



By your side, for life

Dai-ichi Life Holdings, Inc.

Annual Report
2020

Integrated Report



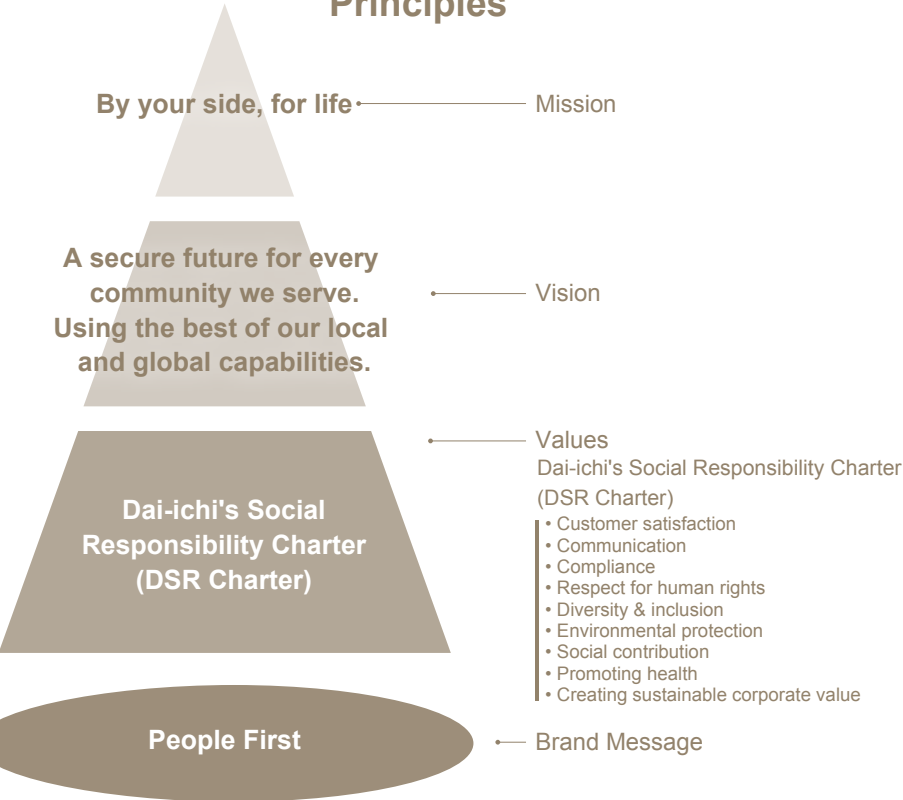


Group Mission

“By your side, for life”

In Japan and countries around the world
By your side, for life, aiming for peace of mind for each and every customer. A secure future for every community we serve.
Using the best of our local and global capabilities.

Principles



Editorial Policy

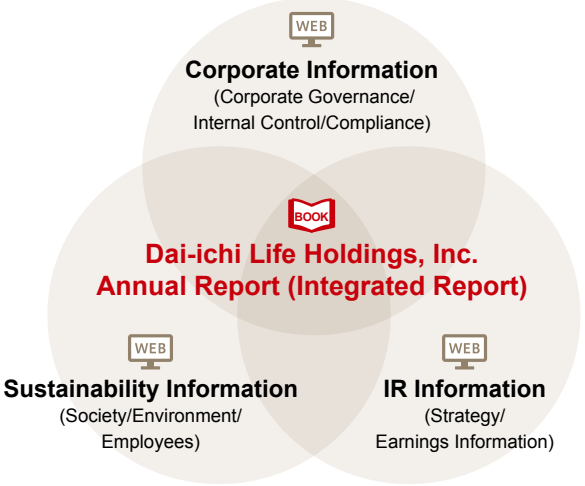
Coverage of This Report

- Period covered: April 1, 2019 to March 31, 2020 (including some activities on and after April 1, 2020)
- Organizations covered: Dai-ichi Life Holdings, Inc. and its subsidiaries and affiliates

Positioning of This Report

In order to provide understanding of the Dai-ichi Life Group by all stakeholders, material information in this report is summarized. Please visit our website for further details.

► <https://www.dai-ichi-life-hd.com/en/index.html>



Reference

- International Integrated Reporting Council (IIRC) “International Integrated Reporting Framework”
- Global Reporting Initiative (GRI) “Sustainability Reporting Standards”
- Sustainability Accounting Standards Board (SASB) standards
- Ministry of Economy, Trade and Industry “Guidance for Collaborative Value Creation”

Page Structure based on Guidance for Collaborative Value Creation

This publication organizes information systematically and comprehensively to help in dialogue with shareholders and investors. The framework of the Guidance for Collaborative Value Creation is also used to show the Dai-ichi Life Group’s mechanisms for value creation as a story while connecting the respective information appropriately.

Forward-looking Statements

Statements contained herein that relate to the future operating performance of the Company are forward-looking statements. Forward-looking statements may 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 to it and are subject to significant assumptions. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may 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 in light of new information, future events or other findings.

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We will continue to take on various challenges with integrity and agility in these times of global crisis.



First of all, I would like to send my warmest wishes to people across the world who have suffered from COVID-19 and offer my prayers for the souls of those who have unfortunately passed away. I would also like to express my gratitude and respect for all of those who are confronting this unprecedented and continuing crisis; those who are treating and preventing infection in the medical field, those who are struggling to maintain social systems, and those who are continuing to make great efforts in daily life to protect the safety of themselves and their families.

Seiji Inagaki

President and Representative Director
Dai-ichi Life Holdings, Inc.

Fulfilling Our Social Mission to Protect the Lives and Livelihoods of Customers

Like many, the Dai-ichi Life Group (the “Group”) has also been impacted considerably by the prolonged COVID-19 pandemic, which can be described as a global crisis. Not only in Japan, but in each country where we operate, we have taken measures to avoid face-to-face contact with the safety of our customers and employees as our first priority. In order to fulfill our social mission, which is protecting the lives and livelihoods of customers in each country, the Group has maintained business operations, primarily payment of insurance claims and benefits. Our Group continues to play an active role in social systems thanks to the strong leadership teams at our group companies and the unceasing efforts of our employees.

In maintaining these operations, while ensuring convenience for customer inquiries and procedures, we are paying the utmost attention to the health and safety of the employees who must go to the office to carry out those tasks. We are also considering further steps, including decentralizing operations to multiple sites and expanding the scope of operations for which teleworking is possible.

In response to the pandemic, Dai-ichi Life is not only paying insurance claims without delay, which is our duty as an insurance company, but we have also implemented a wide range of measures to increase convenience for policyholders. These measures include deferment of insurance premium payments, application of preferential interest rates for policyholder loans, application of accidental death benefits to death and severe disability caused by COVID-19, easing of the criteria for payment of hospitalization benefits when admission to a medical institution is difficult, and easing of the criteria for payment of outpatient benefits for online diagnosis and treatment.

Group Adjusted Profit for the Fiscal Year Ended March 31, 2020 Secured a Level Exceeding the Initial Forecast

Although the spread of COVID-19 caused turmoil in financial markets, we maintained financial soundness through flexible hedging of assets under management. The impact of COVID-19 on business performance was limited, and for the fiscal year ended March 31, 2020, we were able

to secure group adjusted profit, a source of shareholder returns, in excess of the initial forecast.

On the other hand, we forecast that group adjusted profit will be lower in the fiscal year ending March 31, 2021 with a more serious impact on financial markets and economies as COVID-19 spreads worldwide.

Strengthening Connections with Customers to Continue Contributing to Improving Quality of Life

As a result of the current pandemic, we have all become more aware than ever before of the importance of health and human connections. In such circumstances, the Group’s mission, to improve quality of life by providing value, is becoming increasingly important.

There might be a significant reorganization of the social welfare system in Japan with greater utilization of non-face-to-face interaction, such as teleworking and permission for online diagnosis and treatment. Therefore, it will be necessary for us to establish new methods that are not limited by an existing business model built around providing face-to-face consulting to customers.

On the other hand, I believe that the value of person-to-person communication will increase rather than disappear. The Group will strengthen connections with customers by combining existing sales channel capabilities with the use of digital technology to contribute to improving quality of life for every single person.

The Group overcame unprecedented disasters that Japan suffered in the past, such as diseases like tuberculosis, major earthquakes, and heavy rains, by working in partnership with all of our stakeholders.

The spread of COVID-19 is a global-scale crisis faced by humanity. It could also make people change the way they live. As the people who have inherited the innovative spirit of our founder, Tsuneta Yano, we will lead the new normal age after COVID-19 subsides with “People First,” the Group’s brand message, engraved in our minds once more. We will take on diverse challenges with integrity and agility to continue being a lifelong partner for our customers in the times to come. Going forward, I hope we can rely on your continued support.

“By your side, for life,”

the Philosophy We Embrace



The founder, Tsuneta Yano was a reformer who had both high ideals and reasoning power. He had the Dai-ichi Sogo Kan (office building) built sturdy fireproof doors, etc. to protect valuable paperwork at a time when wooden buildings were the standard in Tokyo. The building, which was hailed as the number one building in Asia, withstood the strong shaking of the Great Kanto earthquake and became a symbol of the rapid growth of the company.



“The best rather than the largest”



By your side, for life – the origin of our founding philosophy



The founder, Tsuneta Yano

At the end of the Meiji era, with many insurance companies in Japan merely pursuing profits and as the true value in life insurance was not understood, trust in the industry was yet to be established.

With a spirit of innovation, Tsuneta Yano, our founder, established Dai-ichi Life as the first mutual company in Japan.

By setting optimal insurance premiums and rigorous cost reductions, it was possible to bring about high policyholder dividends and with this, life insurance which, at the time, was seen as a pure loss unless you die, gradually came to be recognized as a useful way of building assets, contributing to the development of public trust in the life insurance industry.

Just a start-up company at the time, Dai-ichi Life was a pioneer in gaining customers' trust through pursuit of what's best and through life insurance business we contributed to more secure livelihood for the population, which was a social issue at the time.

A secure future for every community we serve. Using the best of our local and global capabilities.

It is 118 years since the founding of Dai-ichi Life. Today Dai-ichi Life Group is a global insurance group with three companies in Japan, eight companies in eight countries overseas, and two asset management companies, one in Japan and one overseas.

“The best, rather than the largest.” These are words of our founder and they represent what's best about the Group. These words are also behind the Group mission, By your side, for life, which is a driving force within our Group's 70,000 employees globally and in innovative spirit.

A secure future for every community we serve, using the best of our local and global capabilities. The Dai-ichi Life Group will continue to meet the diverse needs of people in all countries and regions around the world where we serve, in addition to contributing to solving social issues.



Executives and employees at the time of our founding

“Think about whether what we are doing will delight people around us, or will it be dismissed as something they can live without.”

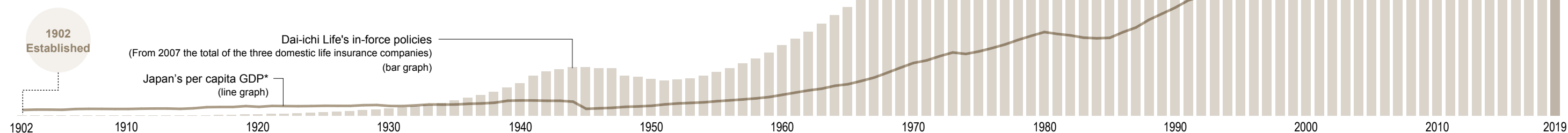


A History of Solving Social Issues for Over a Century

The history of the Dai-ichi Life Group is a history of helping to solve social issues through the life insurance business and related services.

Since our founding, we have grown in tandem with the development of Japan while solving social issues by offering peace of mind that matches the needs of people in each era.

In line with our mission, “By your side, for life,” all Group companies will continue to take on the challenge of solving social issues in Japan and overseas by providing new value in step with changes in the times.



1900s

Livelihood security becomes a social need when social infrastructure is underdeveloped

- Supporting assetbuilding with savings-type products
- Contributing to the eradication of tuberculosis



- Provided insurance with outstanding savings features across Japan amid expansion in business, providing support for the population's asset formation
- Established Hoseikai with the goal of preventing and treating tuberculosis, which was the biggest cause of death in Japan at the time

1950s

Urgent need to restore independence and develop infrastructure in a post-war reconstruction era

- Providing protection-type products to support family well-being as incomes grow
- Contributing to public health by addressing cardiovascular diseases and cancer treatment
- Contributing to post-war reconstruction through investment and lending



- Contributed to the stability of post-war household finances by providing protection-type products for emergencies
- Established the Public Health Award, honoring the efforts of groups and individuals who make outstanding contributions in the field of public health and hygiene
- Supported infrastructure development and corporate growth to underpin post-war reconstruction through investment and lending

1990s

Aging society and diversifying protection needs

- Addressing the needs of an aging society by providing insurance policies for healthcare and nursing care, in addition to death coverage



- Contributed to forming diverse life plans through proposals and follow-up based on the unique Total Life Plan concept
- Enhanced the added value of the Total Life Plan through a bold alliance strategy (alliances with non-life and cancer insurers, etc.)

2000s

Emergence of new customer needs and social issues due to the diversification of values and advances in science and technology

- Contributing to improving people's quality of life by providing diverse products and services leveraging advances in science and technology
- Working to improve health through a partnership with all National Centers



- Developed a product strategy and services that encourage improving the quality of life, including health promotion through the three domestic brands, and established a system for delivering products and services through optimal channels
- Expanded business partnerships anticipating changes in customer and social needs and pursued new value leveraging advances in science and technology

A History of Contribution to Solving Social Issues

1902 Established Dai-ichi Mutual Life Insurance Company

- Provided outstanding savings-type insurance Japan-wide, helping citizens build assets

1935 Established “Hoseikai” foundation

- Established “Hoseikai” foundation with the aim of preventing and treating tuberculosis

1950 Established Public Health Award

- Established the Public Health Award, appreciating and honoring the efforts of groups and individuals working to improve public health and hygiene in Japan

1959 Established The Cardiovascular Institute

- Contributing to efforts to address cardiovascular disease and cancer

1975 Established first overseas office in the U.S.

1988 Established the Life Design Research Institute (currently Dai-ichi Life Research Institute Inc.)

- Research in life plan design, including health and medical care

1990 Established The Green Design Award (currently The Green Environmental Plan Award)

- Supporting efforts for greening the environment

1998 Established Dai-ichi Life Well Life Support (currently Dai-ichi Life Research Institute)

- Study and research in health, medical care, and nursing care sectors

2001 Won the “Japan Quality Award”

2007 Established The Dai-ichi Frontier Life Insurance Co., Ltd.

2011 Established Dai-ichi's Social Responsibility Charter (DSR Charter) as a corporate conduct guideline

2012 Commenced partnership with the National Research Center for Advanced and Specialized Medical Care (National Centers)

2014 Made Sampo Japan DIY Life Insurance Co., Ltd. (currently The Neo First Life Insurance Company, Limited) a wholly owned subsidiary

Today Contributing to improving quality of life

- Achieving the life and lifestyle that each and every person wants

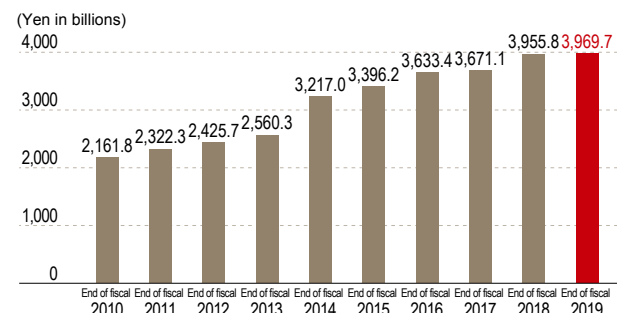
* Maddison Project Database 2018 and data prepared by DAI-ICHI LIFE RESEARCH INSTITUTE INC. based on Cabinet Office documents. Maddison Project Database, version 2018. Bolt, Jutta, Robert Inklaar, Herman de Jong and Jan Luiten van Zanden (2018), “Rebasing ‘Maddison’”.

new income comparisons and the shape of long-run economic development,” Maddison Project Working paper 10. For the references to the original research on individual countries, see Appendix A of Bolt et al. (2018).

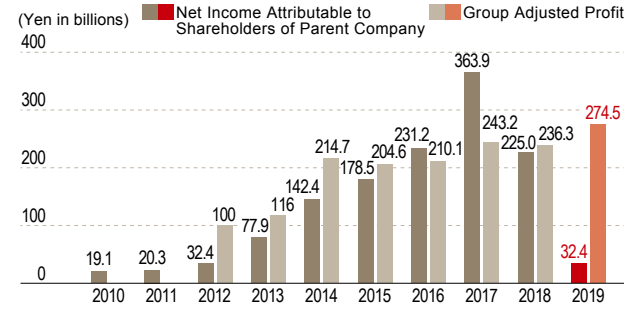
Realizing Stable Growth through Aggressive Business Expansion

During the ten years since demutualization in 2010, Dai-ichi Life has greatly diversified and expanded its business in Japan and overseas to build a solid business foundation amid a changing environment that includes diversification in lifestyles and an aging population.

Annualized Net Premium from In-force Policies

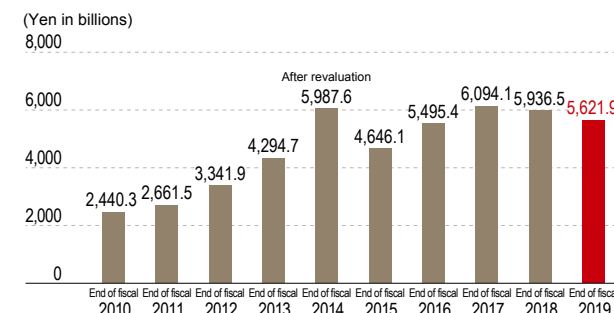


Net Income Attributable to Shareholders of Parent Company/Group Adjusted Profit

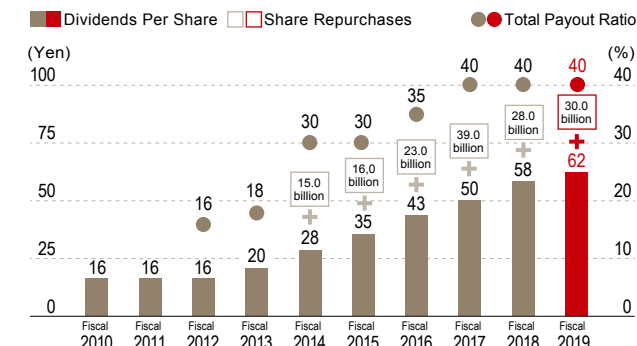


Going forward, we will continue aiming for sustainable growth by contributing to improving quality of life for customers and solving social issues in line with our mission, “By your side, for life.”

Group European Embedded Value (EEV)



Total Shareholder Payout/Total Payout Ratio

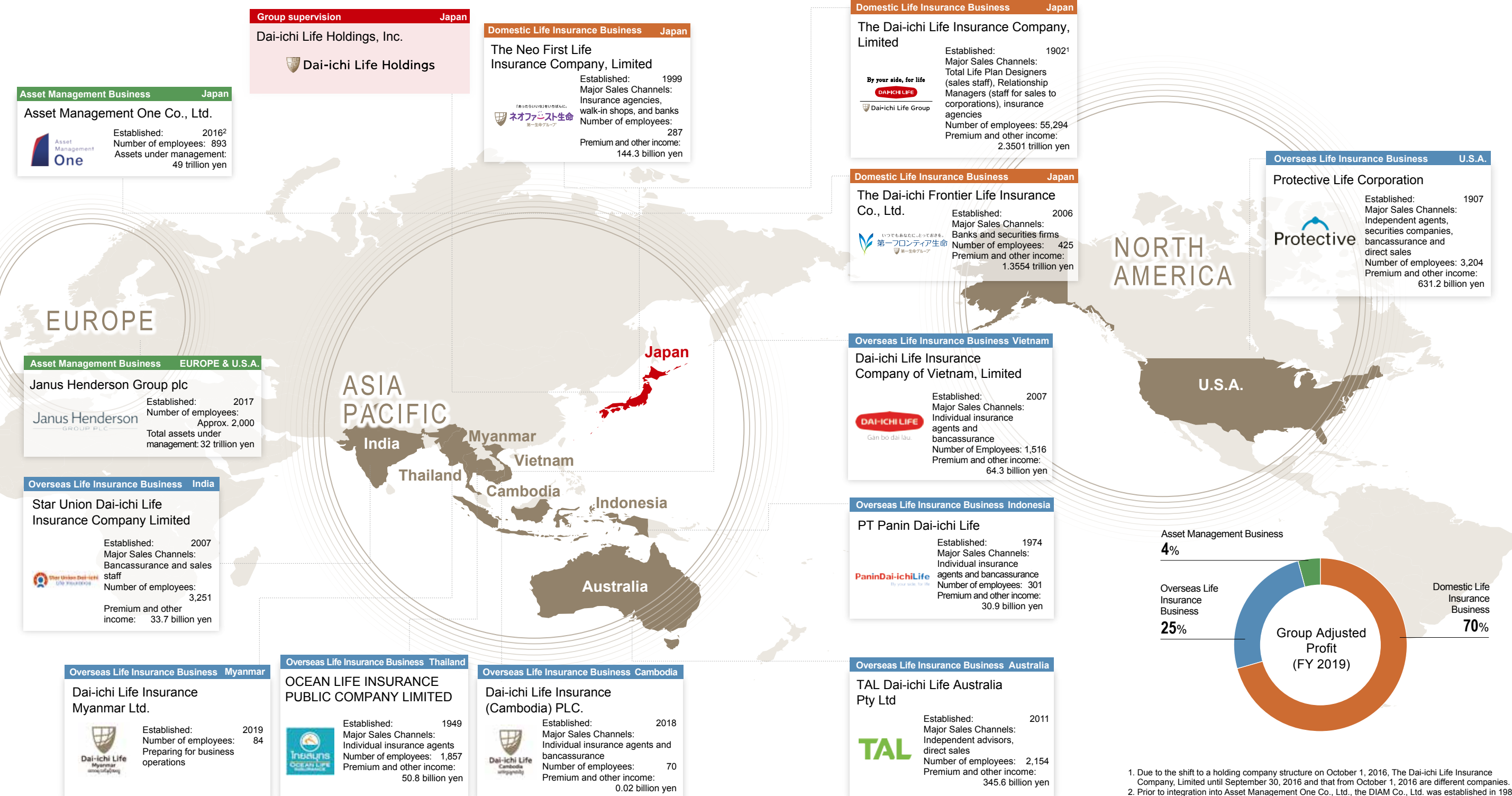


	Initiatives Before Demutualization	2010	2015	2020
Organizational Structure and Governance		<ul style="list-style-type: none"> 2010 New foundation as a listed company 2011 Introduced share remuneration-type stock options 	<ul style="list-style-type: none"> 2015 Established regional headquarters companies 2015 Established a Basic Corporate Governance Policy 	<ul style="list-style-type: none"> 2016 Transitioned to a holding company structure 2016 Dai-ichi Life Holdings 2016 Transitioned to a company with an Audit & Supervisory Committee
Enhancing Sustainability	<ul style="list-style-type: none"> 1998 Efforts to improve quality of management 2002 Full-scale integrated risk management 2005 CSR-based management 	<ul style="list-style-type: none"> 2011 Established environmental targets 2011 DSR Management 2014 Implemented capital increase through public offering 2014 Stewardship activities 	<ul style="list-style-type: none"> 2015 Implemented InsTech 2018 Incorporated sustainable development goals (SDGs) into the Medium-term Management Plan “CONNECT 2020” 	<ul style="list-style-type: none"> No. of Group employees worldwide: 70,000 Since establishment: 118 years
Domestic Life Insurance Business	<ul style="list-style-type: none"> 1902 Established Dai-ichi Mutual Life 2006 Established Dai-ichi Frontier Life 	<ul style="list-style-type: none"> 2014 Neo First Life commenced business 	<ul style="list-style-type: none"> 2015 U.S.A. Protective became a Subsidiary 	<ul style="list-style-type: none"> Market share: No. 2 Bancassurance channel market share: No. 2
Overseas Life Insurance Business	<ul style="list-style-type: none"> 2007 Vietnam Dai-ichi Life Vietnam became a subsidiary 2007 India Established Star Union Dai-ichi Life 2008 Thailand Acquired share of OCEAN LIFE 2008 Australia Acquired share of Tower Australia Group Limited 	<ul style="list-style-type: none"> 2011 Australia Tower Australia Group Limited became a subsidiary (currently TAL Group) 2013 Indonesia Acquired share of Panin Life (currently Panin Dai-ichi Life) 	<ul style="list-style-type: none"> 2015 U.S.A. Protective became a Subsidiary 2019 Dai-ichi Life Cambodia commenced business 2019 Dai-ichi Life Myanmar granted license to operate 	<ul style="list-style-type: none"> U.S.A. acquisitions: 57 Australian market share: No. 1
Asset Management Business	<ul style="list-style-type: none"> 1990s Strengthening of management based on integrated asset and liability management (ALM) 1999 Launched DIAM 	<ul style="list-style-type: none"> 2012 Acquired share of Janus Capital Group Inc. 	<ul style="list-style-type: none"> 2016 Launched Asset Management One 2017 Launched Janus Henderson Group plc 	<ul style="list-style-type: none"> Japan and Asia region Total assets under management: No. 2 U.S. and European markets Total assets under management: Over 10 trillion yen

Global Deployment of the Three Growth Engines

Our bold ventures aimed at growth in each of our three growth engine businesses – Domestic Life Insurance Business, Overseas Life Insurance Business, and Asset Management Business – have paid off. As a result, we have diversified and expanded business in Japan and overseas greatly during the past ten years to build a solid business foundation with effective global diversification.

