million yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	6,990,487	6,483,789
Total risk (B)	1,491,653	1,429,122
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	937.2%	907.3%

Note:The figures are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

Consolidated Solvency Margin Ratio (Unit: million yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	6,817,494	6,310,480
Total risk (B)	1,438,710	1,369,500
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	947.7%	921.5%

Note: The figures are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

(3) The Dai-ichi Frontier Life Insurance Co., Ltd.

Solvency Margin Ratio (Unit: million yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	570,750	508,974
Total risk (B)	200,614	196,970
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	569.0%	516.8%

Note: The figures are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

(4) The Neo First Life Insurance Company, Limited

Solvency Margin Ratio (Unit: million yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	39,806	14,057
Total risk (B)	2,158	2,528
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	3,688.8%	1,111.8%

Note: The figures are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

(5) Dai-ichi Smart Small-amount and Short-term Insurance Company, Limited

Solvency Margin Ratio (Unit: million yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	—	162
Total risk (B)	—	16
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	—	1,964.6%

Note: The figures are calculated based on Article 211-59 and 211-60 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 14, 2006.

Glossary of Terms

Adjusted profit/ Group adjusted profit	A unique indicator used by the Company that determines funds to be paid to shareholders. Constitutes the sum of adjusted profit at each group company. Adjusted profit at each group company generally indicates profit on a cash basis. As a holding company, the Company conducts shareholder returns based largely on the dividends that it receives from each group company.
Adjusted ROE/ Group adjusted ROE	Group adjusted ROE = Adjusted profit ÷ (Net assets – (goodwill + unrealized gains or losses on fixed-income assets (net of tax) + cumulative gains or losses on market value adjustment (MVA) (net of tax), etc.))
CSA	Control Self-Assessment (CSA) is a set of activities performed by managers and personnel in charge who are familiar with the tasks to identify inherent risks and to perform self-assessments on the significance and strength of risk control and attempt to curb risks and make necessary operational improvements.
CX	Customer Experience (CX) is a concept that emphasizes the psychological and emotional value experienced by customers through all contact points with our Group.
DX	Digital Transformation (DX) is a concept of promoting advanced IT technologies to transform and improve people's quality of life.
ERM	Enterprise Risk Management (ERM) is a set of activities for formulating corporate plans, capital policies, etc., in accordance with capital, risk, and profit positions based on the attribution, type, and characteristics of risk, and promoting business activities accordingly. More specifically, ERM is a management concept in which risk is properly controlled to secure financial soundness while capital is allocated to operations, etc., that can be anticipated to yield greater profit to materialize improved capital efficiency and corporate value.
ESR	Economic Solvency Ratio (ESR) is a solvency indicator valuing assets and liabilities based on fair value (mark-to-market) basis. Indicates economic capital relative to the risk amount under a certain stress scenario.
EV/EEV	(European) Embedded Value (EEV) is an indicator of corporate value attributable to shareholders. EEV is the sum of adjusted net worth following necessary revisions to the amount of net assets on the balance sheet and value of in-force business, which represents the present value of future profits on in-force business, net of tax.
EX	Employee Experience (EX) is a concept that emphasizes the necessity of improving the experiential values obtained by employees to improve productivity and provide better products and services to customers.
Free cash	Surplus capital under the strictest standards among accounting capital, financial soundness and economic solvency regulations.
GHG	Greenhouse gases (GHG) such as carbon dioxide, methane, dinitrogen monoxide, and chlorofluorocarbons that absorb heat from the sun (infrared radiation) reflected from the earth's surface, and which contribute to global warming when they accumulate in the atmosphere.
InsTech	Insurance Technology (InsTech) is a set of initiatives for creating innovation unique to the life insurance business by fusing insurance and technology.
LGBTQ/LGBTIQ+/ LGBTQIA+	An acronym of Lesbian, Gay, Bisexual, Transgender (including gender identity disorder), Queer/Questioning (undetermined or undefined gender identity or sexual orientation), Intersex, Asexual, and others.
NPS®*	Net Promoter Score (NPS®) is an indicator of customer loyalty (the degree of attachment and confidence in a company or brand) and provides a measurement for the degree of recommending (products, services, brand) to friends or acquaintances, thereby going deeper than a customer satisfaction metric. *NPS® is a registered trademark of Bain & Company, Fred Reichheld, and Satmetrix Systems.
QOL	Quality of Life (QOL) is a concept that encompasses the richness of overall living standards including spiritual aspects and self-actualization in addition to material wealth and individual activities for self-care. Quality of life improvements refer to the realization of the desired life or way of living.
ROEV	Return on Embedded Value (ROEV) is an indicator measuring the growth of corporate value with increments in EV that are considered to be profit after taking into account the special nature of life insurance accounting.
TSR	Total Shareholder Return (TSR) is a total investment return for shareholders after adding capital gains and dividend income.
Well-being	"Well-being" refers to living a prosperous and healthy life with peace of mind and being in a state of happiness. The Group aims to contribute to the well-being of all, including future generations, through four experiential values.

Alphabetical order

A Note on the Publication of the Dai-ichi Life Holdings Integrated Report 2022

This is the sixth Integrated Report published since our transition to a holding company structure in 2016. To date, we have aimed to communicate effectively with our shareholders, investors, and other stakeholders by describing our medium- to long-term value creation story and using the report to pass on information about our Group.

In this Integrated Report, we look back on the progress and challenges of the past year in the context of our medium-term management plan that began in fiscal 2021. This report was created with an eye to conveying the company's value creation story with reference to insights gained through dialogue: First, we took a fresh look at the value creation process and presented the process—from management resources to outcomes—in a visual, easy-to-understand way. There is also a new section on the recognition of "risks and opportunities"—a prerequisite for value creation—to more persuasively convey the background of our chosen strategy. In addition, by presenting specific examples of value created in the form of stories of value co-creation from the perspective of customers, society and the environment, we aimed to make our social value creation as a life insurance company more accessible to the public.

While there is still room for improvement, I believe we have taken a step forward in how we communicate our value creation story to stakeholders in a way that is easy to understand. As the CFO responsible for overseeing the production of this report, I would like to state here that the process used to create this integrated annual report was legitimate and the content is accurate.

We will use this report when engaging with stakeholders to help them understand our company and deepen our understanding of what information they require and what expectations they have of us, such that we are able to further improve the report.

We look forward to receiving your honest feedback.

Representative Director and Chief Financial Officer (CFO) Tetsuya Kikuta

Third-Party Warranty

To improve the reliability of the information contained in this report, our Group has received assurances and other guarantees from independent third parties*1*2 regarding the following information. Please refer to the following links for details.

Scope of Guarantee	CO_2 emissions*1	Percentage of female managers*2
	PP. 58, 65 and 118	PP. 7, 58, and 118

*1 Japan Quality Assurance Organization
https://www.dai-ichi-life-hd.com/en/sustainability/data/#anc06

*2 The Association for Non-Financial Information Assurance
https://www.dai-ichi-life-hd.com/en/sustainability/data/index.html

Abbreviations of Group Companies

Domestic Life Insurance Business

DL	Dai-ichi Life Insurance
DFL	Dai-ichi Frontier Life
NFL	Neo First Life

Overseas Insurance Business

PLC	Protective Protective Life Corporation
TAL	TAL TAL Dai-ichi Life Australia
DLVN	Dai-ichi Life Vietnam Dai-ichi Life Insurance Company of Vietnam
DLKH	Dai-ichi Life Cambodia Dai-ichi Life Insurance (Cambodia)
DLMM	Dai-ichi Life Myanmar Dai-ichi Life Insurance Myanmar
SUD	Star Union Dai-ichi Life India Star Union Dai-ichi Life Insurance Company
PDL	Panin Dai-ichi Life PT Panin Dai-ichi Life
OLI	OCEAN LIFE OCEAN LIFE INSURANCE PUBLIC COMPANY
DLRe	Dai-ichi Re Dai-ichi Life Reinsurance Bermuda

Other Business
(Asset Management Business)

AMOne	Asset Management One

Inquiries

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https://www.dai-ichi-life-hd.com/en/contact.html

Forward-Looking Statements

Statements contained herein that relate to the future operating performance of the Company are forward-looking statements. Forward-looking statements might include, but are not limited to, words such as "believe," "anticipate," "plan," "strategy," "expect," "forecast," "predict," "possibility," and similar words that describe future operating activities, business performance, events, or conditions. Forward-looking statements are based on judgments made by the Company's management based on information that is currently available and are subject to significant assumptions. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results could vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, you are cautioned not to place undue reliance on forward-looking statements. The Company disclaims any obligation to revise forward-looking statements given new information, future events, or other findings.