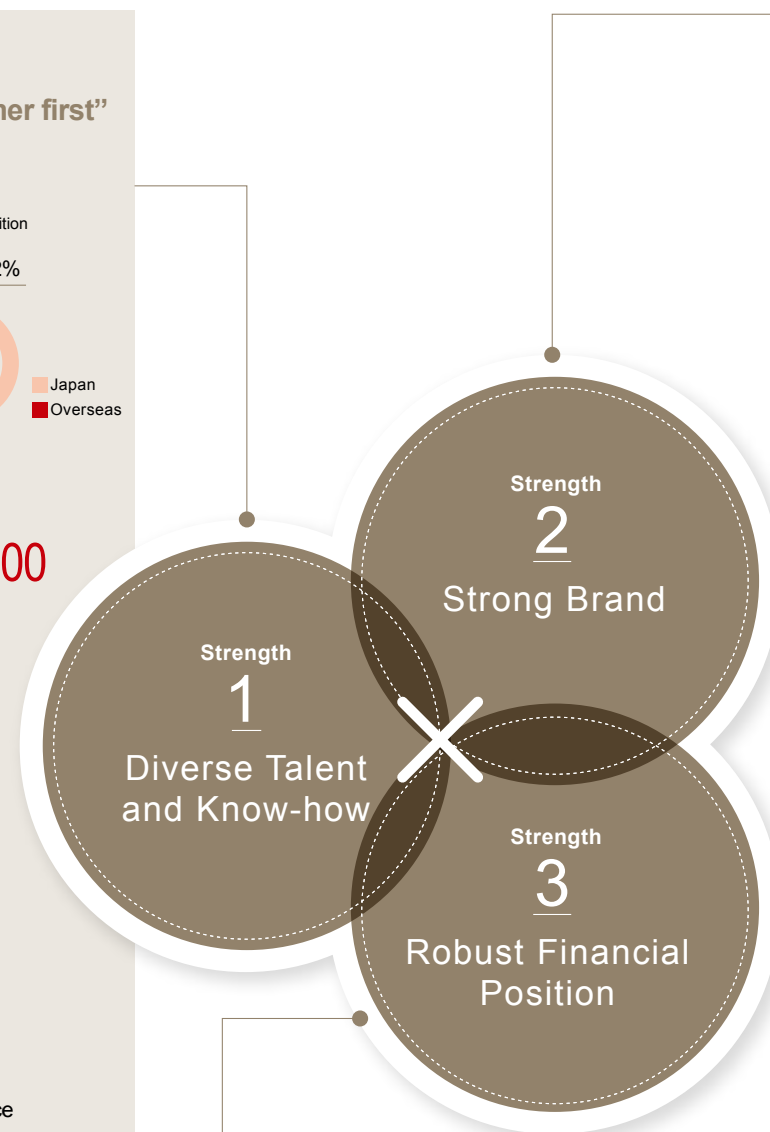
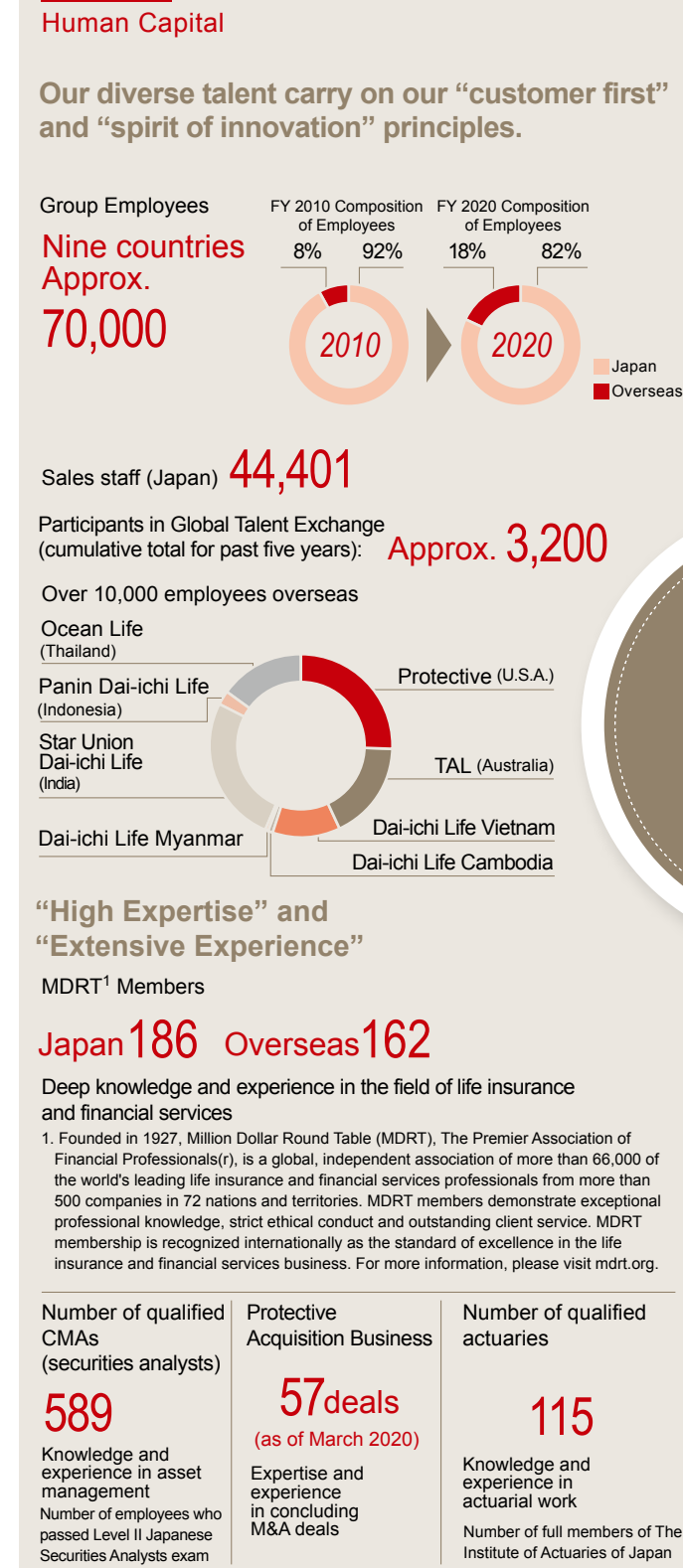
Domestic Life Insurance Business Overseas Life Insurance Business Asset Management Business



1. Due to the shift to a holding company structure on October 1, 2016, The Dai-ichi Life Insurance Company, Limited until September 30, 2016 and that from October 1, 2016 are different companies.
2. Prior to integration into Asset Management One Co., Ltd., the DIAM Co., Ltd. was established in 1985.

Three Strengths Supporting Value Creation

Based on the strengths cultivated since our establishment – diverse talent and know-how, a strong brand, and a strong financial position – we will grow as each business demonstrates synergies to continue meeting stakeholder expectations.



Financial Capital

A strong financial position sufficient to accept risks of our customers

Social and Relationship Capital

Developed into a well-known brand through a history of over a century



Various relationships with customers around the world

Strong Customer Base



Various Business Partnerships



Adoption for ESG Indexes

The Dai-ichi Life Group has obtained high evaluations from ESG rating agencies in countries around the world and has been adopted for ESG indexes in Japan and overseas.
(As of August 2020)



Evaluation of Dai-ichi Life's Stewardship Activities



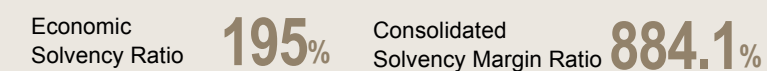
The Principles for Responsible Investment (PRI) forms the global standards for responsible investment put forward by the United Nations. Dai-ichi Life was rated A+, the highest rating possible, in an assessment of stewardship activities by the PRI Secretariat. (FY 2019)

Intellectual Capital

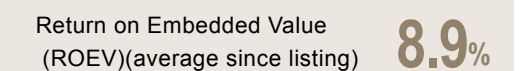
Sizable amount of medical big data

Approx. **1.3 billion data records**
(anonymous data)

Financial Soundness Indicators



Capital Efficiency Indicator



Ratings Information²



2. Dai-ichi Life's rating as of the end of July 2020. Ratings are the opinion of the ratings company and are not a guarantee by the ratings company of payments of insurance benefits and claims. Also, the rating can be changed in the future by the rating company.

Material Issues of the Dai-ichi Life Group

When formulating CONNECT 2020, our medium-term management plan, the Dai-ichi Life Group selected material issues as described below. We evaluated the priority and importance of the social issues the Group should tackle in the context of stakeholder expectations and relevance with the Group's philosophy and business activities based on an awareness of diversification in lifestyles and the advent of a 100-year lifespan society, and incorporated these material issues into the business strategy in the medium-term management plan.

Selection Process for Material Issues

Step 1
Identifying and
organizing social issues

- In order to study the priority and importance of the social issues to be tackled more specifically, we grouped the 17 goals and 169 targets of the SDGs according to their purposes, and came up with the 50 social issues as shown in Reference (1)

Reference (1) 50 Social Issue Themes



Toward Realization of the SDGs

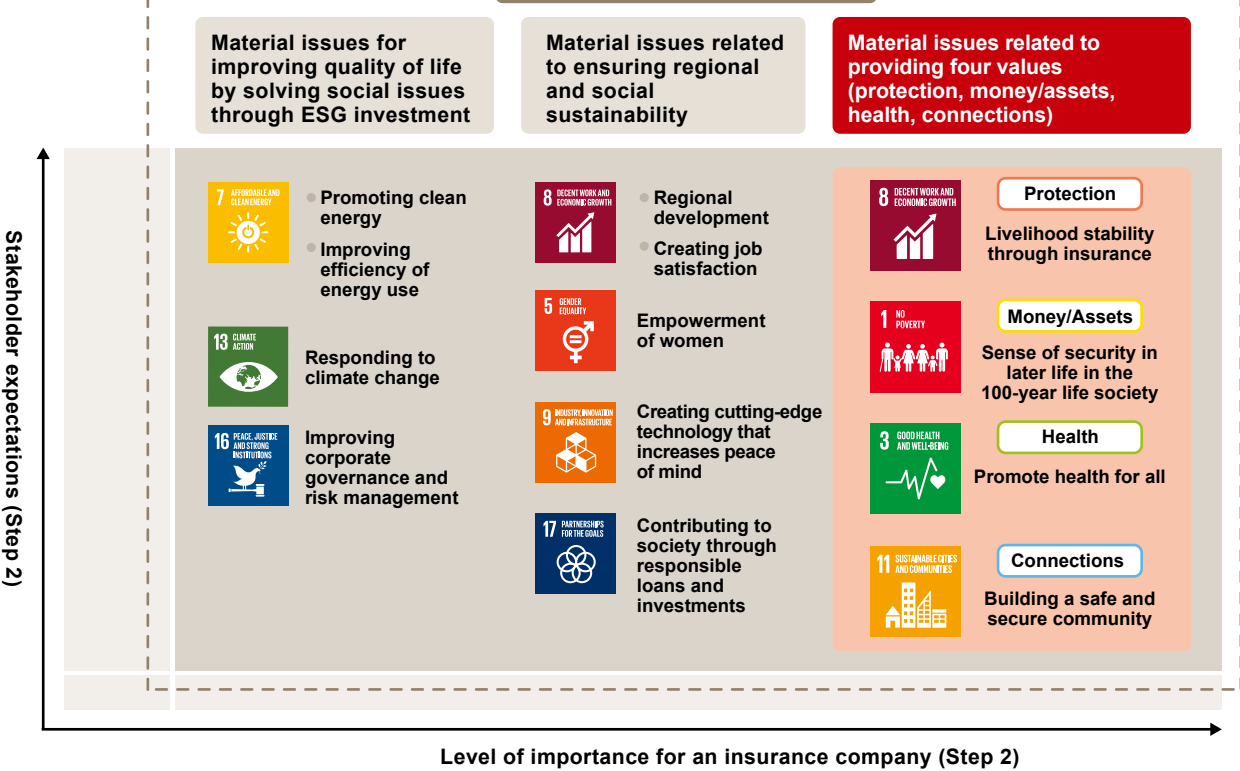
The Dai-ichi Life Group will continue fulfilling our mission, "By your side, for life," going forward, by providing products and services that help to improve peoples' quality of life and thereby contributing to the realization of the SDGs. Specifically, in addition to economic protection, which is the traditional role of insurance, we will increase the unique value provided by the Group that goes beyond the conventional insurance business model, such as promoting health and preventing illnesses from becoming serious, and contribute to improving QOL at the same time as solving social issues, such as extending healthy lifespan, thereby contributing to the realization of the SDGs. In addition, by proactively engaging in ESG investment as a responsible institutional investor, Dai-ichi Life will solve social issues around the world and in Japan, contributing to the realization of the SDGs.



Step 2
Evaluating Priority
Level Evaluating
Importance Level

- We ranked the priority level of the 50 social issues based on the expectations of stakeholders, including international organizations, bodies that formulate guidelines¹, NGOs, rating agencies that provide ESG information to investors², and industry groups.
1. ISO, GRI, SASB, etc.
2. MSCI ESG Indexes, FTSE4Good Index Series, etc.
- We ranked the importance level based on the social issues that insurance companies are tackling in Japan and overseas.

Selecting Material Issues(Step 3)

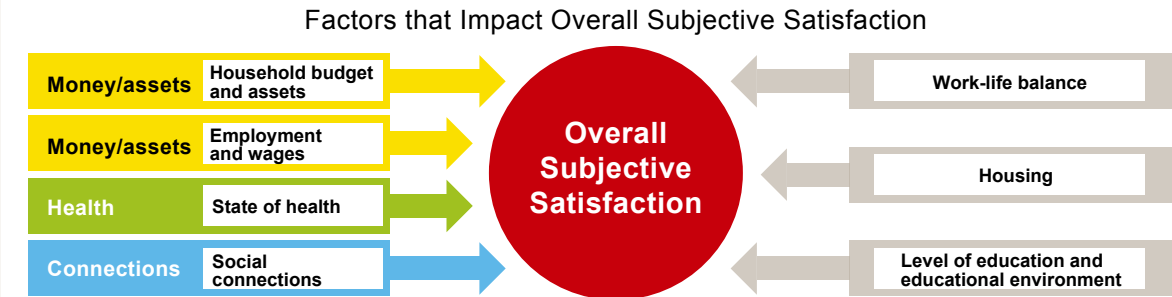


Step 3
Selecting
Material Issues

- We identified material issues for an insurance company and incorporated relevance to Group philosophy and contribution to improving quality of life in Reference (2) to organize the positioning and expression of the individual material issues.
- After engaging in dialogue with outside experts, we selected 11 material issues.

Reference (2) Factors with a Big Impact on Life Satisfaction

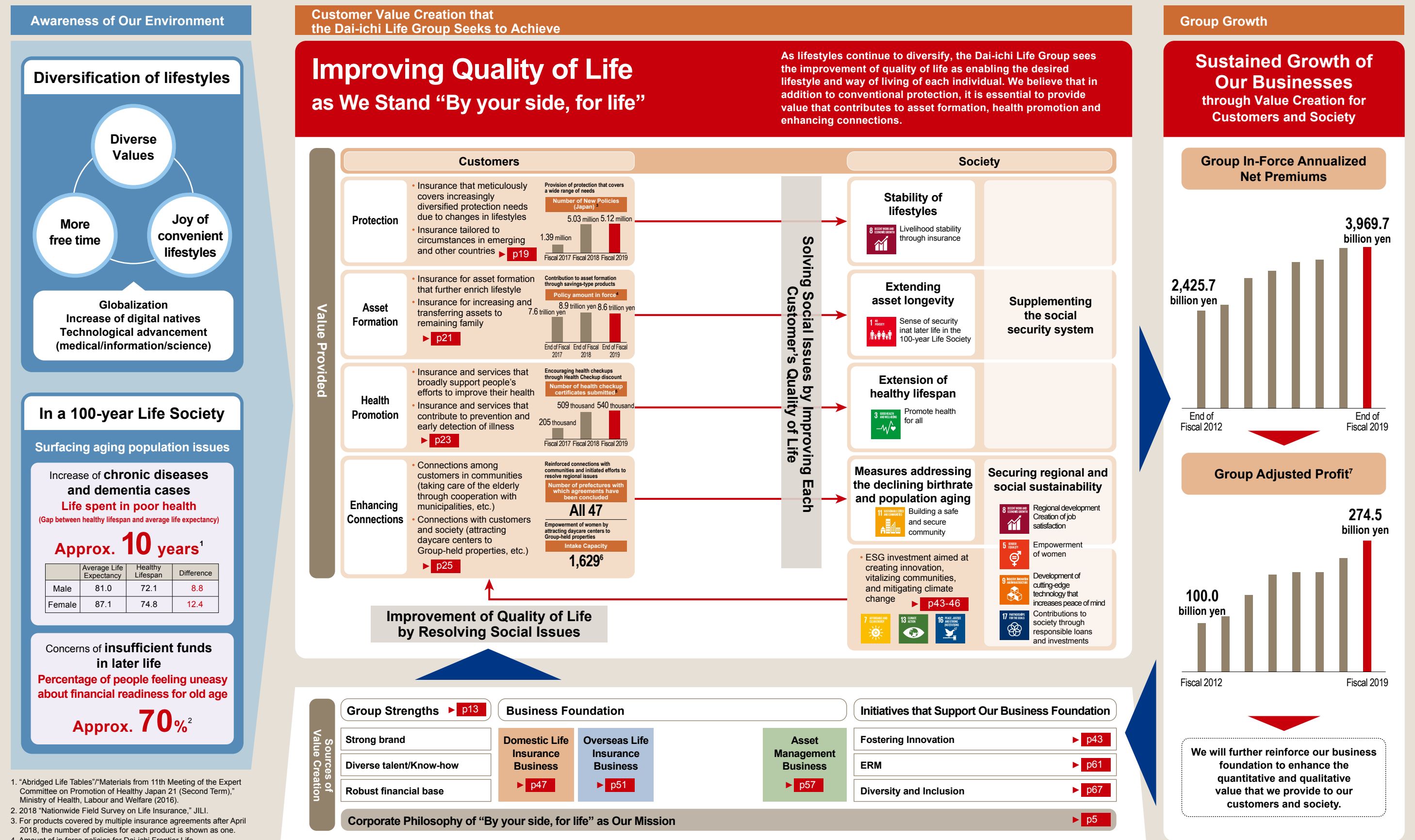
The results of a survey on what has an impact on life satisfaction conducted by Japan's Cabinet Office listed seven factors with a big impact on satisfaction levels. Four of these factors are related to money/assets, health, and connections. The Dai-ichi Life Group believes that working to improve these factors will pave the way to improving quality of life.



Source: First Report and Second Report on the Survey on Satisfaction and Quality of Life (n = 10,293), Cabinet Office, 2019, processed by Dai-ichi Life Holdings

Value Creation Process

Fulfilling our mission “By your side, for life,” the Dai-ichi Life Group will keep on resolving new social issues through improvement of quality of life of people. By mobilizing our Group’s capabilities and spreading globally the value creation based on our philosophy, we will expand our growth potential and sustainability.



1. “Abridged Life Tables”/“Materials from 11th Meeting of the Expert Committee on Promotion of Healthy Japan 21 (Second Term),” Ministry of Health, Labour and Welfare (2016).
 2. 2018 “Nationwide Field Survey on Life Insurance,” JILI.
 3. For products covered by multiple insurance agreements after April 2018, the number of policies for each product is shown as one.
 4. Amount of in-force policies for Dai-ichi Frontier Life.
 5. Number of health checkup results received by Dai-ichi Life.
 6. Ongoing initiative toward intake of 2,500 children, an equivalent of approximately 10% of the children waiting to enter daycare centers across Japan (as of April 2011).
 7. Amounts for fiscal 2014 and fiscal 2017 excluding one-time factors.

Protection

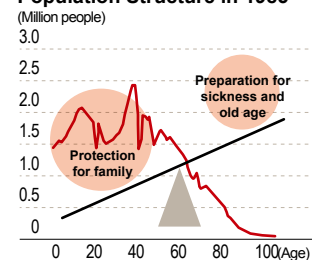
Due to changing lifestyles, protection needs are diversifying, requiring more finely-tuned offerings than ever before. The Dai-ichi Life Group is contributing to the livelihoods of our customers by reducing the economic burden in various cases, such as in times of sickness, or when nursing care is needed, in addition to insurance in the case of death, through the extension of insurance coverage utilizing technology and expansion of insurance into emerging countries in Asia.



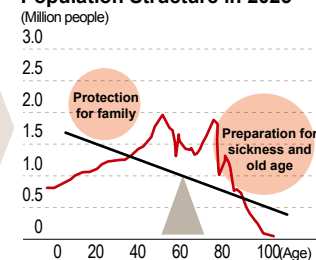
Current Environment

In conjunction with changes in the social structure, including population decline and the advent of an aging society, Japan's life insurance market increasingly requires life insurance that includes medical and nursing care coverage (third sector) to complement the social security system, and there is a growing need to ensure protection based on self-help. Moreover, due to diversification in lifestyles, insurance products that meet diverse customer needs have been created, and there is also a wide variety of channels that offer insurance to suit customer preferences.

Population Structure in 1985

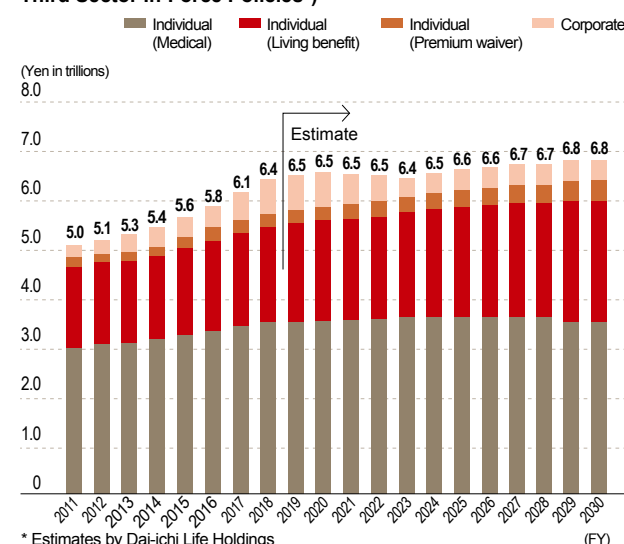


Population Structure in 2025



(Source) Prepared by Dai-ichi Life Holdings based on "Population Projection for Japan," Ministry of Internal Affairs and Communications and National Institute of Population and Social Security Research

Increasing Need for Third Sector Products (Projected Annualized Net Premium for Third Sector In-Force Policies*)



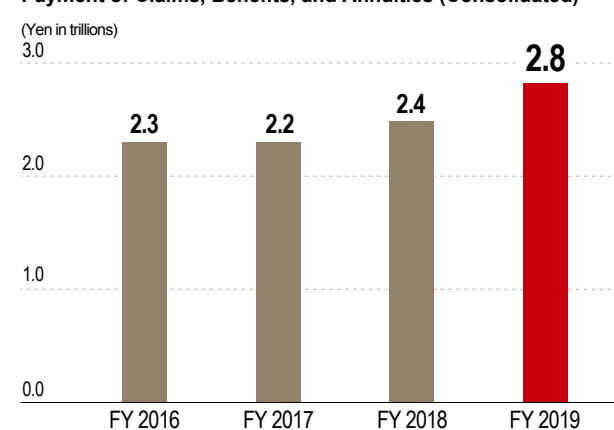
* Estimates by Dai-ichi Life Holdings

The Roles to be Fulfilled by the Dai-ichi Life Group

The Dai-ichi Life Group develops competitive products and services through each of our three brands in Japan (Dai-ichi Life, Dai-ichi Frontier Life, and Neo First Life) and engages in a multi-brand, multi-channel strategy that provides these products and services to customers through the optimum channel. Our overseas Group companies also provide protection that meets the needs in each country, and the Group paid out a total of 2.8 trillion yen in insurance claims and benefits in fiscal 2019.

In addition, we are working to provide the necessary protection to even more customers leveraging Insurance Technology (InsTech), which is making it possible to expand insurance underwriting based on analysis of medical big data.

Payment of Claims, Benefits, and Annuities (Consolidated)

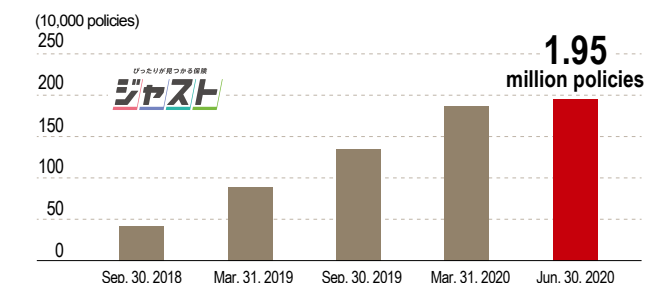


Initiatives of the Dai-ichi Life Group

Insurance Products that Address Diversification of Protection Needs

In March 2018, responding to diversification in customer protection needs, Dai-ichi Life launched "Just," a product that enables customers to freely select and combine the protection that is just right for themselves. Supported by a wide range of generations, cumulative sales exceeded 1.95 million policies in June 2020. We also provide products such as dementia insurance, launched in December 2018, and income support insurance, launched in September 2019, that respond to diverse customer needs.

Trend of "Just" Cumulative Policy Sales*



* Based on number of applications since launch until June 19, 2020

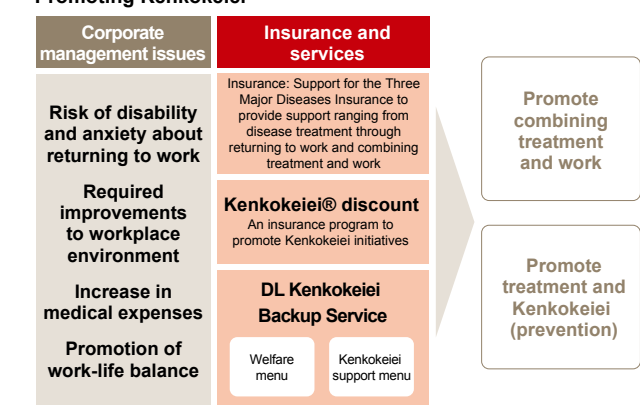
Group Insurance: Support for the Three Major Diseases and Accompanying Services

In addition to covering treatment costs when employees suffer any of the three major diseases, Dai-ichi Life's Group Insurance: Support for the Three Major Diseases, covers the expenses for creating a workplace environment that will enable employees to keep working with peace of mind while continuing treatment, which contributes to preventing employees from leaving and solving labor shortages at corporations.

We also provide services to support corporate health and productivity management, such as the Kenkokeyei® discount and the "DL Kenkokeyei Backup Service," which encourages behavior changes aimed at improving employee health.

3. Kenkokeyei® is the registered trademark of Nonprofit Organization Kenkokeyei. Kenkokeyei refers to corporate health achievement.

Support for Combining Treatment and Work and Support for Promoting Kenkokeyei



Group Response to COVID-19

The Dai-ichi Life Group is paying insurance claims to people who have been infected with COVID-19 as well as implementing a variety of special measures that take account of the financial needs of our customers. In Japan, we are offering a special grace period for the payment of insurance premiums, applying a special interest rate to policyholder loans, and applying disaster surcharges aimed at enhancing protection. Overseas, we are also implementing measures that include offering a special grace period for the payment of insurance premiums and waiving premiums in cases of infection with COVID-19. Furthermore, Star Union Dai-ichi Life Insurance Company Limited in India is selling a COVID-19 Benefit Rider that pays insurance claims in cases of hospitalization, quarantine, and death after a positive COVID-19 test.

COVID-19 Benefit Rider



Payment of Insurance Claims (end of June 30, 2020 after taking into account reinsurance)

	Death benefit (payments)		Hospitalization benefit	
	Number of claims	Amount of claims	Number of claims	Amount of claims
Group life insurance companies in Japan	55 claims	Approx. ¥380 million	520 claims	Approx. ¥73 million
Group life insurance companies overseas	1,078 claims	Approx. ¥5,810 million	41 claims	Approx. ¥10 million

Asset Formation

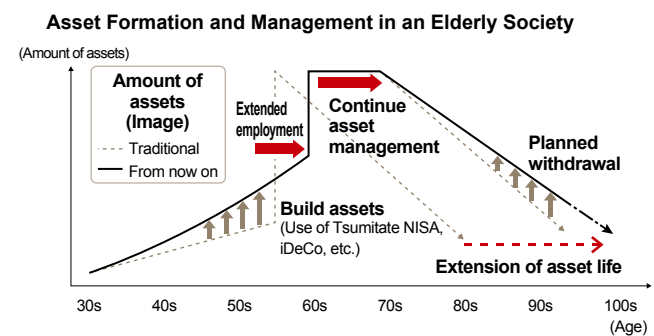
Due to such factors such as the aging population, needs related to asset formation and inheritance, including asset transferal during life, are rising. The Dai-ichi Life Group has an extensive product lineup and is contributing to the realization of further enriched lifestyles for customers and their families living in the 100-year life era by providing support for extending the life of assets, which are saved, used, and transferred.



Current Environment

In traditional asset formation, it was the norm to build up financial assets through deposits and savings while working, and to live after retirement by withdrawing these financial assets little-by-little being based on a public pension.

However, with the advent of the 100-year life era, life expectancy is growing, and there is an increased risk that asset longevity will not match it. Amid a need for asset formation based on self-help efforts, customer-focused products and services are required that help extend the life of assets.



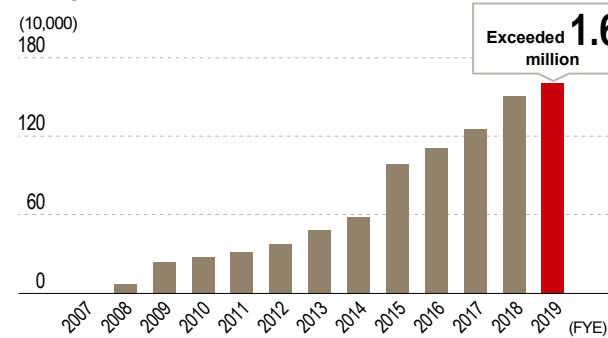
(Source) Summary of "Asset Building and Management in an Aging Society," Report of Working Group on Financial Markets, Financial System Council, Financial Services Agency

The Roles to be Fulfilled by the Dai-ichi Life Group

The Dai-ichi Life Group sells an extensive lineup of products that help customers to build assets, primarily through Dai-ichi Frontier Life. In fiscal 2019, Dai-ichi Frontier Life flexibly developed and sold products that help extend the life of customer assets in a flexible manner. These include level premium foreign-currency denominated products that facilitate asset formation with a fixed monthly payment, and single-premium foreign currency- and yen-denominated products that can increase the amount received at maturity by reducing death coverage and surrender value during the period of investment.

In addition, Dai-ichi Frontier Life provides its products through Dai-ichi Life's Total Life Plan Designers as well as agencies that include more than 200 financial institutions all over Japan, providing extensive support for asset formation to customers through tailored consulting. As proposals for foreign currency-denominated products require detailed and easy-to-understand explanations that offer customer support, Dai-ichi Frontier Life has enhanced its explanatory tools for customers to communicate product features in a way that is easy to understand and provides original training aimed at upgrading the consulting skills of agency sales staff. We are helping to solve the challenges of the 100-year life era through such product and service enhancements.

Change in Number of Policies in Force at Dai-ichi Frontier Life



Extensive Product Lineup

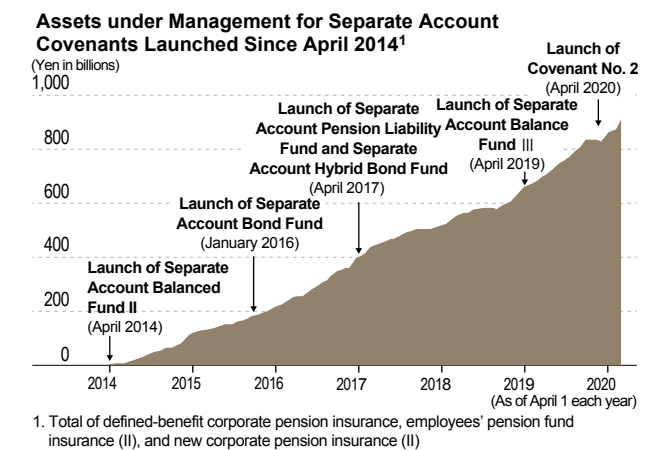


Initiatives of the Dai-ichi Life Group

Flexible Development of Corporate Pension Products

Dai-ichi Life is proactively developing new products to provide optimum solutions that match the asset investment needs of defined-benefit corporate pension customers. In addition to "Separate Account Covenant General Account No. 2" which flexibly control risk in response to the market environment and others, we also started selling "Separate Account Covenant No. 2" in April 2020 to facilitate customization of each customer's investment strategy.

Moreover, we are working to provide support for extending the life of assets for defined-contribution pension customers through such means as offering a service in which a robot adviser gives examples of asset allocation to match enrollee attributes.



Enhancing Service Using Financial Gerontology

Dai-ichi Frontier Life is implementing in-house education and training for agencies on financial gerontology² to provide service that accommodates older customers.

The Financial Gerontology Training developed in-house for agencies incorporates programs that introduce how to look for signs of cognitive disorder in a natural conversation, and be aware of psychological issues that are specific to the elderly in addition to basic knowledge about dementia. The training is provided to each agency.



Financial Gerontology Training

2. Financial gerontology: a new field of research that analyzes and studies the economic challenges that arise due to longevity and aging, such as economic activity of the elderly and asset selection, in collaboration with related research areas, primarily economics, and seeks to solve those challenges.

Financial Literacy Education

Dai-ichi Frontier Life runs a Finance and Economics Education Endowed Course at Waseda University to help increase financial and economics literacy among students who will lead the next generation. In addition, the company has run trial classes for "Life Simulation Game: Frontier World," developed with the aim of financial education for children, at elementary schools in Himeji (a city in Hyogo prefecture) with plans to expand the classes nationwide in the future.



Trial class for "Life Simulation Game: Frontier World"

TOPIC

We will continue to provide attractive corporate pension products, applying the unique know-how of a life insurance company.

I am responsible for the development of defined-benefit corporate pension products. Asset management at a life insurance company and asset management for corporate insurance have in common an ultra-long-term perspective and a requirement for an expected return based on assumed interest rates. Going forward, in partnership with Group companies, we will strive to provide attractive products that meet the diverse needs of customers, applying the unique know-how of a life insurance company to corporate pensions.



Toshiki Okumura Senior Assistant Manager
Separate Account Management Dept.
The Dai-ichi Life Insurance Company, Limited

Health Promotion

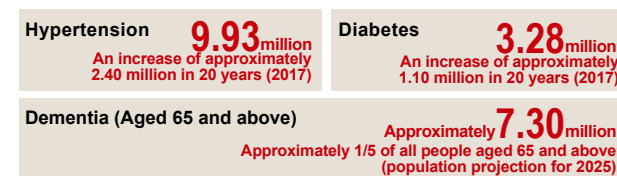
With the advent of the 100-year life era, the number of people suffering from chronic diseases and dementia due to aging is increasing. The Dai-ichi Life Group is solving social issues that include extending healthy lifespan and reducing medical expenses by expanding the value we provide from protection, the traditional role of insurance, to promoting health and helping to prevent increases in the severity of disease.



Current Environment

As we enter the 100-year life era and the increase in the number of people suffering from chronic diseases and dementia due to aging, the fact that the period spent living with disease (the gap between healthy lifespan and life expectancy) is

People suffering from major chronic diseases and dementia in Japan



(Source) "Summary of patient survey 2018," Ministry of Health, Labour and Welfare
(Source) "Overall strategy for promoting measures for dementia (July 5, 2017)," Ministry of Health, Labour and Welfare

approximately 10 years and rising medical expenses have become major social issues. It is said these issues not only affect developed countries such as Japan, but will also affect countries around the world going forward.

Gap between healthy lifespan and average life expectancy



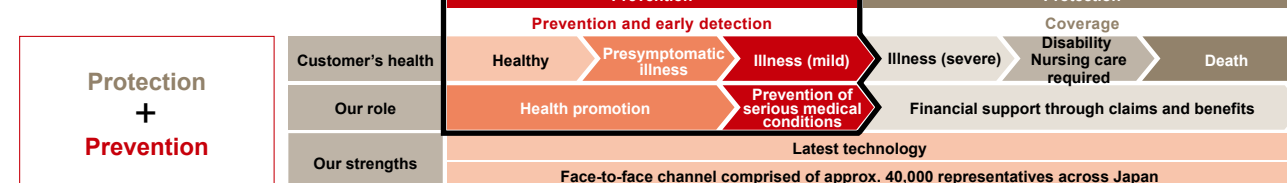
(Source) "Abridged Life Tables"/"Materials from 11th Meeting of Expert Committee of Promotion of Healthy Japan 21 (Second Term)," Ministry of Health, Labour and Welfare (2016)

The Roles to be Fulfilled by the Dai-ichi Life Group

In addition to economic protection in times of sickness, need of nursing care, and death, which is the traditional role of insurance, the Dai-ichi Life Group will contribute to promoting health and helping to prevent increases in the severity of disease. In fulfilling this role, we will actively utilize the Dai-ichi

Life Group's strengths, which include tailored support to push for changes in awareness and behavior aimed at promoting health through our approximately 40,000 Total Life Design Planners (our face-to-face channel) in Japan and development of products and services incorporating the latest technology.

New Insurance Business Model

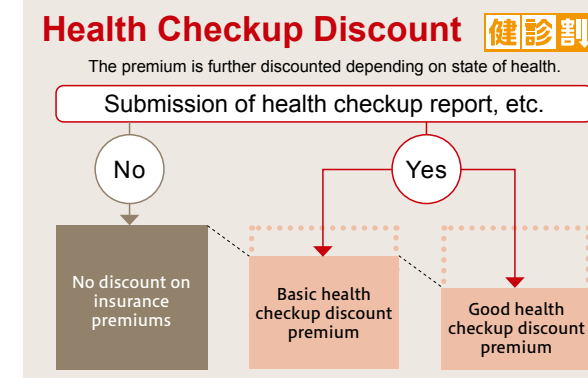


Initiatives of the Dai-ichi Life Group

Health Checkup Discount

Dai-ichi Life's "Health Checkup Discount" is a life insurance industry-first¹ system that offers a discount simply for submitting the results of a health checkup when buying a life insurance policy, and approximately 80%² of policies so far have the "Health Checkup Discount" applied. The discount does not reward only healthy people, but all policyholders who get a health checkup, creating the opportunity for customers to become aware of their health, including the importance of early detection and early treatment of diseases and improvement of lifestyle habits.

1. Research by Dai-ichi Life in February 2018. A product that applies a discount to the insurance premium for submission of the specified health checkup results is a first for the life insurance industry.
2. Calculated using policies eligible for the inclusion of a health checkup discount rider from launch until June 19, 2020 as the denominator.



Kenko Daiichi (health first) App

Using the Kenko Daiichi app, which supports health promotion, it is possible to perform a future "Disease Risk Check" by reading the results of a health checkup with a smartphone and answering questions about health condition and lifestyle habits. In addition, the Kenko Daiichi app for preventing dementia³, an exclusive service for dementia insurance, provides prevention programs and cognitive function checks, including the "Neurotrack Cognitive Function Test," which makes judgements based on movements of the eyes when looking at the screen.

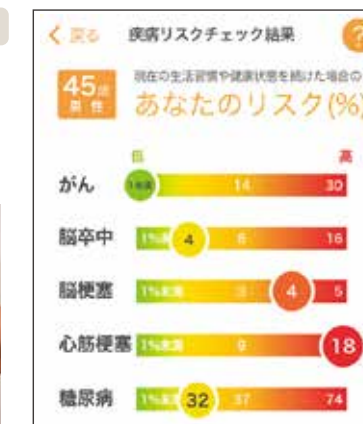
We are using these kinds of cutting-edge technologies to provide services that contribute to promoting health and prevention.

3. The service does not provide a medical basis for diagnosis related to diseases such as dementia or determine that the user is healthy. The results of the service are not used as data when diagnosing the presence of absence of such diseases. Moreover, the service has neither obtained approval or certification as a medical device, nor been filed as such.

健康第一 "Kenko-Daiichi" App

Disease Risk Check

Read your health checkup results with your smartphone and find out your future disease onset risk.



Health Sense Health Sense Plus

Health Sense, a service offered by TAL, was developed to promote the health of Australians by discounting insurance premiums by up to 15% if BMI on buying the insurance policy is within the standard value (between 19.0 and 28.0). In addition, Health Sense Plus, is a service which applies a 5% discount to insurance premiums for two years for having a preventive screening test if one meets certain conditions. TAL is supporting health promotion and promoting the extension of healthy lifespan in Australia by providing Health Sense and Health Sense Plus.



TOPIC

As an employee of an insurance company group, I am taking on the challenge of promoting my health, and will proactively communicate how wonderful it is.

I am trying to deepen my understanding of "promoting health" by practicing it myself, and I have been paying attention to my daily meals and running regularly since the beginning of the year. In six months, I have lost about 14kgs, and my BMI has improved. I also feel my family's support and a sense of fulfillment from exercising. Working for a company that is playing a role in extending healthy lifespan, I want to share how wonderful it is to promote health!



Akira Ejiri Line Manager
Corporate Planning Unit
Dai-ichi Life Holdings, Inc.

Connecting and Bonding

The Dai-ichi Life Group, engages in the life insurance business all over Japan and offers diverse connections and opportunities for connection regionally, contributing to improving quality of life in terms of creating livable and worker-friendly areas. We have also concluded various partnerships aimed at solving local community issues while striving to create enriched and secure lives and society as well as aiming for sustainable development together with the local and international community.



Current Environment

In light of an aging population, the development of a digital society, and the diversification of lifestyles, we are entering an era when each and every person is seeking not only material wealth but also spiritual richness in pursuit of their ambitions and happiness.

Moreover, it is expected these trends will further increase going forward due to stress caused by anxiety about health, weaker connections between people, and loneliness associated with COVID-19.

The Roles to be Fulfilled by the Dai-ichi Life Group

As members of the local community, each group company will contribute in every way to preventing the spread of COVID-19 as well as working with local government and business partners to develop diverse initiatives that lead to spiritual richness for people, including support for raising children, taking care of the elderly, and revitalizing industry and business.

Contributing to Resolving Issues in Regions



Group Support for Measures to Prevent COVID-19

The Group is engaging in social contribution activities using our local community connections in each country where we operate.

Dai-ichi Life Dai-ichi Frontier Life Neo First Life	<ul style="list-style-type: none"> ● Providing 500,000 masks and gowns to medical institutions and the National Centers we partner with ● Jointly donated ¥100 million to support medical institutions and medical staff ● Employees raised funds to support medical treatment, children, the elderly, and nursing care
Protective Life (U.S.)	<ul style="list-style-type: none"> ● The Protective Life Foundation established a relief fund, and donated to both infectious disease research at the University of Alabama and a fund launched by the city of Birmingham to support small- and medium-sized businesses.
TAL (Australia)	<ul style="list-style-type: none"> ● Donated to education support organizations, medical treatment organizations, and employment assistance organizations
Dai-ichi Life Vietnam	<ul style="list-style-type: none"> ● Providing masks to staff in medical institutions and quarantine facilities
Group Companies	<ul style="list-style-type: none"> ● Fund raising ● Donated to medical institutions and educational facilities, etc. ● Providing masks and disinfectants to medical institutions and others

Initiatives of the Dai-ichi Life Group

Attraction of Daycare Centers

Since 2011, Dai-ichi Life has been working to attract daycare centers by using real estate properties we own all over Japan. We set a target to accommodate 2,500 children, equivalent to 10% of the number on waiting lists for childcare facilities in Japan in 2011. And to achieve this target we have been developing projects one-by-one while continuing consultations and negotiations with local governments and daycare center operators. As a result, we had attracted 31 daycare centers nationwide as of April 2020, making it possible to accept a total of 1,629 children.



Leimond Nakahara Daycare Center © Hiromitsu Kurihara, KURIHARA PHOTO OFFICE

TOPIC

We will continue to contribute to creating enriched and secure local communities by attracting daycare centers using our properties.

We have been establishing daycare centers in our properties mainly in the Tokyo metropolitan area and other large cities, where the problem of children waiting to attend daycare is serious. Attracting daycare centers is an initiative which has both the advantages of effectively using (leasing) properties owned by Dai-ichi Life while also contributing to solving social issues in local communities. Going forward, we will continue contributing to creating enriched and secure local communities.



Yudai Yamaguchi Chief, Real Estate Dept.
The Dai-ichi Life Insurance Company, Limited

Providing Opportunities for Making Connections

Dai-ichi Life provides opportunities for making connections that include regional revitalization business networking meetings and matchmaking events in partnership with local governments and corporations. In addition to solving regional issues, we are aiming to expand the insurance business by creating points of contact with customers experiencing life events. As of July 2020, we have suspended events to prevent the spread of COVID-19.

FY 2019 Events

	Times held	No. of participating companies/participants
Business networking meetings	18	Approx. 5,600 companies
Matchmaking events	42	Approx. 3,400 people



A Regional Revitalization Business Networking Meeting

TOPIC

I will continue contributing to improving quality of life for each customer by providing opportunities for making connections between people.

Since fiscal 2017, we at Metropolitan Sales Management Dept. have been holding matchmaking parties in collaboration with Tokyo Metropolitan Government to provide indirect assistance in social issues such as the low birthrate and rising number of people remaining unmarried. We have held 11 parties so far with the participation of approximately 2,500 people. Going forward, I would like to continue contributing to improving quality of life for each customer, even if it is a minor improvement, by providing opportunities for making connections between people. As of July 2020, we have suspended events to prevent the spread of COVID-19.



Yoko Mashino
Manager
Metropolitan Sales Management Dept.
The Dai-ichi Life Insurance Company, Limited

Message from the President

We aim to improve quality of life for all through global business development and realize sustainable growth for the Dai-ichi Life Group.

Seiji Inagaki

President and Representative Director
Dai-ichi Life Holdings, Inc.

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1. Reflecting on 10 Years Since Demutualization

Q Please explain what lead you to move from a mutual company to a listed company and what you achieved with that.

Ten years have passed since Dai-ichi Life demutualized and became a listed company. At the time, I was in charge of the Demutualization Promotion Office and it was my role to advance this project. The reason behind our decision to demutualize was a strong sense of concern as to whether we could continue to meet the requirements of customers and society and still achieve sustainable growth if we remained as a mutual company.

The Group's roots go back to 1902, when Dai-ichi Life was founded as Japan's first mutual company. Since then, we had been contributing to social development through our business activities, such as providing the peace of mind that comes with being financially protected if the worst should happen, providing funding for companies through investments and loans, and contributing to the establishment of social infrastructure. However, as demographics changed and people's lifestyles became more diverse, we predicted that life insurance companies would need to provide more than just protection to meet the more diverse needs of customers and society. We thought that to realize sustainable growth for the future, we had to respond to these changes and become an organization that can provide high quality services tailored to the needs of each individual customer in a timely manner. Therefore, we demutualized into a listed company in 2010, which enabled us to be more flexible with our management strategy. We took this as an opportunity to realize a "second founding" of the Company and accelerated the strengthening and expansion of our business base in Japan and overseas. We also welcomed shareholders as a new stakeholder and have been practicing more transparent management based on market discipline.

In the 10 years since demutualization, we established a three-brand structure that includes Dai-ichi Frontier Life and Neo First Life so we could precisely meet a variety of needs in Japan by providing third-sector insurance products, such as healthcare and nursing care, as well as savings-type products, in a timely manner and in diverse forms.

Currently the three brands are working together to demonstrate their respective strengths and, thanks to the support of our customers, the number of policies in force in our domestic life business is steadily growing.

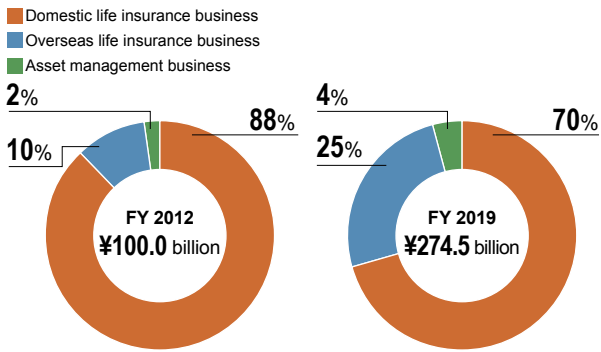
Overseas, we have been actively developing our business in the Asia-Pacific region, where the life insurance market is expected to grow significantly due to increasing populations and economic growth. In 2015, we entered the largest life insurance market in the world, the U.S. life insurance market, by welcoming U.S.-based Protective into the Group, building a foothold toward becoming the "leading global insurance group representing Asia." Currently we have a business portfolio in eight countries around the world which is diversified by region and growth stage. Profits from our overseas life insurance business have grown to account for approximately 25% of Group adjusted profit*.

* Group Adjusted profit: A performance indicator of the Company representing the source for shareholder returns

P. 11: Sources of Value Creation 1: Global Expansion of Three Growth Engines

Developing Diversified Global Business

Group Adjusted Profit



In 2016, we transitioned to a holding company structure to accelerate our efforts to realize sustainable growth for the Group. And I oversaw this project as the executive officer in charge of the Corporate Planning Unit. This change in structure enabled even more flexible Group management and built a framework that allowed us to overcome the limitations of the insurance industry and actively take on challenges in new business areas.

2. Progress on the Medium-Term Management Plan, CONNECT 2020

Q Please share the current progress, achievements, and issues of measures for the medium-term management plan.

In our current medium-term management plan, CONNECT 2020, which started in 2018, we aim to improve the quality of life for all through our business. Improving quality of life means enabling each individual's desired lifestyle and way of living, and in an age where people are looking for richness in quality and quantity, quality of life is probably what people value the most. **P. 17: Value Creation Process** To realize this, we have to redefine our value proposition by expanding to the areas of asset formation, health promotion, and connections, in addition to the protection we already provide.

P. 19: Improvement of Quality of Life 1-4

In order to realize such additional value, over the last two years we have been working to CONNECT by deepening relationships with diverse stakeholders, including customers, local communities, business partners, and Group companies.

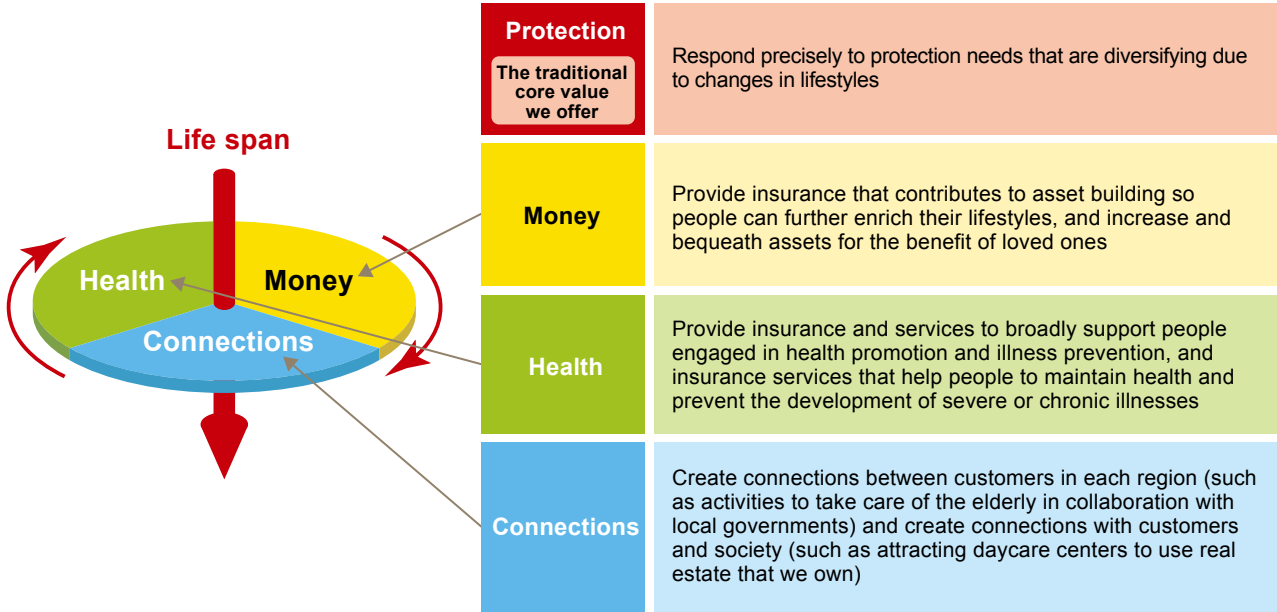
In domestic life insurance business, in addition to protection, we also provide a variety of products and services that contribute to improving customers' quality of life, such as health promotion and illness prevention,

and on a daily basis we provide useful healthcare information and encourage customers to take health checkups, etc. Also, to meet the needs of Dai-ichi Life customers who wish to buy insurance policies offered by Dai-ichi Frontier Life and Neo First Life, Dai-ichi Life has established a sales framework in collaboration with these two companies. As a result, over the last two years, sales of these two companies' products through Dai-ichi Life's Total Life Plan Designers (the name we give to our sales representatives) and agencies have grown significantly compared to previous years. We are also collaborating with local governments and companies from different industries in a range of fields to broaden efforts such as initiatives that solve regional issues or strengthen the relationship among customers.

P. 47: Business Overview – Domestic Life Insurance Business

In overseas life insurance business, Protective in the U.S. and TAL in Australia carried out M&As and expanded their business bases to provide protection to a greater number of customers. In Asian markets, Dai-ichi Life Cambodia commenced business and we decided to expand into Myanmar, which is often referred to as Asia's last frontier. Through efforts such as acquiring approval to commence a life insurance business in Myanmar, we have been contributing to

Dai-ichi Life Initiatives for Improving Quality of Life



making life more stable in each country through making insurance more widely available, primarily in the Mekong region, and advanced the securing of a future profit base for the Group.

P. 51: Summary of Business – Overseas Life Insurance Business

In the asset management business, Asset Management One, which was established in a partnership with the Mizuho Financial Group, and Janus Henderson, which is based in Europe and North America, both contributed to improving quality of life by meeting customers' asset formation needs. We also leveraged their asset management expertise to create synergies with the Group's life insurance companies, including the development of appealing products targeting corporate clients. Additionally, Dai-ichi Life continues to advance its investment efforts with the goal of securing stable investment returns, and as part of this, it actively made investments that revitalize regional areas and improve quality of life.

P. 57: Summary of Business – Investment & Asset Management Business

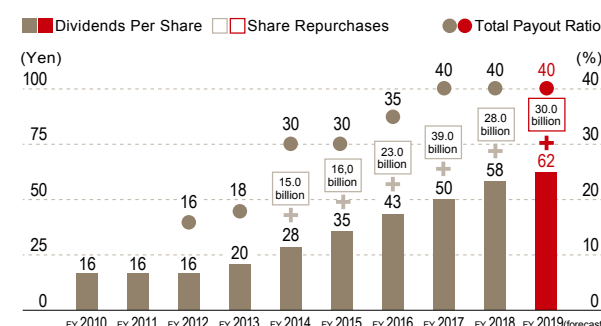
In fiscal 2019, the second year of the medium-term management plan, ordinary revenues declined year-on-year due to accounting valuations accompanying fluctuations in the financial markets in Japan and overseas. However, for Group adjusted profit, which reflects actual earning capabilities, we achieved levels that exceeded both the previous fiscal year's results and initial forecast, and we realized our target of a total payout ratio to shareholders of 40% through a combination of

dividends and share repurchases.

To date, we have advanced a growth strategy through organizational changes by demutualizing and transitioning to a holding company structure, but the environment surrounding the life insurance industry has become more severe, and these changes have been intense. Within this environment, we have continued to increase dividends and in the past 10 years, have almost quadrupled the dividend amount. We have also ensured financial soundness by capturing growth opportunities through overseas business expansion while diversifying risks, and practicing agile investment operations along with disciplined risk management. Going forward, while factors such as the COVID-19 pandemic have made the business environment even more harsh and uncertain, we will continue our efforts to meet the expectations of our shareholders.

Shareholder Returns

Total Shareholder Payout/Total Payout Ratio



3. Risks and Opportunities in the Life Insurance Industry and Dai-ichi Life Group's Strategy

Q The spread of COVID-19 has greatly transformed society. What are your views on this and how do you plan to respond?

The COVID-19 pandemic brought an opportunity to the Group to review our claims handling and support systems.

For example, there are many people who have contracted the disease but are unable to get into a hospital and therefore have to recover at home or in public accommodations, as well as people who are forced to depend on online or phone diagnoses

because they are unable to get to a hospital. We made these people eligible to receive benefits as long as they have evidence such as a doctor's certificate. We have also expanded the procedures which can be handled through contactless means, such as by mail, and we have been able to enhance and expand access to a greater number of people with the support offered through Medical Support Service consultation desks, which are exclusively for policyholders. Going forward, we will provide even more enhanced services catering to increasing needs for preventing infection and illness, as well as safety and sanitation measures.



The COVID-19 pandemic has increased people's unease, including creating fear of hospitalization and death, and fear of decreased income due to bankruptcy and job losses, as well as weakening connections between people and causing loneliness-induced stress. The four values the Group offers with the aim of contributing to improving quality of life – protection, asset formation, health promotion, and connections – are geared toward tackling this kind of unease, so we think the role that the Group can play is bigger than ever.

The pace of the digitalization of society has also accelerated. While the pandemic has increased the use of contactless means of communication to secure physical distance in a range of areas, as shown by the increase in remote working, we expect only some of these still to remain in place after the pandemic has subsided. It is clear that this situation will have a large impact on the way we conduct our business activities. Our strength is in sales activities that involve face-to-face consulting, but we have been forced to voluntarily suspend these sales activities across Japan for a period. Our response is to strengthen online capabilities to contact customers and accelerate initiatives to digitalize all insurance procedures.

However, humans are social by nature and the connection between a person and society is one of the most important aspects. The more people are

forced into physically distancing themselves, the more they desire to connect with others. We must not forget that digitalizing our communication with customers is not an end in itself, but merely a means of securing a connection. In essence, insurance is a business of connecting people in a spirit of mutual assistance and support. I believe this fundamental aspect will never change.

Q How do you plan to respond to the shrinking and aging of the population in Japan?

A lot of people I talk to say, "Japan's population is steadily shrinking, which must be difficult for the life insurance business," but the insurance market itself is not shrinking in this country. While our business is certainly greatly affected by changes in society, such as demographic composition and number of households, there is enough room to grow the market as long as we always make sure to correctly understand people's needs and social issues, and provide protection and support that responds to changes in the times. Actually, the Group is already flexibly putting out third-sector products that cater to protection needs such as healthcare and nursing care, and products tailored to various savings needs, and we are advancing a multi-channel strategy that pursues the optimal methods for connecting with each customer. As a result, the number of policies we have in force has gradually increased over the last ten or so years.

We are now seeing the beginning of a hyper-aged society, which is being referred to as a 100-year life society. In the upcoming times, the role of life insurance will not be limited to providing financial protection in case of illness or death but will steadily expand to include areas that cover the unique needs and issues that come with aging. The first of these needs is the maintaining and improvement of health. Advances in medicine have provided cures for many life-threatening illnesses, and as a result, mortality among young and working-age people have greatly decreased and average life expectancy has increased. However, longer lifespans have also led to an increase in chronic conditions associated with aging, and the gap between average life expectancy and healthy life span, has become a serious issue. Therefore, the need for health promotion and illness prevention as effective measures for maintaining long-term health is growing. The Group has already

responded by introducing discounts on premiums for customers who submitted health checkup results and for better Health Age (Kenko Nenrei®¹), selling dementia insurance that includes services aimed at preventing a decline in cognitive function, and releasing a smartphone app that supports health promotion. We also aim to develop more products and services that cater to the ongoing growth of health promotion and illness prevention needs.

Another need associated with aging is the need for asset building that provides stability in later life. In recent years, there has been growing concern about social security systems and there is a growing need for asset formation and wealth succession that includes how to build up assets, how to use these over a lengthy old age, and how to pass on assets to remaining family members. The Group provides a full lineup of products, primarily through Dai-ichi Frontier Life, that realize asset formation suitable for each age group and that enable policyholders to pass on their wealth the way they want, and we are also working to improve services for elderly customers by raising our knowledge of financial gerontology². Going forward, we will work to attract more diverse customers who will also live longer, and strive to provide them with products and services that offer greater assistance in realizing their life aspirations through asset formation that is tailored to individual life plans.

1. Kenko Nenrei® (Health Age) is a registered trademark of JMDC Inc.

2. Financial gerontology: A new field of research that aims to find solutions for economic issues produced by aging and long life expectancy, such as economic activity and asset selection of the elderly, through multi-disciplinary research and analysis centered around economics.

Q Recently it has been said that younger people avoid buying insurance. How are you responding to this?

Tackling the issue of unpopularity of insurance among young people is an important issue for insurance companies.

Young and healthy people tend not to see the necessity of a life insurance policy, but even if you are young, there are still risks that can affect your employment and lifestyle, such as an unexpected injury or a mental condition. In such an event, you need the financial protection provided by insurance. Limitations to the flexibility of policy design mean that previously, our product lineup did not cater sufficiently to the potential needs of young people. Reflecting on this, in 2018 we fully revised our product architecture

and introduced the “Just” series, a Dai-ichi Life product series that enables flexible protection design, and in 2019 we launched “Income Support Insurance,” a new product that mainly covers the risk of becoming unable to work. This product has been popular among a wide range of younger people, particularly people in their 20’s, and since the launch we have surpassed 200,000 policies in force.

Also, the values and behavior patterns of young people have changed greatly compared to the past. This is a generation that was born into a digital society and it is natural for them to shop, connect, and gather information through digital devices such as smartphones. Therefore, when providing products to and building relationships with this generation, it is important that insurance companies provide digital connection points that fit their behavior patterns.

In January 2020, Dai-ichi Life established a preparatory company for providing small-amount and short-term insurance with the aim of providing fully digital specialized insurance products targeting specific groups. This is one initiative that will lay the groundwork for the Group to expand its range of small-volume, flexible products through channels that are mainly or completely digital.

We will continue to advance initiatives that fit the needs and lifestyle patterns of younger generations so we can provide them with peace of mind through protection.



Q Do you plan to change your face-to-face sales channels through digitalization?

In Japan, Dai-ichi Life’s sales activities in particular are mainly carried out through face-to-face consulting by Total Life Plan Designers. It is often pointed out to us that digitalization will make face-to-face consulting redundant and that maintaining this channel presents a management risk.

We will certainly see digitalization advance in all areas going forward. The Group is actively switching to digital means in areas where this is possible from the perspective of rationalizing and streamlining work processes.

However, we also think there is value that is possible only by being a group of companies with a variety of physical contact points, including about 1,300 business locations and 40,000 sales professionals in Japan, as well as agencies and other contact points. As digitalization advances, it will provide us with a clear reminder of the strengths of building human relationships with customers through these traditional channels.

Around 30 years ago, when I was a new employee who had just joined the Company, I was posted to a sales office in Aichi Prefecture, and the sales staff taught me a lot of things. One lesson that left a particularly strong impression was “there are various stories and hopes behind each and every policy.” No matter how much digitalization advances, I think that only humans can fulfill the role of understanding and sympathizing with these stories and hopes, becoming closer to the customer as a “lifelong partner” who is there when they need to think about life and share their concerns, and who encourages them to make a decision.

This means that our Total Life Plan Designers across Japan can be considered as crucial business assets, who help the Group improve quality of life for each individual customer.

Additionally, the Group has partnership agreements with all 47 prefectures of Japan, and we are advancing various initiatives in response to issues faced by each of those regions and local governments, and seek to provide value in each case. For example, each of our business locations investigates local characteristics and needs including sharing health information such as healthy recipes tailored to local eating habits, providing employment, childcare, and educational support in sparsely populated areas, safeguarding the elderly, and giving

advice on succession planning to business owners. In this way, the sales channels we have built across Japan play an important part in providing value through regional connections.

In the future, we expect that remote and contactless communication will become the norm to a certain extent and that a lot of things will be provided through digital channels. In such times, we must strengthen our existing sales channels with digital capabilities and change them into a formidable strength. I think this will lead to a wider range of business opportunities.

We have already launched an initiative in our existing sales channels that provides policy design proposals and consulting which have been optimized based on AI suggestions. Going forward, we plan to develop an initiative that uses digital platforms, such as computers and smartphones, to provide customers with basic consulting and life plan simulations through a chat function. This will be followed up by proposing a consultation which is tailored to that individual.

Naturally, we will need to change the mindset and enhance the skills of our Total Life Plan Designers in response to digitalization. We will have to further improve their consulting skills to enable them to propose increasingly diverse and complex products in a way that is accessible and familiar to the customer. By overcoming this challenge, we will be able to demonstrate the strengths cultivated by the Group to an even greater degree. We will fully leverage the advantages provided by digitalization, including InsTech (Insurance Technology), to gather, analyze, and share information so that we can provide more high added value proposals through sales channels.

P. 43: Feature Driving Innovation

Q How are you dealing with the prolonged low-interest rate environment?

In addition to the prolonged low-interest rate environments worldwide, the COVID-19 pandemic has impacted the entire global economy. However, this does not mean that customer needs for asset formation have disappeared.

To contribute to further enriching lifestyles for customers, the Group is using its creativity to develop and provide products that can contribute to asset formation amid a low-interest rate environment, such as various savings-type products provided by Dai-ichi Frontier Life and Tontine annuities¹ provided by Dai-ichi Life. Furthermore, in the corporate pension field, we are leveraging the strengths of the Group's asset management businesses and quantitative analysis specialists to generate hit products that offer new solutions. Going forward we will continue to enhance this expertise to support customers' asset formation needs and contribute to the sustainability of corporate pension schemes.

During a period of volatility, uncertainty, complexity and ambiguity (VUCA), we need to practice even greater risk control. The continuation of low-interest rates globally creates an extremely severe environment in terms of investments for insurance companies like us, which collect premiums and assumed interest rates are locked in. Therefore, we will bolster earning capabilities by practicing balanced management in accordance with asset liability management² in mind, while also putting a lot of emphasis on disciplined risk control, such as reducing interest and equity risk, from a perspective that this low-interest rate environment will continue for a long time.

P. 61: Capital Policies and ERM

1. Tontine annuities: A survival-focused pension plan that realizes larger annuity payments by not providing death coverage for the period before annuity payments begin and keeping cancellation refunds low.

2. Asset liability management: The majority of a life insurance company's liabilities comprise policy reserves (extremely long-term liabilities) accumulated based on fixed assumed interest rates at the time policies are signed. Therefore, life insurance companies invest in accordance with asset liability management, which is based on fully understanding and managing assets and liabilities in a comprehensive way that takes into account the unique characteristics of policy reserves. Part of this involves holding long-term bonds to offset the risk of interest-rate fluctuations affecting long-term fixed-interest liabilities.

Q More attention is focused on sustainable growth and ESG. Please share your thoughts and initiatives concerning these areas.

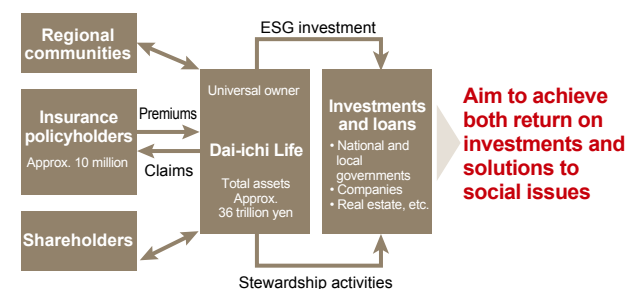
Today, as a company aiming for sustainable growth, putting emphasis on ESG is not just limited to our investment activities but a basic commitment to practicing management. The Group practices management that takes all stakeholders into consideration, including customers, shareholders, local communities, and employees and their families.

Our ESG initiatives go beyond the minimum that is required and we are pursuing best practices as both a life insurer and an institutional investor.

Regarding the "social" aspect of ESG, and as I mentioned previously, we, as a life insurer, are engaged in initiatives that contribute to improving quality of life and solving regional and social issues in Japan and other areas. We also aim to make an impact in emerging countries by contributing to the development of each country through wide distribution of life insurance.

Also, as Dai-ichi Life, an institutional investor managing 36 trillion yen of policyholders' funds, we are operating as a "universal owner³" managing a wide range of assets. This means that rather than just pursuing financial returns, we need to practice responsible asset management that is considerate of our diverse stakeholders. Specifically, we are proactively pursuing investments that provide social returns from a long-term perspective, such as investments that contribute to tackling climate change problems, including renewable energy-related project finance. We will continue to reinforce our efforts and make even greater contributions to all of society by encouraging improvements in corporate value and engagement in ESG at companies we invest in through the further strengthening of stewardship activities.

Dai-ichi Life's ESG Investment Vision



We have set three major themes for our ESG investment. These are "improving quality of life," which is at the core of the Group's value proposition, "regional vitalization," which focuses on social issues in Japan, and "mitigating climate change," which is a social issue shared globally, and we plan to double our cumulative investment in solving social issues by fiscal 2023. In addition, we are also aiming to complete the incorporation of ESG into our investment policy and processes across all assets by fiscal 2023. Recently, we contributed to the fight against COVID-19 by purchasing bonds worth about 20.0 billion yen, which includes funds for measures to tackle COVID-19 issued by the Asian Development Bank (ADB) and the International Bank for Reconstruction and Development (IBRD). We are also investing in vaccine bonds, issued by the International Finance Facility for Immunization (IFFIm) of the World Bank Group, that is aimed to support the development and supply of COVID-19 disease vaccines.

P.45 Feature Promoting ESG Investment

Within these ESG themes, we recognize that mitigating climate change is an important management issue that impacts people's lives and health, corporate activities, and the sustainability of society, as well as exerting a big influence on the management strategy and sustainability of the Group. We have factored climate change risk into Group wide risk management processes, and in addition to defining and managing risk to business, we are formulating action plans and advancing scenario analyses that consider the medium- to long-term impact of climate change on our business. Going forward we will work to make these initiatives even more sophisticated.

Additionally, we are being proactive in fulfilling our social responsibilities as an institutional investor by actively expanding investments and loans that contribute to solving climate change issues, regardless of whether they are in Japan or overseas, and implementing initiatives such as dialogue with organizations we invest in or loan to, that encourages them to respond to climate change.

P. 69: Climate Change Initiatives—Response to TCFD

In regard to the Group's corporate governance, at the time we transitioned to a holding company structure, we also became a company with an Audit & Supervisory Committee, creating a hybrid structure that takes the best of both the management-based board system used by many Japanese companies and the monitoring-based system that has become

the norm in countries like the U.S. We have been tackling extremely constructive issues raised by external directors, such as how to practice governance as a monitoring board, while firmly advancing the enhancement of governance. Furthermore, we have been steadily expanding our business base overseas. In the U.S., Protective Life, which in 2015 became our biggest investment since demutualization, acquired the in-force blocks of Liberty Life Assurance Company of Boston in 2018 and Great-West Life & Annuity Insurance Company in 2019. In Australia, we also made Suncorp Life & Superannuation Limited (now Asteron Life & Superannuation Limited) into a Group company through TAL in 2019. As we continue to grow, we are building a robust governance framework that ensures business growth and stable increases in revenues.

3. Universal owner: An institutional investor that has a large amount of assets under management and invests long-term in a wide variety of assets. Dai-ichi Life holds shares in the majority of Japanese listed companies and shares and bonds for a wide range of overseas companies, broadly covering the global capital market.



4. Advancing a Global Strategy

Q Please share the outlook regarding your global strategy.

Overall, our overseas life insurance business is one of the main pillars of the Group's business, but the issues being faced in each country and region differ due to factors such as national and regional characteristics and stages of development. However, we are sharing the knowledge and experience possessed by each Group company, such as the expertise we have cultivated in markets in Japan, which is advanced in terms of social issues, and in the U.S. and Australia, where there is a lot of discussion over regulation, to enable the flexible formulation of diverse strategies. This makes me realize how much our strengths have grown from the time we were just Dai-ichi Life.

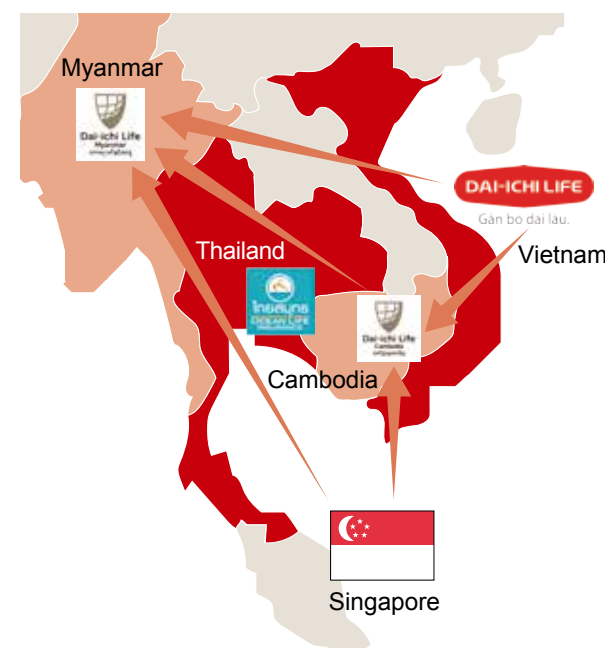
There are still many countries and regions around the world where we have yet to leverage these strengths. Many emerging countries in particular have low levels of life insurance penetration, and I think our mission as a global company is to provide people living in these countries with the four values we offer that improve quality of life by creating safety nets that utilize our knowledge and experience. With our regional headquarters in Singapore we leveraged our success in Vietnam to develop businesses in Cambodia and Myanmar. We also believe this can be applied in other countries and regions, so our policy is to consider new expansion and M&A overseas whenever opportunities arise.

P.41: Feature Expansion of the Overseas Life Insurance Business

Our basic stance toward advancing global business development is "respecting each other,

learning from each other, growing together." The Group holds a meeting that brings together our CEOs in each country about once every quarter, and even though I serve concurrently as president of both Dai-ichi Life Holdings and Dai-ichi Life, these meetings provide me with an opportunity to exchange opinions with overseas colleagues as the president of an operating company, Dai-ichi Life. We will continue aiming to respect and learn from each other, and to grow together as equals in order to further strengthen the Group.

Business Development Leveraging Human Resources and Expertise in the Mekong Region



5. Strengthening Development of Group Human Capital

Q Please share your thoughts on development of employees and what initiatives you will be carrying out going forward.

To advance the Group's aim of contributing to improving quality of life requires "intellectual capital" such as the ability to develop products and the ability to effectively use digital technologies. The root source

of this comes down to human capital, or in other words, human resources. Our employees not only need to be talented, but they also have to have the right mindset. An approach that involves thinking seriously and thoroughly about what we should do to improve quality of life for customers is essential and I think it is truly important that we put people first.

Based on this thought, Dai-ichi Life made some

big changes to its human resources system in July this year. The new system replaces our previous more or less single-track career path with a multi-track approach. In addition to our previous career path, which was primarily focused on organizational management ability as a generalist, the system now offers diverse career paths for employees that want to develop expertise in specific fields of interest, and then fully evaluates them on the knowledge and experience they acquire. This is because we think that if we are to thrive in these times of dramatic change and future uncertainty, we will need to be an organization and group that offer both diversity and specialization more than ever before. In other words, the times will require leadership from a collective intelligence comprising a diverse array of talent rather than an individual "super person."

P. 65: Human Resources Strategies

6. Message to Our Stakeholders

Q Finally, please provide a message to all stakeholders.

Tsuneta Yano, Dai-ichi Life's founder, once said, "Doing business is not something you do for yourself, but something you do for society. A business that brings satisfaction to a society will definitely be supported by that society in return." I also believe this to be true. Yano's philosophy is in the Group's corporate DNA, and over a history spanning more than a century, we have never been afraid to change and have grown by contributing to society through our endeavors to develop and deliver new products and services that bring satisfaction to customers.

In recent years, the concept of stakeholder capitalism has been gaining traction around the world, and if a company or business is to become sustainable, it needs to build sustainable relationships with all of its stakeholders. Taking a singular perspective results in business management that is

biased in a particular area and will definitely lead to the business becoming unbalanced. We should be cautious and work toward realizing sustainable corporate management. Right now, it is important that we focus on people around the world who are struggling due to the COVID-19 pandemic and work as a Group to take action that puts people first.

There is an African proverb that I like which goes, "If you want to go fast, go alone. If you want to go far, go together." I think that if we move forward by combining the expertise possessed by diverse individuals, we will be able to "go far," or in other words, stay on track toward sustainable growth. We will transform our working environments into places where each individual can choose where they work and is highly motivated to demonstrate the full extent of their talent. A person's capabilities are greatly transformed by their motivation. When we approach our work with a surge of determination rather than a sense of obligation or duty, it really brings out what we are capable of. I think that one of the roles of top management, including myself, is to bring out this talent and motivation in our people.

Andrew Cuomo, the governor of New York State in the U.S., an area that has been badly hit by the pandemic, said, "Build back better," and these words really resonated with me. As a Group, we have noticed many things, and learned a lot from this crisis.

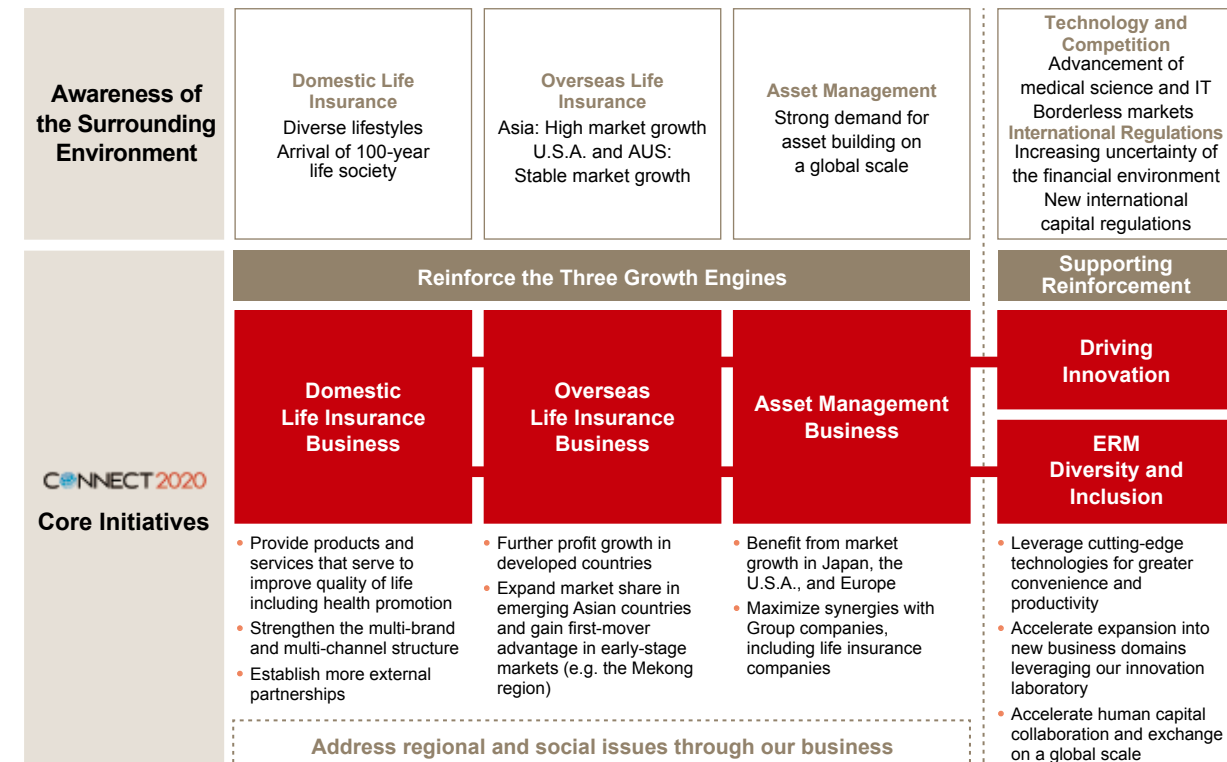
We will use these lessons to fulfill our responsibilities to diverse stakeholders and continue our role as a group of companies that is essential to society. I look forward to your continued and wholehearted support.

Progress in the Fiscal 2018–2020 Medium-Term Management Plan

While our surrounding environment continues to change and competition intensifies, we seek to reinforce each of our businesses from the perspective of the “CONNECT” concept while leveraging the strengths of the Group to realize growth through value creation in-line with our mission “By your side, for life,” and contribute to the improvement of quality of life during the CONNECT 2020 medium-term management plan, which commenced in fiscal 2018.

Reinforcing the Three Growth Engines that Underpin Value Creation

Under the CONNECT 2020 medium-term management plan we will further reinforce the three growth engines that constitute the strengths of the Dai-ichi Life Group through the following core initiatives based on awareness of our surrounding environment. In doing so, we will stay true to our mission, “By your side, for life” and contribute to the improvement of quality of life.



Four “CONNECT” Concepts for Further Enhancing Dai-ichi Life Group Strengths

Under our CONNECT 2020 medium-term management plan, we have set forth four “CONNECT” concepts to further enhance the strengths of the Dai-ichi Life Group. By promoting initiatives in-line with these concepts for each of our business strategies, we endeavor to enhance the value we provide to our customers and society.

CONNECT better with customers
Deliver products and services that improve quality of life

CONNECT deeper with communities
Address social issues through our business

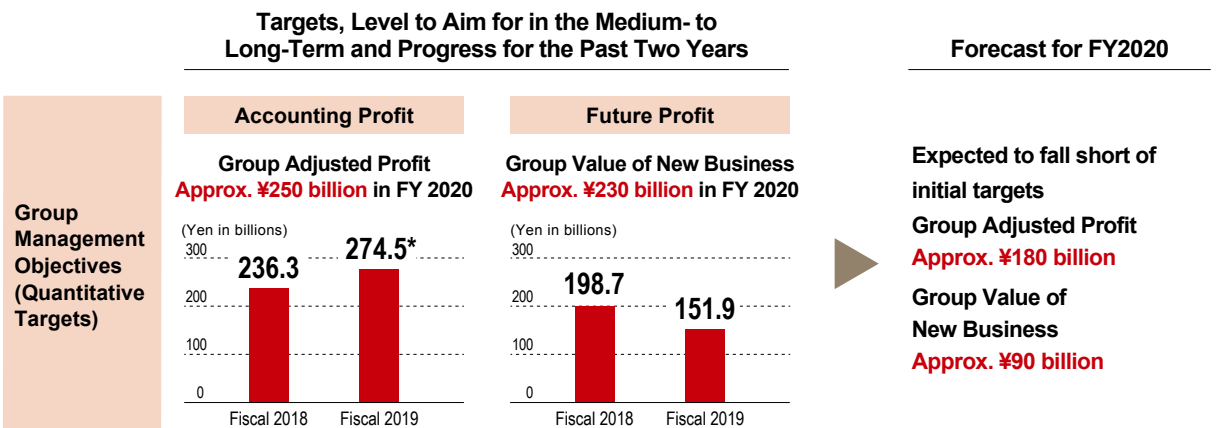
CONNECT with diverse partners
Expand opportunities with outside partners

CONNECT tighter as a group
Further synergies between group companies

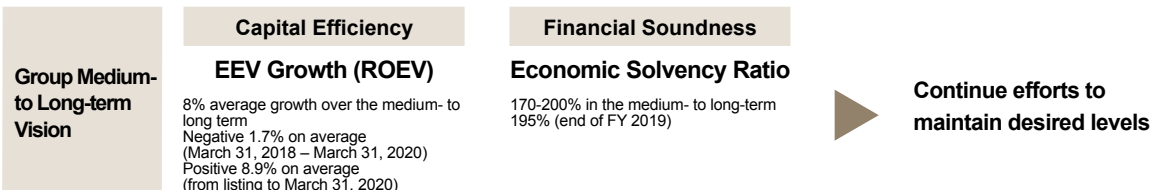
Progress of the Medium-Term Management Plan, Outlook and Business Operations for Fiscal 2020

(1) Progress of Medium-Term Management Plan and Outlook for Fiscal 2020

As a result of strengthened efforts in each business, the past two years of the CONNECT 2020 plan have, for the most part, been progressing well. However, fiscal 2020, the final year of the plan, has seen changes in the financial markets, restricted global economic activity, and changes in customer behavior, all due to the recent coronavirus pandemic. As such, we expect that two of the Group management objectives (quantitative targets) will be lower than the targets initially set out in the plan. However, we will continue our efforts to maintain desired levels in terms of the two targets set out as the Group Medium- to Long-term Vision with such measures as mitigating market risks.



* Actual profit was about 250 billion yen, excluding unrealized gains on derivative transactions at Dai-ichi Life, due to sharp and significant financial market fluctuations in March 2020.



(2) Business Operations in Fiscal 2020

Although the business environment is getting ever more uncertain and uncompromising, we will continue to carry out our role as an insurance provider by continuing vital business activities with priority on securing the safety and health of our customers, business partners and employees. In addition, we will continue to work hard to meet the expectations of our stakeholders by maintaining a stable shareholder dividend, based on cash flow generated in the medium- to long- term from our business portfolio which is spread over various geographical regions and businesses.

Looking to the Next Medium-Term Management Plan

- The new social environment with different norms and values after COVID-19 subsides is an opportunity for the Group to offer deeper value (protection, asset-accumulation, health support, social ties).
- Enhance various initiatives based on a sustainable corporate value growth ethic.
 - Drive risk profile reform by taking insurance risk and mitigating market risk
 - Expand sales of third sector products in Japan, utilization digital technology and improve business efficiency
 - Pursue growth opportunities in overseas life insurance and asset management businesses to expand business base
 - Strike a balance between solving social challenges and creating shareholder value through ESG and responsible investment
 - Collaborate with universities and startups in light of digitalization and economic social changes to develop the next generation business model stepping into the Society 5.0 era

Establishing a solid position in the growing Vietnam life insurance market

In the past several years, competition in the life insurance industry in Vietnam has intensified as partnerships in the bancassurance channel have rapidly increased. Furthermore, with the impact of COVID-19 and other factors, customers' needs have been diversifying and their behavioral trends are continually shifting. We believe that it is essential to quickly grasp these changes and respond.

To improve the customer experience and make our business more convenient for customers, Dai-ichi Life Vietnam created the Dai-ichi CONNECT app in 2019. The app allows customers to use a smartphone to pay insurance premiums and file claims. This is part of our efforts to become the best company in the Vietnam life insurance industry by branching out beyond conventional face-to-face communication—especially in the 'new normal' prompted by COVID-19. We want to offer diverse connections with customers, including digital interaction, and exceed their expectations for our services at every encounter.

Since its founding, Dai-ichi Life Vietnam has expanded its market share and substantially increased premium revenue, from approximately 2.5 billion yen in 2007 to 61 billion yen in 2019. Going forward, as we strive to accomplish our mission of “Gắn Bó Dài Lâu” (Lifetime Partner), we are working to qualitatively and quantitatively boost our individual agent channel and our alternative channels, which will support sustainable growth and contribute to Vietnamese society through the insurance business.

DAI-ICHI LIFE

Gắn bó dài lâu.


Tran Dinh Quan

 Chairman-cum-General Director
of Dai-ichi Life Vietnam

An attractive life insurance market with strong future growth anticipated

As economic development continues in Vietnam, the country's population has grown by some 10 million people in the last 10 years, and is now 96 million people.

The per capita GDP has reached US\$3,000, the level at which the diffusion of durable consumer goods such as automobiles accelerates, and the Vietnamese economy is forecast to grow even further. The life insurance market is also expanding on the back of this population and economic growth and has grown at an average annual rate of over 20% for the past 10 years. At the same time, the ratio of people

with life insurance policies lags, at around 9% of the population (as of the end of 2019), which supports expectations for future growth of the life insurance market.



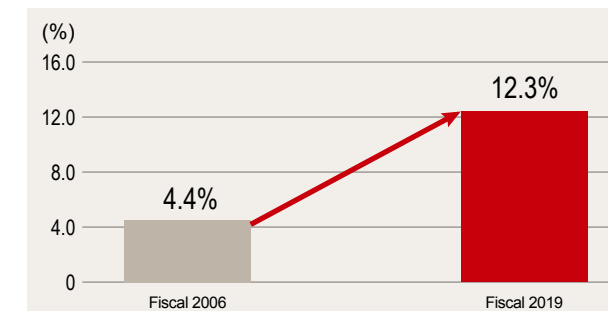
Dai-ichi Life Vietnam, driving growth in the Group

In 2007, Dai-ichi Life Vietnam started business as the Group's first overseas life insurance company. Subsequently, the company has shown impressive growth; its market share, which started at 4.4%, grew to more than 12% (on a premium revenue basis) in 2019 and the number of in-force policies exceeded one million as of 2019. At present, the subsidiary has established a firm position in the Vietnamese market and has become a model of success for the Group in emerging Asian countries.

In recent years, the Group has also expanded business into Cambodia Myanmar, which are countries neighboring Vietnam. In starting up business in each country (Cambodia: subsidiary established in 2018, with operations starting in 2019; Myanmar: subsidiary established in 2019) we have applied Vietnam's successful model to other emerging Asian countries. Dai-ichi Life Vietnam is providing support by sharing the expertise it has

amassed in sales and by helping build IT systems.

Going forward, we will strive to improve the quality of life for the people of Vietnam so that they can enjoy stability in their lives and abundance in their elderly years. At the same time, Dai-ichi Life Vietnam will drive the growth of the Group's overseas life insurance business.

Dai-ichi Life Vietnam market share


1. Premium revenue basis; source: Association of Vietnam Insurers

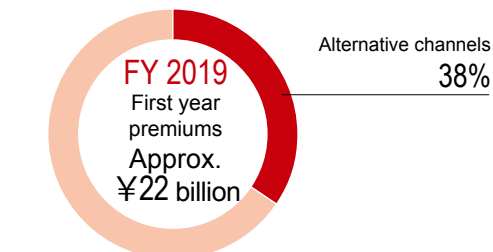
Alternative channels supporting high growth

At Dai-ichi Life Vietnam, the individual insurance agent channel was the only driver of growth. In recent years, we have been achieving high growth by strengthening initiatives in alternative channels (such as the bancassurance channel) as well. We partnered with Vietnam Post in 2016, then with Sacombank (a major Vietnamese commercial bank) in 2017, as part of efforts to promote diversification of our sales channels. As a result of these initiatives, our sales ratio through alternative channels (on a first year premium basis) went from 1.5% in 2015 to over 38% in 2019, rising to become the next-largest channel behind individual insurance agents.

As we move into the future, we will continue contributing to the growth of Dai-ichi Life Vietnam by strengthening relationships with partners, as well as our core individual insurance agent channel.



The signing ceremony with Sacombank

Percentage of sales by channel


2. First-fiscal-year premium basis

Improving customer quality of life and creating new value by promoting InsTech

To respond to rapidly changing customer needs in a world of technological advancement, the Dai-ichi Life Group is promoting initiatives that use leading edge technology, InsTech (Insurance Technology), as a top priority strategy.

We leverage InsTech to create brand-new services that will improve the quality of life of each customer, and to help solve regional and social issues such as extending healthy lifespans and curbing medical costs, while proactively working on various social experiment projects. Additionally, we are strengthening collaboration with universities and start-up companies, physician associations, healthcare institutions, and other entities which have knowledge and innovative ideas in different fields, as we pursue strategic investment in ventures with cutting-edge technology inside and outside Japan. In this way, while diversifying our ties with academia and industrial partners, we will continue producing new value that contributes to achieving the future “Society 5.0,” whose goal is both economic development and solution of social issues.



Shin Nakayama

Head of Innovation Research & Acceleration Group
Dai-ichi Life Holdings, Inc.

Initiatives for driving innovation

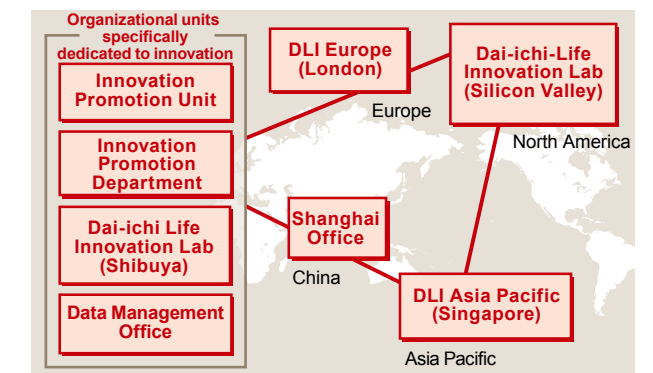
Fiscal	Organization	Products & services/ productivity improvements	Outside collaboration/ start-up investments	Industry-academia collaboration
2015/2016	<ul style="list-style-type: none"> Formed the InsTech Innovation Team 	<ul style="list-style-type: none"> Launched “Karada Kakumei” (body revolution), which prices premiums based on policyholders’ Health Age®* 	<ul style="list-style-type: none"> Started joint research on using medical big data with Hitachi, Ltd. 	<ul style="list-style-type: none"> Participated in joint research with Kyoto University and others Started joint research using medical big data with Fujita Health University and IBM Japan
2017		<ul style="list-style-type: none"> Released the Kenko Daiichi (health first) app Introduced RPA (robotic process automation) across all Company work 	<ul style="list-style-type: none"> Started collaborating with Nihon Chouzai Co., Ltd. Held the InsTech Open Innovation Business Contest named Toyosu-no Minato-kara (From Toyosu Harbor) Started promoting Neo First Life products inside Matsumoto Kiyoshi stores 	<ul style="list-style-type: none"> Collaborate with Shiga University on training data scientists
2018	<ul style="list-style-type: none"> Established the Dai-ichi Life Innovation Lab 	<ul style="list-style-type: none"> Introduced a “Health Checkup Discount” based on analysis of big data Adopted the Neurotrack tool for checking cognitive abilities 	<ul style="list-style-type: none"> Dai-ichi Life Innovation Lab formed collaborative ties with Blue Lab and WiL Invested in Oishi Kenko Inc. 	<ul style="list-style-type: none"> Entered into a comprehensive collaboration agreement with the Institute for Advanced Biosciences, Keio University
2019/2020	<ul style="list-style-type: none"> Established the Data Management Office Established the Innovation Strategy Unit/Dept. 	<ul style="list-style-type: none"> QOLeap, Limited started providing health promotion services to JAPAN POST INSURANCE Co., Ltd. Introduced a call center support system that uses AI Introduced a chatbot for responding to customer inquiries Introduced AI-OCR to back office operations 	<ul style="list-style-type: none"> Held the InsTech Open Innovation Business Contest 2019 Invested in CureApp and Neurotrack 	<ul style="list-style-type: none"> Signed a comprehensive collaboration agreement with Tokyo University of Science Signed a comprehensive collaboration agreement with Tohoku University and NTT Data

* Health Age® is a registered trademark of the JMDC.

Framework to Promote Global Innovation

In addition to our Tokyo- based organizational unit, specifically dedicated to innovation, and our hub in Silicon Valley, we have offices in London, Shanghai, and Singapore as bases for collecting information on generating innovation. With this presence, we are striving to globally grasp cutting-edge technology trends in a timely manner, while also discovering start-up companies.

Global Innovation Network



Helping Improve Customer Service and Work Efficiency

Dai-ichi Life processes approximately 20,000 requests a day for policy purchases, changes, renewals, claims and benefits payments, and the like. With the objective of increasing convenience for customers and improving efficiency of operations, we are pursuing business transformations, such as digitalizing procedures and proactively using technology, including RPA (robotic process automation), chatbots, AI-OCR platforms, etc.

The AI-OCR platform, introduced in July 2020, has been trained with over 200,000 handwritten medical diagnosis reports, bills, and other documents to achieve overall character recognition accuracy above 90%. With this platform, we are aiming for an approximate 40% reduction in work load for some 3 million annual clerical tasks that, to date, required manual data entry and

visual inspection.

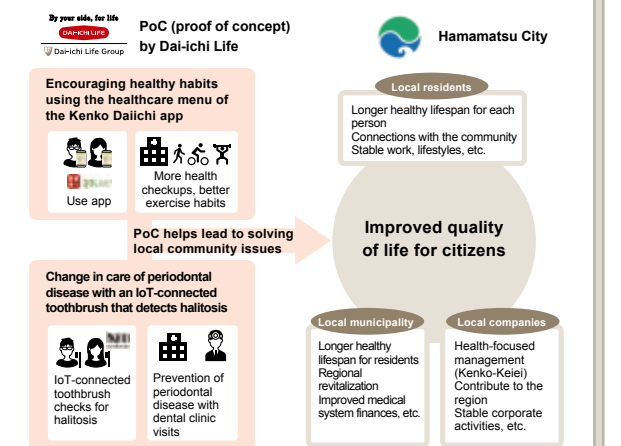
Furthermore, as the Group eventually enters a post-COVID-19 era, we are looking at virtual communication becoming more common and are accelerating initiatives to provide customers with services that combine digital and live interaction.



Ideal of communication in the near future combining digital and live interaction

Participating in the Hamamatsu Wellness Laboratory

We are participating in the Hamamatsu Wellness Laboratory* as an initiative for improving the quality of life for the local community. Dai-ichi Life Holdings is providing the Kenko Daiichi app and an IoT-connected toothbrush to those who reside or work in Hamamatsu City. The toothbrush was developed by NOVENINE, Inc. and can detect halitosis caused by periodontal disease. Providing these products encourages changes to behavior, such as receiving health checkups, getting regular exercise, and regularly visiting a dental clinic, while also verifying the potential of using innovative solutions for mitigating the risks of lifestyle-related diseases.



* Hamamatsu Wellness Laboratory: a public-private consortium for contributing to disease prevention and health enhancement for the citizens of Hamamatsu. The consortium uses field tests in the city to make Hamamatsu a place of wellness and disease prevention.

Contributing to a sustainable society by making ESG investments the Dai-ichi Life way

Since the Sustainable Development Goals (SDGs) were adopted at the 2015 United Nations Summit, expectations inside and outside Japan have risen regarding the contributions that companies and financial institutions make toward solving social issues. To date, life insurance companies have helped address a variety of social issues, foster new industries, and transform the structure of society by acting as institutional investors that supply stable, long-term capital. With such a background, I believe the asset management role of life insurance companies is increasingly growing in this present day where we collaborate with the international community to solve social challenges and achieve a sustainable society.

Since establishment, Dai-ichi Life's mission has been to be a "Lifetime partner" and we believe in standing by the side of customers by delivering life insurance products and services, while aiming to solve social issues through investment. With the circumstances recently brought by COVID-19, we are facing the new social challenge of responding to the pandemic. As a responsible institutional investor, we would like to contribute to building a sustainable society by further strengthening our ESG investment initiatives.



Miyuki Zeniya

Executive Sustainable Finance Specialist
Investment Planning Dept.
The Dai-ichi Life Insurance Company, Limited

Proclamation of a Basic Policy on ESG Investment

The Company formulated and announced a basic policy on ESG investment to express our commitment to strongly promoting ESG investment initiatives and contributing to building a sustainable society as we fulfill our fiduciary responsibility to customers.¹

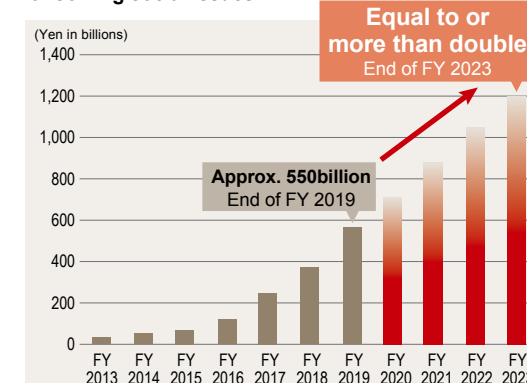
Basic Policy (overview)

1. Incorporate ESG (by the end of FY 2023) into all asset management policies and processes
→ Build an asset portfolio focusing on both getting returns on investments and solving social issues
2. Pursue investment and lending directed toward solving our designated high-priority social issues (by FY 2023, equal to or more than double our current cumulative invested amount)
→ Create a positive impact on society through investment and lending that contributes to solving social issues

Improve quality of life
Mitigate climate change
Vitalize regions and communities

→ Establish methods for monitoring our social impact, and strengthen information disclosure (including reviewing the CO₂ emissions of our portfolio under management and the size of the positive impact from investment and lending)
3. Stewardship activities for encouraging ESG initiatives by our investees
→ Through engagement (dialogue) with companies receiving our investment, support positive initiatives and behavioral changes to solve social issues

Reference: Data on cumulative investment amounts for solving social issues



WEB See our Responsible Investment Report² for information related to our ESG investment initiatives and promotional structure.

1. https://www.dai-ichi-life.co.jp/english/news_release/2020/pdf/index_006.pdf
2. https://www.dai-ichi-life.co.jp/english/dsr/investment/pdf/ri-report_001.pdf

Solving Social Issues and Supporting Innovation through ESG Investment

The Dai-ichi Life Group has been proactively investing in SDG bonds (green bonds, social bonds, etc.) issued by multilateral development banks and other entities as part of its ESG investment efforts since fiscal 2014.

In addition, we started Impact Investment in FY 2017 with the dual objectives of generating investment returns and creating a positive impact on society, while also supporting innovation through our investments.

Examples of Impact Investment

Innovation
Development of a cognitive function test, and other applications, that judge cognitive abilities by tracking eye movements
Investment amount:
¥800 million (July 2019)

Innovation
Development of solutions that leverage IoT and AI to create smart daycare centers
Investment amount:
¥300 million (September 2019)

Innovation
Development of small molecule drugs that use computational science for reduced development periods and costs
Investment amount:
¥200 million (May 2020)

Support for Measures against COVID-19 through Investing in SDG Bonds

Health Bonds (Asian Development Bank)

Investment amount **CA\$130 million** (approx. ¥10 billion) (April 2020)

Use of funds: supply capital to ADB initiatives for healthcare, hygiene, and medical projects, such as those preventing COVID-19 infections

Sustainable Development Bonds

(International Bank for Reconstruction and Development)

Investment amount **AU\$150 million** (approx. ¥10.4 billion) (April 2020)

Use of funds: supply capital to IBRD initiatives for healthcare and medical projects, such as pandemic responses

Vaccine Bonds (International Finance Facility for Immunisation)

Investment amount **NOK1.5 billion** (approx. ¥15.8 billion) (June 2020)

Use of funds: supply capital to the Coalition for Epidemic Preparedness Innovations' (CEPI) COVID-19 vaccine development project



© Asian Development Bank

Winning the Gold Award (Minister of the Environment Award) in the ESG Finance Awards Japan

The ESG Finance Awards Japan is a program set up by the Ministry of the Environment in fiscal 2019 to encourage the widespread adoption and growth of ESG finance. The awards aim to assess, recognize, and publicly promote investors, financial institutions, and other entities that have had a superior positive impact on the environment and society through proactive efforts related to ESG finance and green projects, while also generating a positive impact on corporate value and the environment by incorporating crucial environmental opportunities and risks into their business strategies. Dai-ichi Life Holdings won the Gold Award (Minister of the Environment Award), which is the highest award in the investors category and is given to institutions or groups that proactively engage in ESG investment.



Domestic Life Insurance Business



Current Environment and Our Strategy in the Market

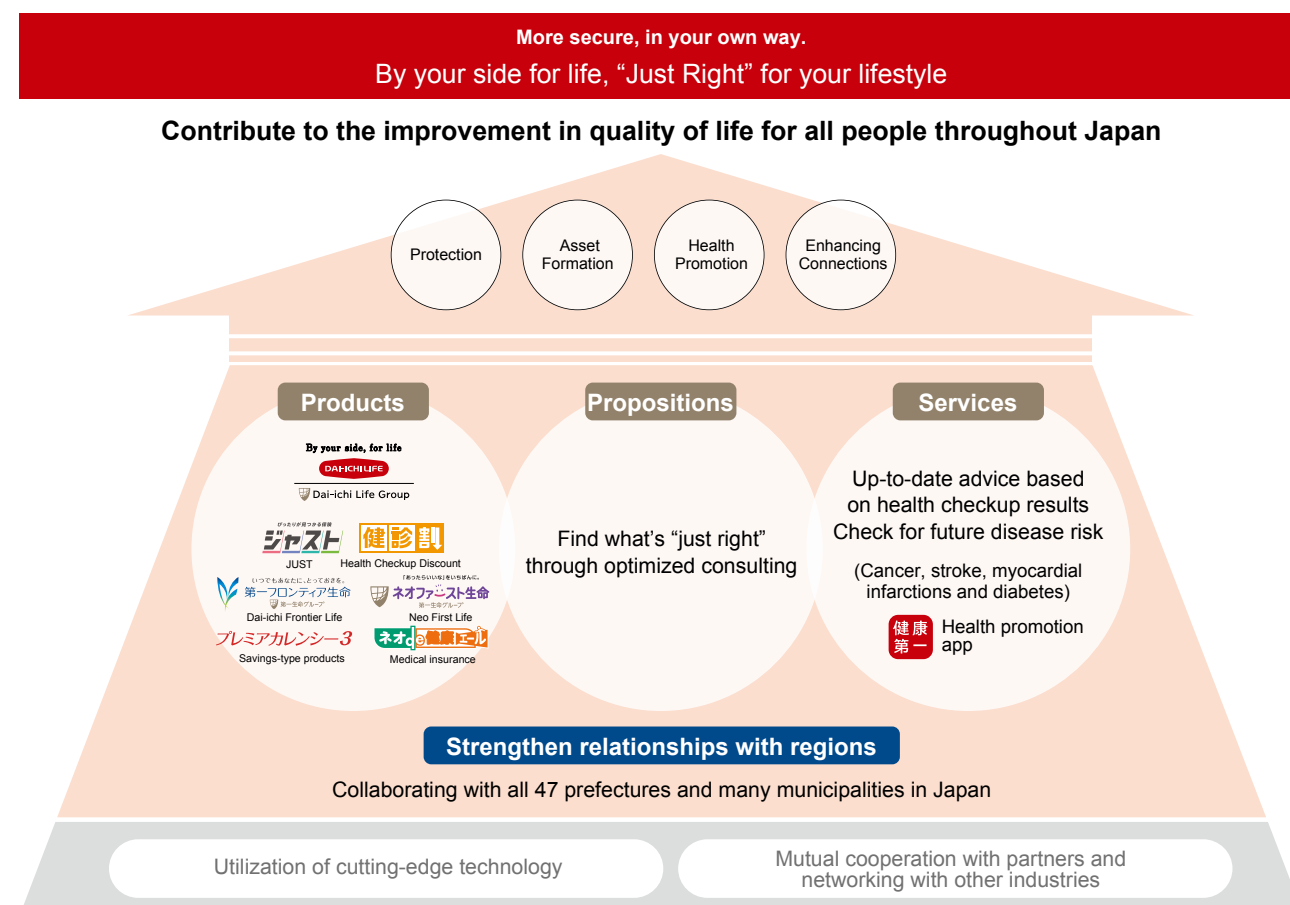
In the Japanese life insurance market, the need for life insurance that includes medical and nursing care insurance to complement the social security system, and the need to ensure protection through self-help options, are expected to increase due to the declining population and the advent of an aging society.

In line with our mission “By your side, for life,” the Dai-ichi Life Group has established a multi-brand, multi-channel structure to deliver products and services that suit each individual customer. These products and services are developed by our three domestic companies, Dai-ichi Life, Dai-ichi Frontier Life, and Neo First Life, and delivered through the optimal channel (Total Life Plan Designers, independent agents, banks, and walk-in shops, etc.) to contribute to improving quality of life for all people throughout Japan.

Moreover, in addition to providing customers with high-value-added products and services and building an efficient administrative system, we are making Group-wide efforts to promote digital transformation, our high-priority management strategy which leverages cutting-edge technology.

Going forward, given the impact of COVID-19, a major restructuring toward social systems that are based on non-face-to-face contact is possible. In line with such restructuring, we will combine the Group's existing sales channels and digital technology to provide customers with the best products and services to suit their purposes and environment with the optimal timing and a convenient channel to continue contributing to improving the quality of life of each customer.

Initiatives to Improve Quality of Life for All

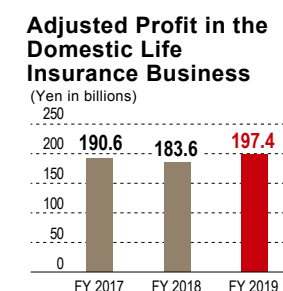
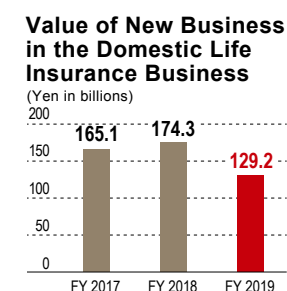


Progress of Connect 2020

CONNECT 2020 Strategies

Based on the three-domestic-brand structure, in addition to mutual distribution of products and services, the Group will accelerate the multi-channel strategy by further improving the consulting capabilities of Total Life Plan Designers and proactively expanding the agency channel. Moreover, each of

the three domestic companies will provide a product strategy that promotes improvement in quality of life while we expand cross-industry collaboration in anticipation of changes in social and customer needs. Through these efforts, we aim to increase the value of new business and maintain profit levels while enhancing customer satisfaction.



Reflecting on the Second Year of CONNECT 2020

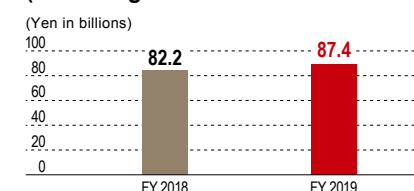
• Dai-ichi Life

Dai-ichi Life has promoted customer-first consulting for its multi-brand, multi-channel strategy to accommodate the diverse needs of its customers.

As products and services that contribute to the improvement of our customers' quality of life, we released dementia insurance in December 2018 and income support insurance in September 2019. They have been well received by many customers. We have also been promoting the products of our two other domestic brands; Dai-ichi Frontier Life and Neo First Life.

As a result, sales of third sector products remained robust, despite the impact from discontinuing sales of business owner insurance. Also, annualized net premiums of new business, excluding business owner insurance, increased year-on-year.

Annualized Net Premiums of New Business (Excluding Business Owner Insurance) (Dai-ichi Life)



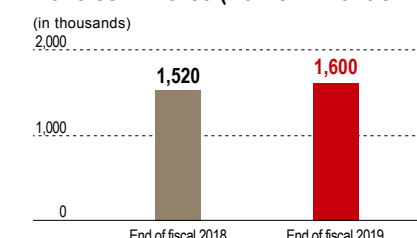
• Dai-ichi Frontier Life

In releasing Tsumitate Shushin Frontier (whole life regular payment insurance, foreign currency denominated) to support asset formation for young and middle-aged customers, and Premier Currency 3 (denominated variable annuity, foreign currency denominated) to prepare for longevity risk, we further enhanced our product lineup that serves to improve our customers' quality of life, primarily through asset formation and wealth succession in the

100-year life society. Moreover, we enhanced support to financial institution agencies by providing training and digital tools that enhance consulting skills and expanded sales channels. As a result, the number of policies in force topped 1.6 million.

In addition, approximately 100,000 individual annuity insurance policies commenced payment on reaching the expiration of the investment period, contributing to asset formation for many of our customers.

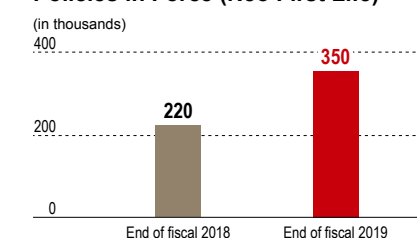
Policies in Force (Dai-ichi Frontier Life)



• Neo First Life

Neo First Life enhanced coverage through revision of its flagship medical insurance products and developed new commissioned agents. As a result, new policies, including medical insurance, increased year-on-year, and policies in force topped 300,000.

Policies in Force (Neo First Life)



Initiatives Under Connect 2020



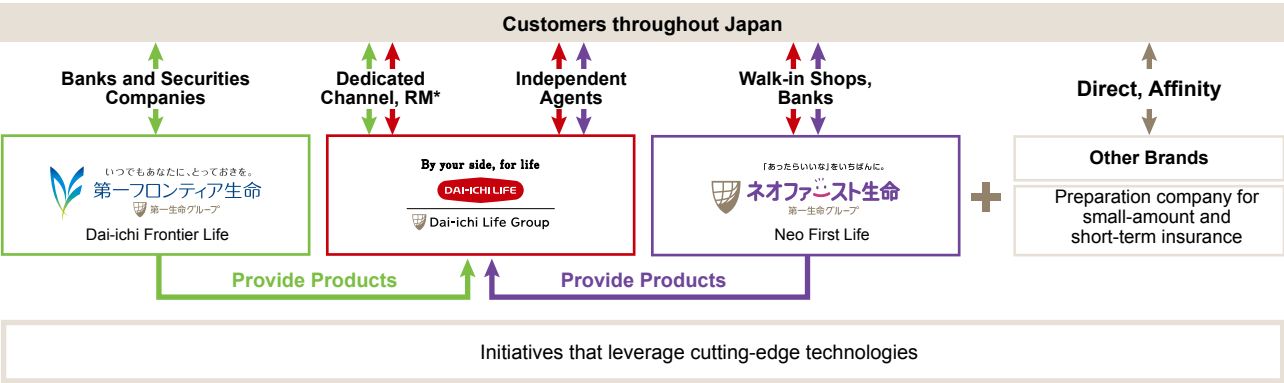
Further Development of a Multi-Brand and Multi-Channel Structure

To provide optimal products and service to every customer using the most convenient channels while identifying changes in the social environment and prevailing needs, the Group is enhancing the consulting capabilities of Total Life Plan Designers. The Group is also working to improve convenience for customers by evolving its multi-channel structure, including proactive expansion of agency channels and collaboration with affinity groups. Examples of that evolution include increasing the number of new commissioned agents through the acquisition of the Alpha Consulting and Asset Guardian.

Moreover, the Group will expand mutual distribution of products and services across Dai-ichi Life, Dai-ichi Frontier Life,

and Neo First Life while working to further expand and evolve the multi-brand structure by also providing products from its partners like Sampo Japan Insurance Inc., Aflac Life Insurance Japan, Ltd., and ipet Insurance Co., Ltd. At the same time, due to changing lifestyles associated with diversification in values and advances in digital technology, there is an increasing need for insurance that provides protection only when needed and for the required amount. Therefore, we are working on expanding and evolving our multi-brand structure. This includes establishing a preparation company to provide small-amount and short-term insurance and developing flexible full-order insurance for each group of customers with similar tastes.

Multi-Brand and Multi-Channel Structure



* Relationship manager (sales representative for corporate customers)



Expansion of Partnerships

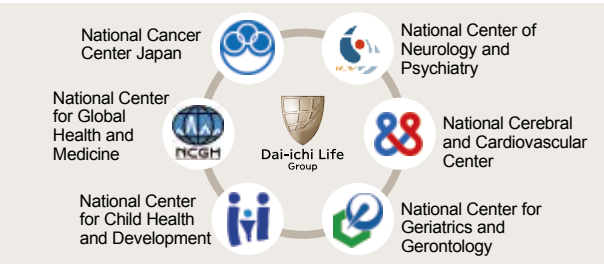
Based on the diversification of lifestyles, we are proactively working to expand our partnerships with companies in other industries and with various organizations to further diversify channels to reach customers and enhance the value leading to quality of life improvement.

As part of such efforts, we have concluded information and educational agreements with all national centers, and have established an information-communications network that is capable of providing accurate information on diseases that seriously impact health.

Cross-Industry Collaboration









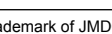


Information Networks with Six National Institutions



Product Strategies Contributing to Improvement of Quality of Life

In addition to improving quality of life for all customers with products and services that provide new added value, we continue to take on the challenges facing Japan, such as extending healthy lifespans, by providing support for health promotion.

Protection	Dai-ichi Life	 JUST	<ul style="list-style-type: none">Notable improvement in flexibility of combining various insurance coverage through a drastic review of product design to provide protection that perfectly fits each customer's needsAdded the following to our product lineup: dementia insurance, which provides ancillary services to prevent disease and support families in addition to coverage for economic risk; and income support insurance to cover the risk of temporary work disability, primarily for young customers
			Non-life insurance products are provided through a comprehensive business alliance with Sampo Japan Insurance Inc., cancer insurance through a business alliance with Aflac Life Insurance Japan Ltd., and pet insurance products through a business alliance with ipet Insurance Co., Ltd.
Medical and Health	Dai-ichi Life	 Health Checkup Discount  Health Promotion App	<ul style="list-style-type: none">Provides extensive support for healthy customers as well as those who are trying to improve their healthPromotes improvement in lifestyle habits and prevention of serious medical conditions through early detection and treatment by encouraging health checkups (as a result, also contributes to curbing social security benefit expenses)Kenko Daiichi (health first) app provides information on one's health condition and future risks based on health checkup results as well as encouraging daily health promotion activities
	Neo First Life	 Neo Daiichi  Medical insurance	<ul style="list-style-type: none">Health insurance premium rates are applicable when certain health condition criteria are met, such as smoking habits, to encourage promotion of customers' healthPremiums calculated based on "Kenko Nenrei®1" which shows health age based on the results of a health checkup to encourage promotion of customers' health
Asset Formation	Dai-ichi Frontier Life	 Premium Accelerator 3  Premium Present 2  Premium Story 2  Premium Saver (Foreign) Saving-type products	<ul style="list-style-type: none">Industry's best lineup of products contributing to asset formation geared toward a sense of security for the future and well-being, and family inheritance

1. Kenko Nenrei ® (Health Age) is a registered trademark of JMDC Inc.



Connecting and Bonding

The Dai-ichi Life Group strives to create prosperous and secure lives, while seeking sustainable development together with local communities as a good corporate citizen. We continue to contribute to solving various local issues through our

approximately 40,000 Total Life Plan Designers and around 1,300 offices throughout Japan.

▶ p.25 Improvement of Quality of Life 4: Connecting and Bonding

Initiatives Associated with COVID-19 at Companies in Japan

As of June 30, 2020, the domestic life insurance business had paid 575 insurance claims related to COVID-19, approximately 450 million yen.

Amid the continued spread of infections, the Dai-ichi Life Group is taking measures to avoid face-to-face contact, prioritizing the health and safety of our employees and customers while giving adequate consideration to ensuring convenience for customers who are performing procedures and making inquiries.

Our Total Life Plan Designers are, in principle, conducting contactless and remote activities focusing on maintenance

procedures which were strongly requested by customers. In addition to passing on our sympathies to customers by telephone, we have provided guidance, including the "Kenko Daiichi" app, various procedures, and the usual periodic letters to policyholders. We have also implemented activities that safeguard customers' health and connections and deliver peace of mind, including our Medical Support Service that helps to relieve customers' anxiety in such areas as health, nursing care, child raising, and mental health care.

Overseas Life Insurance Business



Current Environment and Our Strategy in the Market

In developed markets, such as North America, stable growth is expected through economic growth and other factors. High growth is expected in emerging markets in Asia and other regions due to the remarkable economic growth and increases in insurance penetration rates.

The Dai-ichi Life Group has been building a portfolio of overseas life insurance businesses that strikes a balance between stable contribution to profits in developed markets and positive impact of growth over the medium- to long-term in emerging Asian markets. In recent years, we have been working to further expand business in emerging Asian markets, leveraging the know-how and human capital we have cultivated in countries where we already operate, in such areas as sales channel and product development, as well as business

establishment.

Since the end of 2019, amid the COVID-19 global pandemic, in countries where we operate, the Dai-ichi Life Group has been ensuring peace of mind through the payment of insurance claims and benefits, which is our core business, at the same time, we are committed to fulfilling our social mission through social contribution activities.

Going forward, the Group will respond appropriately to economic, social, and market changes as well as striking a balance between its growth strategy and capital policy through its efforts in ERM that take into account the balance between growth stage and capital level of each company while aiming for profit growth over the medium- to long-term.

Overseas Life Insurance Business Strategy

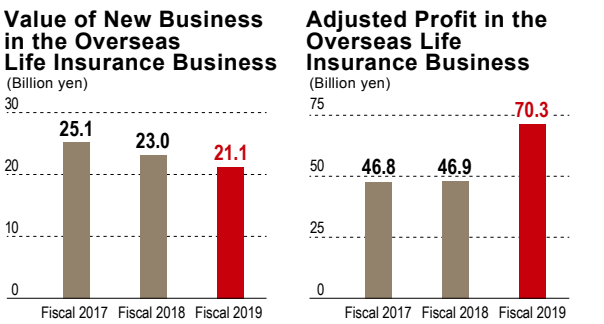
	Emerging Countries		Developed Countries
	Early Stage	Developing Markets	Developed Markets
	<div>Cambodia Dai-ichi Life Cambodia November 2019 Obtained life insurance business license</div> <div>Myanmar Dai-ichi Life Myanmar November 2019 Obtained life insurance business license</div>	<div>India Star Union Dai-ichi Life Insurance</div> <div>Vietnam Dai-ichi Life Gan bo dai sau</div> <div>Indonesia PaninDai-ichiLife</div> <div>Thailand Dai-ichi Life</div>	<div>Australia TAL</div> <div>U.S.A. Protective</div>
Growth Strategy	Gain first-mover advantage for growth in the future	Expand market share and reinforce existing sales channels focusing on topline growth	Maintain sustainable growth while driving profit growth in overseas life insurance business/ Pursue new growth opportunities
Capital Strategy	Invest limited capital	Invest capital to support growth	Generate cash flows and invest capital to seize opportunities for growth

Progress of CONNECT 2020

CONNECT 2020 Strategies

The Group is aiming to resolve the social challenges each country faces and contribute to the stability of people's lives through its core life insurance business.

In developed markets, where Protective and TAL are based, the Group will pursue diversification of channels and new growth opportunities leading to stable contribution to profit, while in emerging markets in Asia, we will focus on the topline and aim to expand market share through enhancement of existing sales channels and collaboration with new business partners. Furthermore, the Group is promoting efficient business development utilizing the knowledge and resources of Group companies in the region for new growth opportunities in the Asian markets.

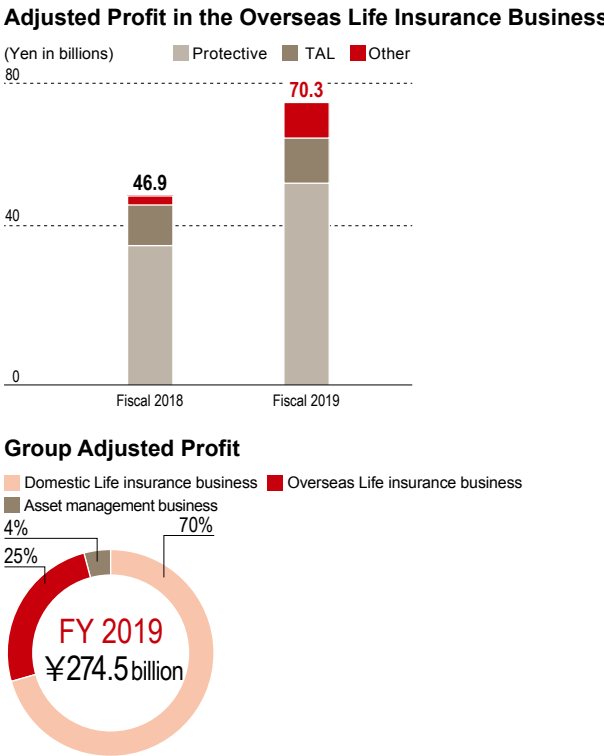


Reflecting on the Second Year of Connect 2020

The Group's overseas life insurance business has continued to grow steadily since the Group expanded its business into Vietnam in 2007, and posted 70.3 billion yen in Group adjusted profit for fiscal 2019, or approximately 25% of the Group total.

In developed markets, in addition to efforts such as reinforcing our existing channels, contribution to profit has progressed steadily through acquisitions. Protective completed acquisition of in-force blocks from Great-West in June 2019, and TAL completed acquisition of Asteron Life (formerly Suncorp Life) in February 2019, achieving steady contributions to profit.

In emerging Asian markets, we concentrated on business growth in each country while focusing on our topline by reinforcing various channels, such as individual life insurance agents at Dai-ichi Life Vietnam, etc. In the early-stage Mekong region, we have accelerated business expansion, including commencement of operations at Dai-ichi Life Cambodia in April 2019 and acquisition of a life insurance business license in Myanmar in November 2019.



CONNECT 2020 Initiatives



Maintain sustainable growth while driving profit growth into the future in the overseas life insurance business

Protective U.S.A

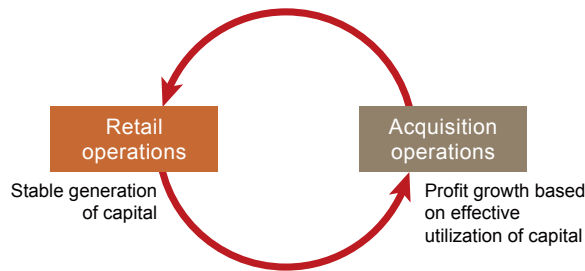
Steady profit contribution driven by retail and acquisitions

Protective achieved sustainable growth through its distinctive business model which involves business expansion through acquisition operations, including acquisition of in-force blocks of insurance, in addition to generating capital through retail operations (life insurance and individual annuities) operated nationwide.

For retail operations, Protective promoted stable growth by expanding channels through cross-sales with major financial institutions in addition to reinforcing existing sales channels. Also, for acquisition operations, Protective has made four acquisitions since it becoming part of the Dai-ichi Life Group, investing a cumulative total of approximately USD 3.1 billion. Its two most recent acquisitions (Liberty Life in 2018 and Great-West in 2019) translated into expansion in retail operations through the development of cross-sales relationships with the two companies in addition to the acquisition of in-force blocks.

Going forward, Protective will aim for further profit growth through reinforcement and expansion of sales channels and new acquisitions.

Unique business model



TAL Australia

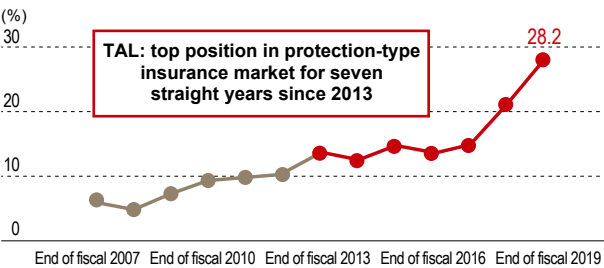
Top position for seven years and Suncorp life acquisition

TAL has promoted a strategy of specialization in protection-type products and since 2013 has maintained the top position in terms of annualized net premiums from in-force policies in Australia's protection-type insurance market.

This position is underpinned by TAL's partners in each sales channel (retail: independent advisors; group insurance: superannuation schemes; direct: non-life insurance financial institutions and other industries), and TAL leverages the strong relationships with our partners in promoting sales. In addition, TAL has also worked to grow through acquisitions, and completed the acquisition of the life insurance business acquired from Suncorp Group in February 2019 as well as entering into a cross-sales agreement with Suncorp Group.

Going forward, TAL will aim for stable profit contribution and growth by enhancing brand recognition, diversifying products, and improving customer service in addition to reinforcing sales channels.

TAL's Market Share in Protection-Type Insurance Market



* Based on annualized net premiums from in-force policies
Source: Strategic Insight (Plan for Life)



Expand market share and reinforce existing sales channels focusing on topline growth

Dai-ichi Life Vietnam Vietnam

Continuous topline growth to become major life insurer in Vietnamese market

Dai-ichi Life Vietnam has steadily expanded market share since its establishment by strengthening the individual insurance agent channel through extensive training of agents and expansion of sales networks while developing alternative channels. It is now one of the top five major life insurers.

Going forward, we will continue to aim for sustainable growth by expanding sales and improving quality.



Panin Dai-ichi Life Indonesia

Sustainable growth by reinforcing sales channels

Panin Dai-ichi Life aims to improve the topline and profitability by recruiting and developing more individual insurance agents, and enhancing the sales promotion structure for bancassurance channels.



Star Union Dai-ichi Life India

Promotion of growth in earnings through reinforcing bancassurance channels

Star Union Dai-ichi Life aims to boost its topline and earning capability through greater collaboration with joint venture partners, strengthening of wholesalers, and developing the existing policy base in the sales representative channel.



OCEAN LIFE Thailand

Positive growth through individual insurance agent channels development

OCEAN LIFE aims for sustainable growth through reinforcing the foundation for future growth that involves continuous recruitment and training of new personnel for the individual agency channel, expanding capabilities of leaders, and workplace development.

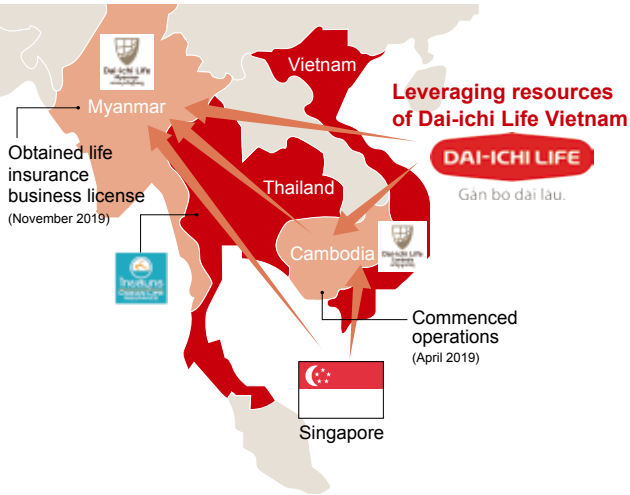




Expanding business to full-scale in Mekong region which has medium- to long-term growth prospects

By expanding at an early stage into emerging Mekong countries, where economic growth and expansion of the life insurance market is expected in the medium- to long-term, the Dai-ichi Life Group aims to obtain first-mover advantages, as well as implement efficient business operations, leveraging the knowledge and resources of its regional headquarter and Dai-ichi Life Vietnam to achieve further growth.

Following Cambodia, we acquired the only provisional business license for a wholly-owned subsidiary of a Japanese life insurance group in Myanmar in April 2019, after which we established a preparation company in May. In November, we acquired a life insurance business license, and we have been making full-scale preparations to expand our business.



Dai-ichi Life Cambodia Cambodia

Commenced business as the first subsidiary of a Japanese life insurance company

Dai-ichi Life Cambodia was established in March 2018 as the first subsidiary of a Japanese life insurance company in Cambodia, and commenced operations in April 2019 centered on the capital Phnom Penh. In the first fiscal year of operations, Dai-ichi Life Cambodia strengthened its sales system with a focus on the individual agent channel and achieved steady expansion of its business. Going forward, Dai-ichi Life Cambodia will strive to expand market share by developing sales channels and implementing a variety of initiatives.



In Focus

Global Leaders Committee (GLC) and Group Initiative Taskforces (GITF)

With the aim of solving Group issues and creating value, the Dai-ichi Life Group has formed multiple taskforces (Group Initiative Taskforces) composed of human resources from Group companies in Japan and overseas, and engages in Group-wide collaborative initiatives. These taskforces deal with a wide range of areas, such as promoting innovation in the InsTech sector, improving Group capital efficiency, stimulating intra-Group exchange of human resources, responding to international regulations, and sharing the Group's principles, and they act to solve issues and create value. We have also established a Global Leaders Committee, composed of

managers at overseas Group life insurance companies who have global knowledge. This committee shares the Group's principles and policies as well as engages in vigorous discussions aimed at further growth for the Group.



Initiatives Associated with COVID-19 at Overseas Group Companies

Payment of Insurance Claims and Social Contribution Initiatives

As of the end of June, 2020, the overseas life insurance business paid out 1,119 insurance claims related to COVID-19, approximately 5.82 billion yen (after taking into consideration reinsurance). Moreover, given the spread of COVID-19, the Group has been engaging in social contribution activities in each country where we operate. In the U.S., where the impact of the pandemic has been severe, the Protective Life Foundation donated USD1 million to establish a relief fund. The relief fund donated funds toward activities in COVID-19 research at the University of Alabama and a fund set up by the city of Birmingham to assist small- and medium-sized business.

We have also been making donations and providing masks and medical face shields in other countries where we have Group companies.



Provision of medical face shields to medical institutions (Ocean Life)

Initiatives on Working from Home and Returning to the Office

Group companies in the overseas life insurance business were able to smoothly implement measures such as working from home. Ever since the beginning of the COVID-19 pandemic, based on their business continuity plans, each company has appropriately carried out customer service, primarily related with the payment of insurance benefits, and complied with laws and regulations, such as fiscal year-end closing of accounts and filings with supervisory authorities.

While some of the Group companies have implemented a staged return to workplaces and resumed normal operations in line with the COVID-19 situation in each country,, we will continue to pay close attention to the situation and take into consideration the government policies in each country and the safety of employees.



Working from home (Protective)

Measures Aimed at the Post-COVID-19 Era

Many of the countries in which the Group operates, have put restrictions on people leaving home, and social awareness of social distancing has increased sharply. Group companies in the overseas life insurance business have accelerated the introduction of product explanations to customers using video calls and digitalization of insurance sales procedures, maintenance, and insurance claims.

Going forward, we will seek the optimal approaches for customers through the use of digital tools and other means while contributing to stability of life for people in the countries where we operate.



Infection control measures at the office entrance (TAL)

Asset Management Business

Dai-ichi Life's Investment Management

Ensuring Stable Investment Returns

Dai-ichi Life conducts investment management with a focus on ALM that is based on the nature of its insurance policies (insurance liabilities), mainly investing in fixed-income assets in order to fulfill its obligation to pay out claims and benefits over the long term in a stable manner. We also strive to increase profitability by flexibly allocating capital to risk assets while considering market trends and most importantly ensuring overall financial soundness.

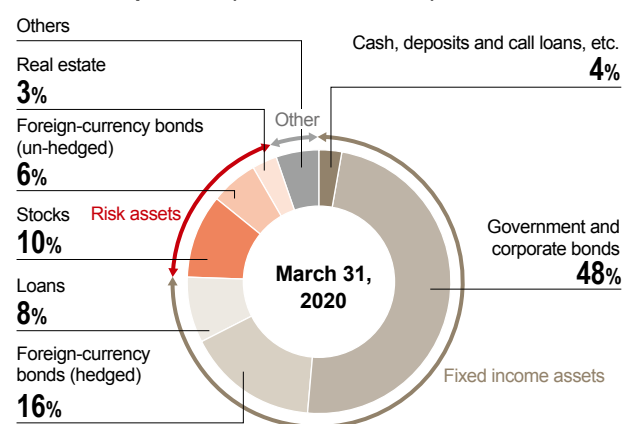
In addition, we are also focused on responsible investment as an institutional investor based on our social responsibilities. As part of these efforts, we carry out stewardship activities that aim to enhance the corporate value of investees and ESG investment* that balances social responsibilities and profitability.

* ESG investment: An approach to investment that considers environmental, social and corporate governance (ESG) criteria

▶ p.45 Promoting ESG Investment



Asset Composition (General Accounts)



* In terms of book value

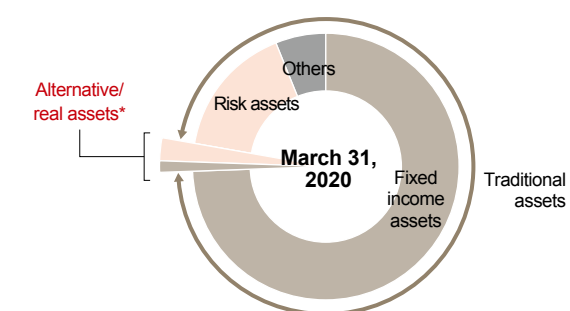
Progress of CONNECT 2020

CONNECT 2020 Strategies

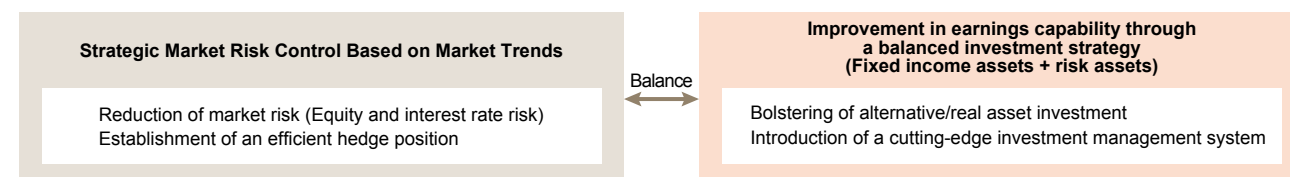
Under the current low-interest rate environment, which will likely continue for a while, we have adopted a basic policy of simultaneously controlling market risk and elevating our earnings capability through a balanced investment strategy. More specifically, we will shift some of our traditional assets in the form of stocks and bonds to alternative and real assets to further diversify our asset portfolio and boost our earnings capability under a low-interest rate environment.

Through these initiatives, we will continue to meet the expectations of stakeholders by ensuring stable earnings power and soundness while contributing to resolving social issues.

Balanced Investment Strategy



* Assets that exhibit different price movements compared to traditional assets and have relatively high expected returns. Improvement in profitability and stability can be expected when incorporating such assets into the portfolio.



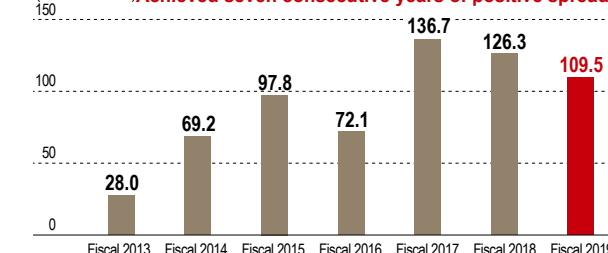
Reflecting on the Second Year of Connect 2020

While interest rates remain low in Japan and overseas, global markets became more volatile with the impact of COVID-19 through the end of the fiscal year.

In such an environment, we worked to bolster earnings capability and diversify risk through such means as flexibly allocating funds in accordance with market trends and continuing to control risk using interest rate swaps. Through these initiatives we marked the seventh consecutive year of positive spread.

Positive Spread

(Yen in billions) **Achieved seven consecutive years of positive spread**



CONNECT 2020 Initiatives



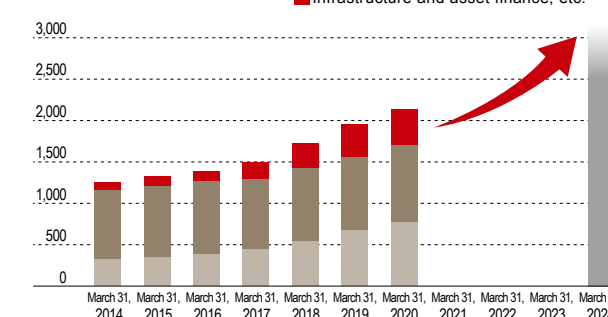
Strengthening Investment in Alternative and Real Assets

We are bolstering our investments in alternative and real assets to strengthen earnings capability and diversify risk, and have reorganized the departments handling investments with the aim of flexible implementation of operations.

We will continue to take a more proactive approach toward investing in alternative assets such as hedge funds, private equity funds, and venture funds, and in real assets such as project finance and real estate.

Balance of Alternative and Real Assets

(Yen in billions) Legend: Hedge funds, Private equity (grey), Real estate (dark grey), Infrastructure and asset finance, etc. (red)



Infrastructure investment in Ivory Coast and Togo



Project finance for offshore wind power generation project in Akita Prefecture

Supporting Enhancement of Corporate Value at Investees through Stewardship Activities

In line with our Group mission, "By your side, for life," Dai-ichi Life provides support from a medium- to long-term perspective for the issues faced by investees, which differ at each stage of growth, and takes part in stewardship activities with a focus on engagement.

Specifically, we provide support for solving issues, including development of governance systems, upgrading of management strategy and capital policy, and promotion of initiatives aimed at solving social issues.

In fiscal 2019, we added response to climate change as a new priority theme and engaged in dialogues on development of governance systems and enhancing information disclosure in

light of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Hiroko Ishii
General Manager, Responsible Investment Department
The Dai-ichi Life Insurance Company, Limited

Asset Management Business

Asset Management Business

Current Environment and Our Strategy in the Market

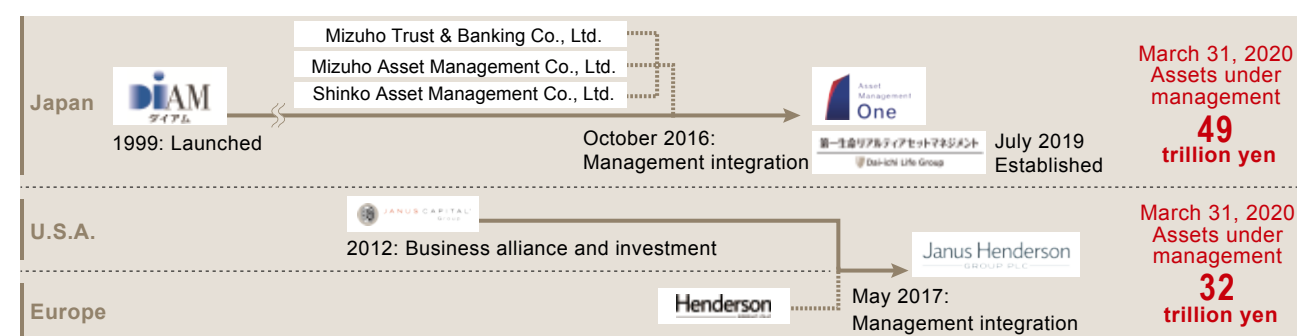
The asset management business at the Dai-ichi Life Group is carried out by Asset Management One, a joint venture with Mizuho Financial Group, and Dai-ichi Life Realty Asset Management Co., Ltd., established in July 2019, in Japan, and Janus Henderson Group (Janus Henderson) in global markets, primarily the U.S.A. and the U.K.

The global asset management market is a huge market exceeding 9,000 trillion yen, and high growth in this market is expected to continue due to rising retirement needs in developed

countries and economic growth in emerging countries.

Enter the asset management business, the Dai-ichi Life Group aims to benefit from the high market growth prospects and high profitability of asset management companies. In addition, we are pursuing unique Group synergy effects by providing expertise and advanced asset management capabilities of asset management companies to Group life insurance companies in Japan and overseas, accepting funds for management, co-developing products, and other efforts.

History of the Asset Management Business



* Total assets under management translated into yen using the exchange rate as of March 31, 2020

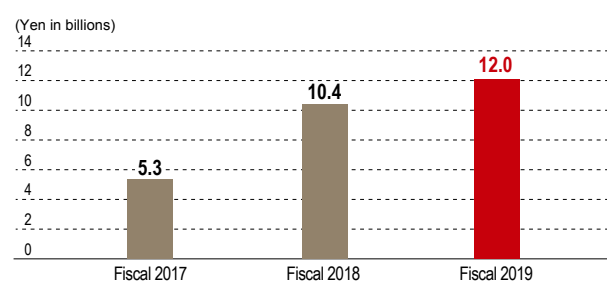
Progress of CONNECT 2020

CONNECT 2020 Strategies

Going forward, the Dai-ichi Life Group aims to expand profit, benefiting from considerable profit growth at both Asset Management One and Janus Henderson, and expansion in the real estate management business centered on Dai-ichi Life Realty Asset Management.

We will further reinforce joint product development within the Group and other forms of collaboration. In addition, we will increase the provision of competitive asset management capabilities and solutions to Group life insurance companies in Japan and overseas as we further accelerate initiatives aimed at creating Group synergy effects.

Asset Management Business Adjusted Profit



Dai-ichi Life Group

Reflecting on the Second Year of CONNECT 2020

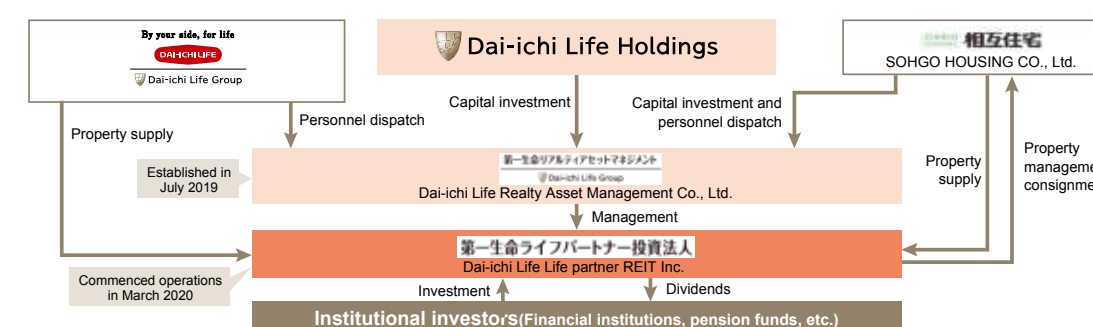
At both Asset Management One and Janus Henderson, we moved forward with initiatives aimed at growing profit and expanding Group synergy. In addition to supplying greater asset management capability to our domestic Group life insurance companies, competitive asset management products were offered to Protective in the U.S.A. and TAL in Australia, steadily expanding synergies within the Group.

In addition, to leverage the real estate capabilities of the Dai-ichi Life Group and further expand its asset management business, the Group and Soho Housing Co., Ltd. jointly established a new company called Dai-ichi Life Realty Asset

Management Co., Ltd. in July 2019.

In March 2020, Dai-ichi Life Realty Asset Management began managing DL Life Partner REIT, Inc., a private-placement REIT whose investment targets are residential properties and other real estate that contributes to the improvement of quality of life of people. Taking advantage of the real estate expertise of the Dai-ichi Life Group, Dai-ichi Life Realty Asset Management is offering high-quality investment opportunities to institutional investors in Japan as well as contributing to the improvement of quality of life for investors and people.

Group Collaboration within the Real Estate Asset Management Business



CONNECT 2020 Initiatives

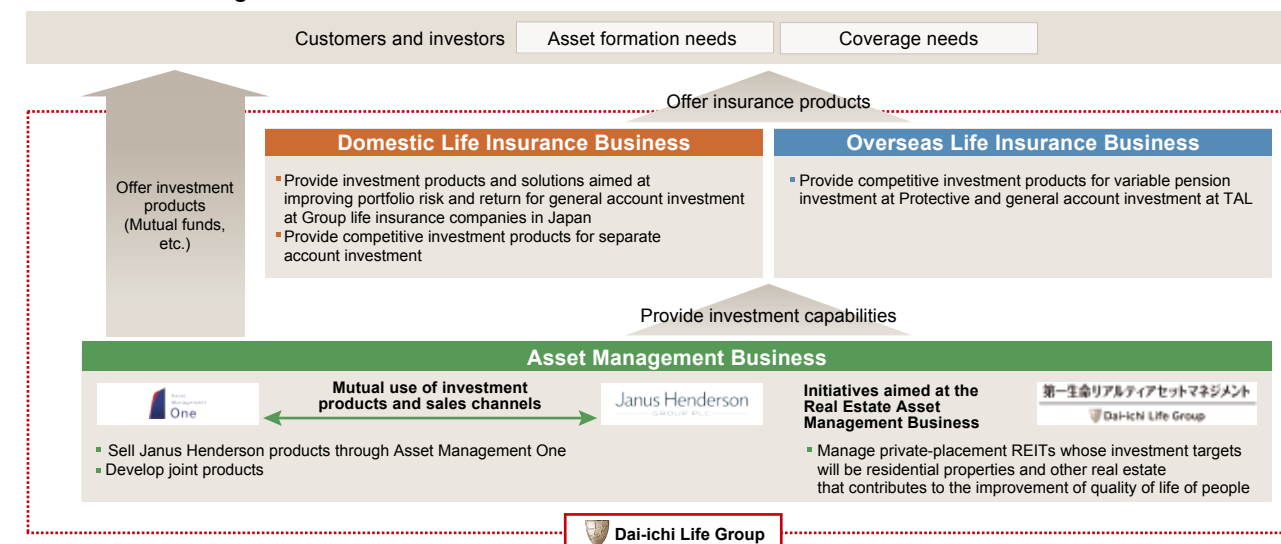


Social Value Creation through Improving Quality of Life

We will aim to increase the social value we create by meeting the needs of even more customers for asset formation, and contributing to improving quality of life by creating a stronger

connection between our asset management business and Group companies in our life insurance business in Japan and overseas.

Role of Asset Management Business





Capital Policies and ERM

By ensuring financial soundness and improving capital efficiency through the optimal allocation of capital, we aim for sustainable enhancement of corporate value and further improvement of shareholder returns.

Toshiaki Sumino
Managing Executive Officer
Corporate Planning Unit

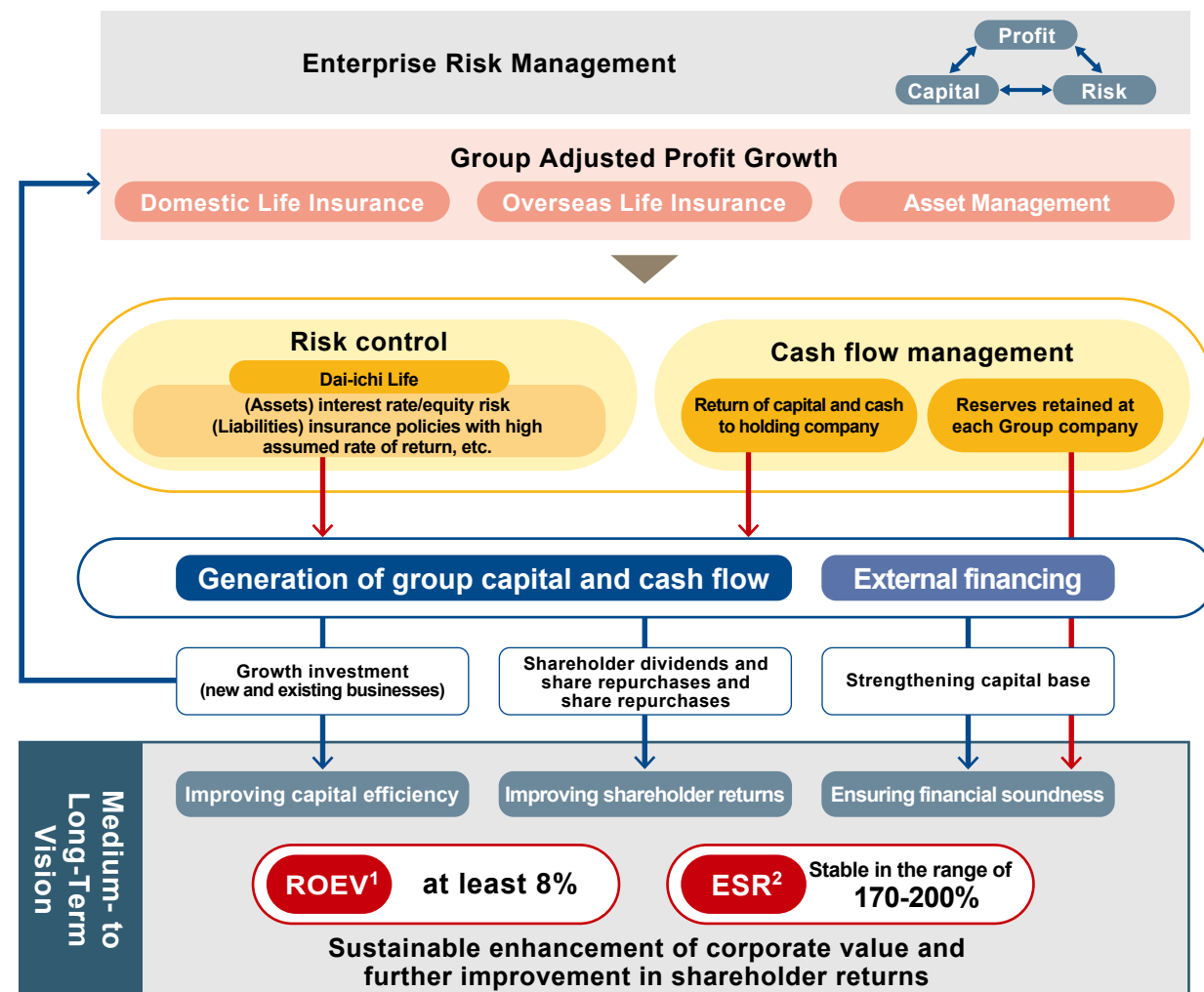
Basic Approach to Capital Policies

The Dai-ichi Life Group bases its capital policy on the enterprise risk management (ERM) framework, aiming for sustainable enhancement of corporate value and further improvement of shareholder returns.

While the Group appropriately controls risks surrounding the Group's businesses, we have Group companies return their

profits to the Company, and/or retain them as internal reserves in accordance with their respective growth stage, and we also use external fund procurement as necessary. By carrying out balanced capital allocation between investments for the growth of the Group and the strengthening of the capital base, we ensure financial soundness and increase the Group's profit through enhanced capital efficiency.

Our Capital Policies and Medium- to Long-Term Vision



1. Return on EV (Embedded Value), indicating growth of corporate value

2. Economic Solvency Margin Ratio, indicating level of capital adequacy based on market value approach for assets and liabilities

Ensuring Growth Investment and Financial Soundness

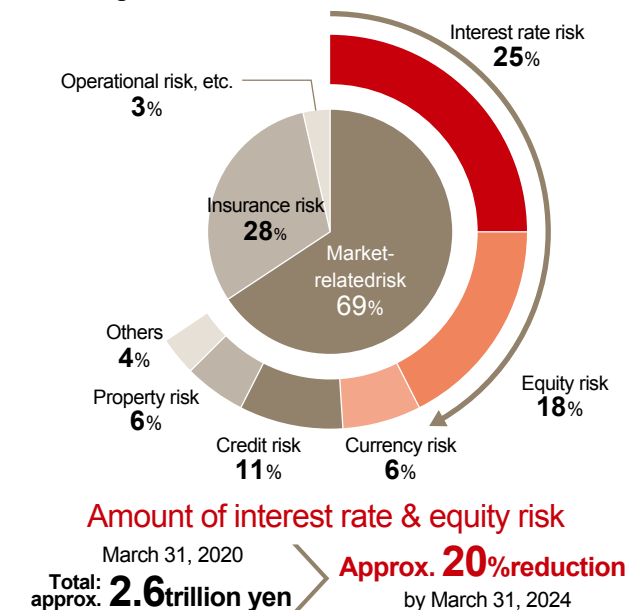
In terms of growth investment, we strengthened the competitiveness of our existing businesses as well as expanded and diversified our business portfolio by investing in, with capital efficiency in mind, superior targets such as Great West acquired through Protective. In terms of financial soundness, as a result of steadily strengthening our capital base through an increase in internal reserves from profits and issuance of perpetual subordinated debt, economic solvency ratio (ESR) at the end of fiscal 2019 improved to 195% (according to the new standard criteria; 178% by the previous standard), holding within the 170-200% range that the Group is targeting over the medium- to long-term.

Risk Control Initiatives

While insurance risk makes up 28% of the Group's 3.7 trillion yen of integrated risk, market-related risk (mainly interest and equity risk) makes up 69%, which creates a financial structure that is sensitive to financial market fluctuations. As the financial market is expected to remain uncertain going forward, we will continue to reduce sensitivity to market-related risks to stably maintain an ESR within 170-200%.

Specifically, with regard to interest rate and equity risk, which constitute the majority of our market-related risk, we are aiming to reduce it by approximately 20% by March 31, 2024 compared to the March 31, 2020 level. For interest rate risk reduction, we are continuing to consider purchasing ultra-long bonds to lengthen the duration of the asset side and using reinsurance, and the like, while with regard to equity risk, we will bolster efforts to systematically reduce equity holdings.

Reducing market-related risk



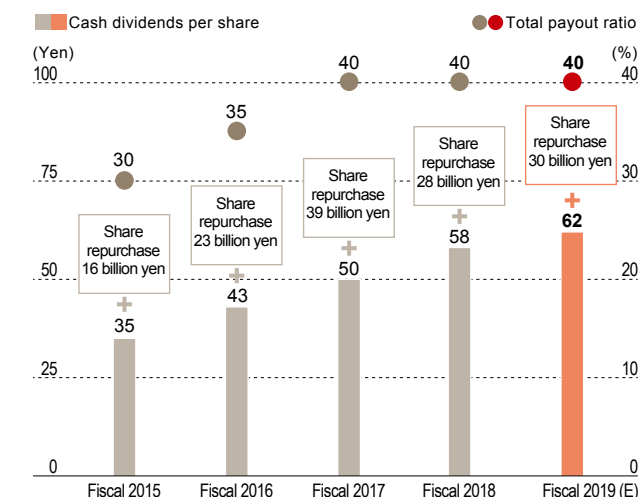
Aiming for Attractive Shareholder Return

Under the current medium-term management plan, the Dai-ichi Life Group has a basic policy of providing shareholder returns that matches profit growth with a target total payout ratio³ of 40% of Group adjusted profit through stable shareholder dividends and share repurchases.

In line with initial forecast for fiscal 2019, shareholder dividends increased to 62 yen per share, an increase of 4 yen from the previous fiscal year. Additionally, through share repurchases (up to 30.0 billion yen announced on August 12, 2020), we expect to maintain a total payout ratio of 40%.

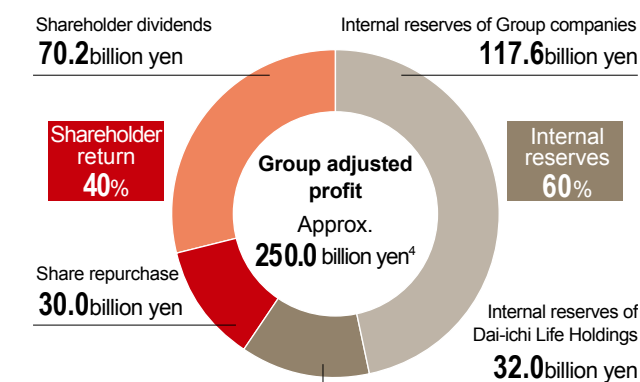
Going forward, we aim to further improve shareholder returns as we get the business base in Japan and overseas, which we have been expanding and diversifying up until now, onto a growth trajectory, thereby strengthening the sustainable growth of Group profit and the ability to generate capital and cash.

Shareholder Return History



3. Total payout ratio = (total dividends to shareholders + total amount of the Company's share repurchase) / Group adjusted profit (consolidated adjusted net income up to Fiscal 2015)

Cash Flow of the Dai-ichi Life Group (Fiscal 2019)



4. Actual profit level for fiscal 2019 for shareholder return calculation, excluding extraordinary unrealized gains on derivative transactions at Dai-ichi Life



Risk Management / Compliance

We engage in forward-looking risk management that is integrated with management strategies to improve financial soundness and enhance corporate value.

Ichiro Okamoto
Managing Executive Officer
Risk Management Unit, Legal and Compliance Unit

Risk Management

Implementation of ERM and Risk Management

The Dai-ichi Life Group practices enterprise risk management (ERM), which is an approach to improve financial soundness and enhance corporate value simultaneously. As part of these efforts, we believe that the role of the Risk Management Department is to comprehensively grasp not only current risks but future ones as well, while avoiding and suppressing losses by reinforcing responses to those risks. The Department also promotes initiatives to appropriately and proactively accept risks as the source of profit and capital.

Specifically, we aim to maintain financial soundness by maintaining the risk amount within the amount of capital as we boost corporate value by improving returns against risk, which is achieved by efficiently allocating capital based on more accurate risk-related information.

Risk Management Integrated with Management Strategies

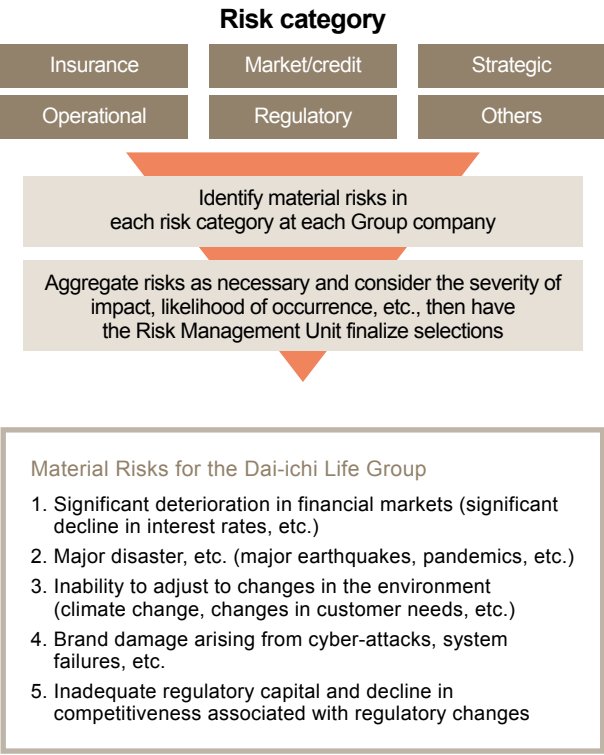
The Dai-ichi Life Group promotes the development and upgrading of a risk management framework that is integrated with management strategies in close collaboration with Group companies so as to facilitate the appropriate identification and control of Group-wide risks. For example, in important projects with a material impact on the Group, such as M&A or development of new products, we cooperate with the department that is responsible for the project and take a risk management approach from the planning stage. We manage risks in parallel with the consideration and progress of the project.

Furthermore, in the rapidly changing environment surrounding the insurance business and ever higher customer expectations and intensified social demands, we strive for forward-looking, proactive awareness and risk control to facilitate an appropriate response to the changes in the business environment and intensified social demands based on the recognition that failure to respond will result in damage to the Group's corporate value.

Identifying Material Risks

The Dai-ichi Life Group engages in appropriate risk management that begins from early signs of risks by identifying foreseeable risks that could have a major impact on our business and formulating business plans that take those risks into account. Additionally, with the enactment of the 2016 Paris Agreement, there has been a rising recognition of environmental problems, and climate change in particular, as issues that must be addressed by international society as a whole. As a group that conduct life insurance and asset management businesses globally, the Dai-ichi Life Group sees our response to climate change as an essential management issue that can have a major impact on the lives and health of customers, corporate activities, the possibility of sustaining society, and so on. In fiscal 2019, we identified risk related to climate change as a material risk and are strengthening risk management accordingly.

Process for Identifying Material Risks



Promoting Risk Management Based on Economic Value

At Dai-ichi Life Group, we control financial soundness by integrating the various risks on economic value, accounting, and regulatory bases respectively, and comparing the amount of risk with our amount of capital. In internal risk control, we put high emphasis on the economic-value basis approach to exercise ERM, while sufficiently considering future risks.

For example, every year, we are enhancing our measurement models for calculation of capital and risk amounts on an economic value basis, in light of the Insurance Capital Standard (ICS), scheduled for adoption in 2025, and the discussions for economic valued-based regulation in Japan. Furthermore, we have also incorporated an economic-value basis approach in the Dai-ichi Life Group's allocation of capital and product design as we pursue management that is consistent with risk measurement principles.

At the same time, when we identify and assess risk phenomena that cannot be entirely quantified with our models, we use past events, such as financial market turmoil and large-scale disasters, as well future scenario analysis to estimate worst cases, and then carry out stress tests. We report results of stress tests along with an analysis of the impact on financial soundness to the Board of Directors, and consider strengthening our monitoring, management, and financial responses.

Risk Management during the COVID-19 pandemic

The Dai-ichi Life Group is exposed to risks such as unpredictable insurance claims in the event of widespread infectious diseases like COVID-19 and new strains of influenza. Consequently, we have identified such pandemic-related risks as material risks.

Moreover, given the current global spread of COVID-19, we carried out stress tests as part of risk management from a forward-looking perspective. The tests were based on a pandemic scenario where there was major stress on each Group company's insurance revenue and expenditures as well as financial markets. We referred to the various conditions of COVID-19 infections in countries around the world, and with assumptions such as 10% of the Japan's population contracting the disease and a case fatality rate (no. of deaths ÷ no. of infections) above 10%, test results confirmed an absence of danger to overall Group financial soundness.

However, paying attention to the spread of COVID-19 we will update the test scenarios as necessary.

Compliance

Promotion of Compliance

Although there are variations in the regulatory frameworks of the countries where the Dai-ichi Life Group does business, as globalization has advanced, anti-money laundering, anti-bribery, and anti-corruption regulations have become applicable regardless of the location. Likewise, social demands for safeguarding personal and customer information have increased and regulations have spread to many countries. As we expand our business inside and outside of Japan, it has become more important to ensure the appropriateness of legal compliance supporting and enhancing sound operations and corporate value.

In this environment, the Dai-ichi Life Group adheres to laws, regulations, and the Articles of Incorporation, while following social norms, and market rules. At the same time, we work to identify potential conduct risks.*

In various countries, changes in society—such as new lifestyles—are accelerating and it is expected that there will be changes how business is conducted is conducted. In the insurance business as well, contactless and remote interaction is garnering attention and we are working on strengthening our capabilities to ensure adequate consulting for customers, checking customer identities and managing customer information. To maintain our fine-tuned responses to customer expectations and social demands, we will continue pursuing forward-looking risk-based compliance.

Promotion framework for Compliance

The Legal and Compliance Unit identifies material risks related to compliance, and monitors and guides Group companies. Important matters related to compliance are reported to the Board of Directors, the president, the Executive Management Board, and the Audit & Supervisory Committee following deliberation at the Group Compliance Committee. Additionally, we established a Group Initiative Task Force (GITF) that facilitates discussions among compliance officers of each Group company. By considering solutions to various issues and sharing information on initiatives, we are endeavoring to strengthen our stance toward compliance.

Furthermore, we have established a desk for whistleblowing at an outside law firm that is independent from management, through which officers and employees of Group companies can directly report and consult on compliance. And systems are in place for reporting to the Board of Directors, the president, the Executive Management Board, and the Audit & Supervisory Committee depending on the severity of such matters. In August 2019, Dai-ichi Life Holdings' whistleblowing system was registered under the Consumer Affairs Agency's Whistleblowing Compliance Management System (a registration system based on self-declaration of conformity). This certification indicates the appropriate establishment and implementation of an internal whistleblowing system that helps ensure trust from customers and society, and contributes to elevating the Company's brand.



Human Resource Strategies

To overcome environmental changes, we revised the Company’s human resources system, which seeks to further develop the diverse talents and characters of our employees, while also enhancing our strength in human resources.

Masamitsu Nambu
Senior Managing Executive Officer
Human Resources Unit

Background of the Human Resource System Revision

Seizing the opportunity from our transition to a publicly listed company, the Dai-ichi Life Group has used the past 10 years to rapidly grow our business fields, by accelerating global expansion and building a domestic business framework around three life insurance companies. In a quickly and dramatically changing business environment, with diversifying customer values and market characteristics, raising the competitiveness of the Group’s human capital—our greatest asset—is indispensable for remaining the preferred choice by customers and society. Consequently, we undertook a full-fledged revision of our human resources system and put it into play in July 2020 as a framework for encouraging personal transformation, and supporting the performance and growth of each and every employee.

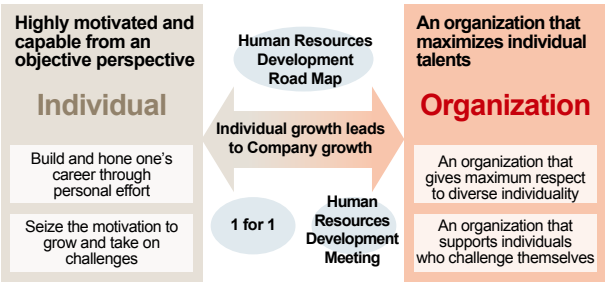
The Aim of the Human Resource System Revision

To continue meeting the expectations of our diverse customers, we believe that it is important for the Group’s human resources to have diverse values and individualities and that they are able to exercise them to the greatest extent possible. Our goal is to fully leverage individuality while fostering growth for employees.

We are committed to enabling diverse individuals to grow and maximize their expertise as we build an organization that leverages those unique abilities.

Our Ideal Human Resources Development

- Going from homogenous human resources development to human resources development that makes use of individual strengths
- Improving organizational strength by fully leveraging individual strengths



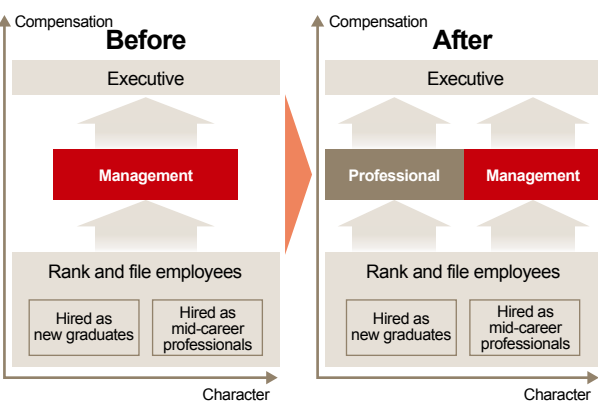
Highlights of the Revised Human Resource System

Under the new system, we established multiple work grades (in place of the previous single-grade system) to sufficiently compensate employees with exemplary knowledge and experience. In addition to the career planning we have emphasized to date which focused on attaining management positions, we have added paths for career development that will let employees hone their skills in a specialized area and be active players on a wider stage. The ideal we are targeting is a work force of managers and professionals in a specialized field who engage in mutually beneficial competition that boosts the level of human capital for both sides.

Furthermore, we created a Human Resources Development Road Map that helps outline and guide the process. To elevate the value of our human capital by socially relevant criteria, we redefined and more clearly specified our ideal vision for our human resources. Through dialogue between superiors and subordinates, we would like to inspire each and every employee to challenge themselves in a way that raises their value as human capital.

With this revision to the human resources system, we will strive for a Dai-ichi Life Group where employees have individuality and achieve robust growth.

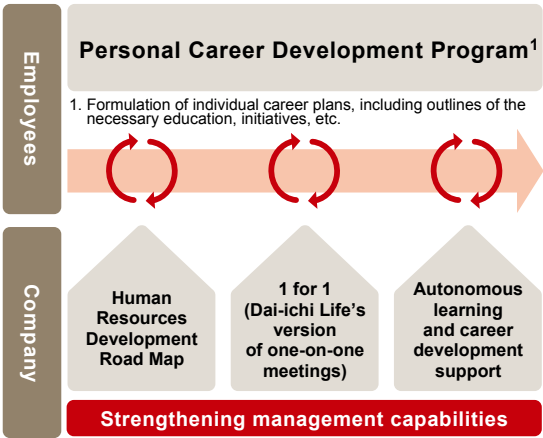
Work grades that acknowledge the specialized knowledge and experience of employees



Human Resource Development Reform

With the new human resources system launched in July 2020, our objective is a reform in human resource development. We are proceeding to build an environment and organization that allows every employee to reach new levels of autonomous and fast-paced growth and imagine diverse types of careers. Specifically, we introduced a Human Resources Development Road Map that visually depicts required skills and specialties, in addition to “1 for 1,” which is Dai-ichi Life’s version of one-on-one meetings. By strengthening support for career development and autonomous learning, we will continue encouraging the growth of every employee.

Personal Career Development Program



Respect for Human Rights

In April 2020, we adopted the Human Rights Policy of Dai-ichi Life Group, which promotes initiatives that respect human rights across all of our business activities, including in our supply chain. To have all officers and employees correctly understand and deepen their awareness of human rights issues, and reflect that understanding in their daily activities, we are carrying out various types of training related to human rights based on the belief that it is important to repeatedly carry out human rights education initiatives.

Improving Employee Satisfaction

We conduct an employee satisfaction survey to identify issues in our organization and workplace to help us create a more work-friendly environment for employees by proposing and implementing solutions to the raised issues.

	FY 2018	FY 2019	Difference
Comprehensive indicator ²	3.62	3.62	±0

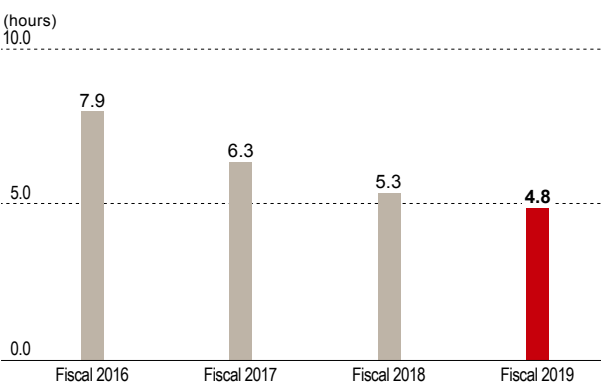
2. Average value, based on a 5-point scale. Combined score for Dai-ichi Life Holdings and the three life insurance companies in Japan (Dai-ichi Life Insurance, Dai-ichi Frontier Life, Neo First Life)

Promoting Work-style Reform

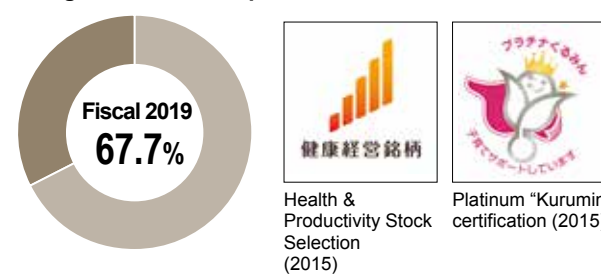
For the Dai-ichi Life Group, work-style reform is not only positioned as an initiative for reducing work volume and the number of work hours, but also as reform for shifting toward higher value-added work. To achieve this objective, we established a special committee in fiscal 2017 and shift human resources to growth areas by radically enhancing the efficiency of work by utilizing ICT solutions such as AI and robotics. At the same time, we are working to prioritize tasks from a customer-centric perspective, review work processes, and reassess products and services. In addition, in fiscal 2019, we switched to PCs that enable working from outside the office, established satellite work spaces, to create an environment conducive to telecommuting as part of efforts to improve ease of work and job satisfaction.

Going forward, we will continue to use telecommuting and the flextime system to allow employees to freely choose where and when they work, aiming for workplace environments with more flexible workstyles. At the same time, we are promoting initiatives that translate these efforts to higher productivity and added value for the organization and for individuals.

Average monthly overtime hours³



Average use of annual paid leave⁴



Use of childcare leave by male employees⁵

	Fiscal 2018	Fiscal 2019	Difference
Rate of use	75.6%	79.8%	+4.2%pt

3. Total for Dai-ichi Life Holdings and Dai-ichi Life Insurance (administrative personnel)
4. Total for Dai-ichi Life Holdings and Dai-ichi Life Insurance
5. Total for Dai-ichi Life Holdings and Dai-ichi Life Insurance (including those subject to "career rotation")



Diversity and Inclusion

By respecting each other, learning from each other, and growing together, we will innovate and create new value through the efforts of 70,000 employees.

Sumie Watanabe
Executive Officer
Human Resources Unit

The Dai-ichi Life Group must have human resources and an organization with plenty of diversity to anticipate diversifying customer values and needs as well as various local challenges in order to deliver products and services that truly delight customers and contribute to local communities. In this sense, the Group promotes diversity and inclusion to improve job satisfaction of each employee. Thus, implementing systems and work-style reforms that enable diverse work styles to be integrated with corporate culture and working environment to allow every single employee to leverage his/her uniqueness with good health and vitality.

Every employee will benefit from work-style reform,

human capital development, and promotion of diversity and Inclusion, making them a part of their daily work, and mutual respect. A single step of progress of an individual employee could be relatively small, but the steps forward of 70,000 employees can create an impact that leads to innovation and new value creation.

Respecting each other, learning from each other, growing together—We will aim to be a global insurance group that continues to be chosen in Japan and globally while growing into a corporate group with value-creating synergies and where diverse individualities shine.

Reform and New Value Creation with Diversity & Inclusion of Human Resources as the Driving Force behind Sustainable Growth

Each company in the Dai-ichi Life Group shares the philosophy of “respecting each other, learning from each other, and growing together,” and works to increase value-creating synergies by sharing and mutually using their expertise.



Greater individuality,
organizational productivity,
competitiveness

Achieve management
objectives

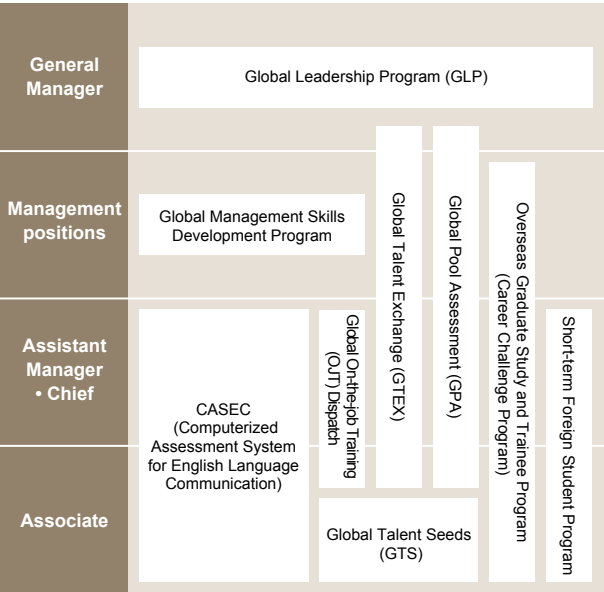
Achieve sustainable
growth

Global Diversity

The Group is strengthening various initiatives such as, capacity development through the Global Human Capital Development Programs and the hiring of foreign students to secure and develop highly competitive human capital from a global perspective. In addition, we regularly hold conferences and training where overseas Group companies come together to engage in level- and function-specific networking and share best practices to create Group-wide synergies.



Global Human Capital Development Programs



Promoting Understanding of LGBT

As we endeavor to be an LGBT-friendly company, we continue to hold seminars to widen the circle of LGBT ‘allies’ who understand and support LGBT individuals, in addition to training sessions that emphasize human rights awareness. Simultaneously, we are promoting the establishment of a framework, including a consultation desk, as we work to encourage employee understanding.

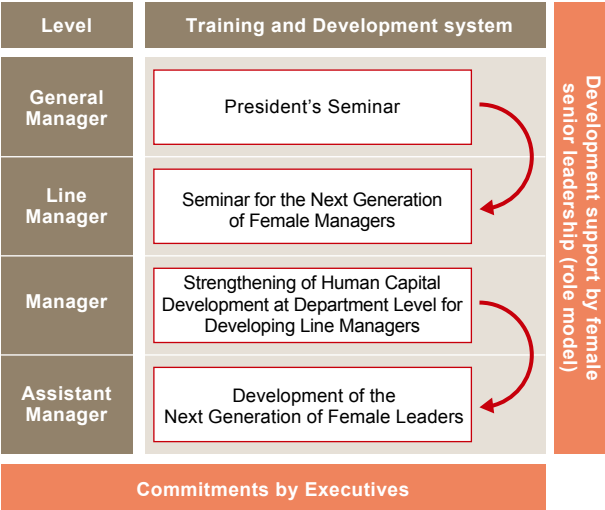


Promoting the Achievements of Female Employees

The Group promotes initiatives based on themes: “transforming awareness and culture,” “enhancing skill development,” and “promoting work-life management.” The Group makes particular effort to develop the next generation of female leaders and strives to transform the awareness of female management candidates through directly involving executives in development and providing female role models who are in senior positions. Additionally, in December 2019, we joined the 30% Club Japan. We are proactively working to foster and promote female executive officers and promote females in decision-making roles, such as general managers and line managers.

Going forward, we have established a target to increase the percentage of female employees in managerial positions to “more than 25% of all managerial positions during the term of the medium-term management plan” and to “30% by the 2020s,” and we will continue to promote development and establishment of female leaders.

Training and Development System for the Next Generation of Female Leaders



Promoting Active Participation of Employees with Disabilities

As one part of initiatives to achieve normalization of working with employees with disabilities, we established Dai-ichi Life Challenged as a special subsidiary company of Dai-ichi Life. Within this subsidiary, and also within Group companies, we are increasingly hiring and allocating work to employees with disabilities as we strive to create a workplace and culture imbued with meaningful, satisfying engagement.



Initiatives for Promoting Diversity and Inclusion
https://www.dai-ichi-life-hd.com/sustainability/important/initiatives/pdf/employee_001.pdf

Climate Change Initiatives— Response to TCFD



Issue Awareness

The awareness that environmental concerns, climate change in particular, are issues for the international community as a whole has been increasing since the Paris Agreement went into effect in 2016. The Dai-ichi Life Group, which operates life insurance and asset management businesses globally, also recognizes climate change as an important management issue that could significantly affect not only the lives and health of its customers, corporate activities, and the possibility of sustaining society, but also the management strategy and sustainability of the Group.

The Group has long been committed to environmental protection as a part of the Group’s Dai-ichi Social Responsibility Charter (DSR Charter), and has been continually engaged in environmental protection activities on a daily basis. The medium-term management plan, CONNECT 2020¹, which has been in effect from fiscal 2018, sets out climate change as one of the material issues² for the Group based on its recognition of the above problems. The plan systematically promotes a number of specific initiatives that are consistent with the Group’s vision of a management strategy for sustainable growth through solving social issues. The Dai-ichi Life Group will continue to strengthen its efforts to tackle climate change through its business from the next fiscal year onward, improving the sustainability of the Group and society as a whole.

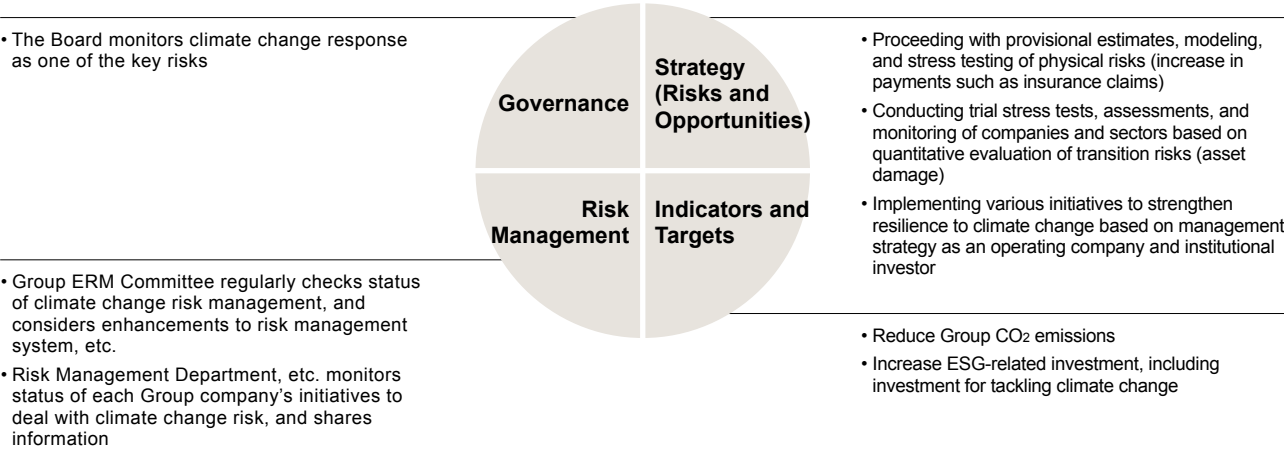
1. Determined by the Dai-ichi Life Holdings Board of Directors (March 2018)
2. See P.15 for the Group’s Material Issues

Information Disclosures based on TCFD Recommendations

The Group announced its endorsement of the TCFD³ Recommendations in September 2018 to strengthen its business resilience through an assessment of the risks and opportunities posed by climate change. The endorsement also contributes to improving corporate value through sound dialogue with stakeholders by disclosing those risks and opportunities, and improves the resilience of society as a whole by encouraging efforts to tackle climate change through engagement with companies the Group invests in and lends to. Dai-ichi Life Holdings disclosed information based on TCFD³ recommendations for the first time in its 2019 Annual Report, published last year.

3. Task Force on Climate-related Financial Disclosures

Group Response to TCFD Recommendations



Stance on Governance/Risk Management

The Dai-ichi Life Group promotes enterprise risk management (ERM) with the aim of enhancing capital efficiency and corporate value, based on strategies that are in accordance with the status of profit, capital, and risk. As a part of this ERM, the Group is implementing risk management that takes appropriate measures at an early stage by specifying foreseeable risks that could have a significant impact on its business as “material risks” and formulating business plans that take these risks into account.

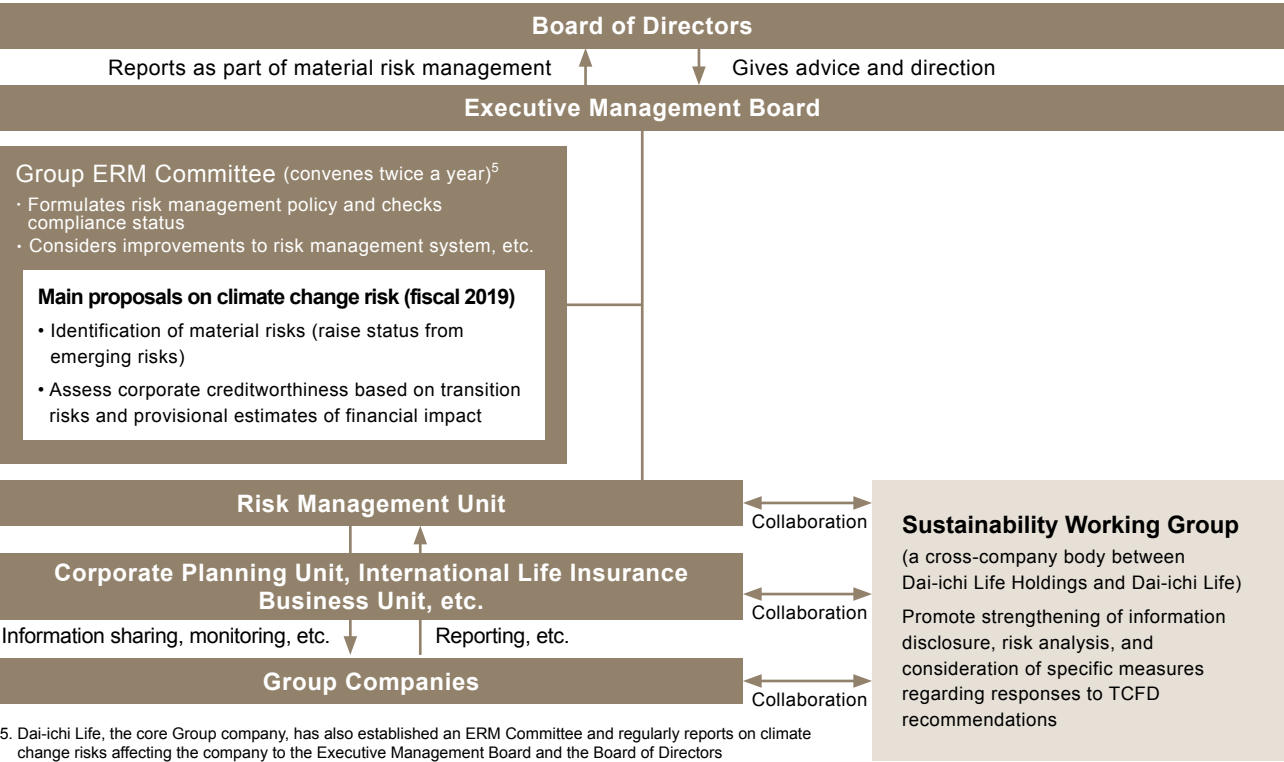
Climate-related risks have been named as one of these material risks since 2019, based on analysis and assessments carried out by the Group ERM Committee, which is composed of the officers in charge of the Risk Management Department and the Corporate Planning Department, among others. In line with this, regular reports on the status and outlook of climate-related risks, and the direction of measures to be taken, are made to the Executive Management Board and the Board of Directors. Advice and direction are received from the Board of Directors thereby strengthening the overall risk management stance⁴.

Furthermore, Group-wide efforts to tackle climate-related risks are being promoted, led by the Risk Management Unit, which examines initiatives being taken by all Group companies and provides them with information on the initiatives being taken by Dai-ichi Life, a core Group company.

In addition, the Executive Management Board and the Board of Directors lead the way in formulating business plans that take climate-related risks into account, thereby forming the stance which incorporates climate-related risks into the Group’s business.

4. For more information on risk management, see https://www.dai-ichi-life-hd.com/en/about/control/in_control/administer.html

Governance/Risk Management System relating to Climate Change



5. Dai-ichi Life, the core Group company, has also established an ERM Committee and regularly reports on climate change risks affecting the company to the Executive Management Board and the Board of Directors

Strategies

(1) Climate-Related Risks and Opportunities and the Impact on Our Group’s Business

(Results of Trial Scenario Analysis at Dai-ichi Life, a core Group company)

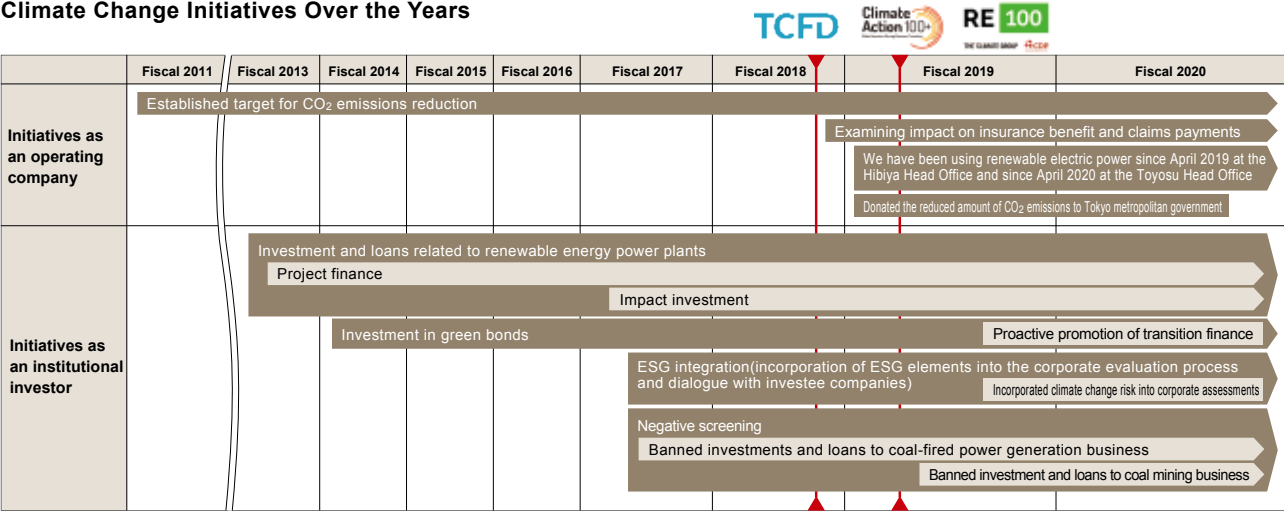
Climate-related risks	Main impacts on business	Term	Initiatives to increase resilience and control measures based on future risks
Physical risks <ul style="list-style-type: none">Risks that consist of chronic physical risks (rise in average temperatures and sea levels, etc.) and acute physical risks (increase in abnormal weather, such as typhoons and flooding, etc.) which are associated with physical changes due to climate changeImpacts could increase under the scenario of significant long-term increase in temperatures due to inadequate climate change countermeasures by each country	<ul style="list-style-type: none">Increase in insurance claims and benefits paid due to increase in heat strokes and infectious diseases associated with global warmingIncrease in insurance claims and benefits paid associated with increase in flooding due to typhoons, etc. Assumed scenario Business-as-usual	Long term	<ul style="list-style-type: none">Promote initiatives for quantifying by building a risk management model that analyzes the impact on insurance earnings and expenses from global warming due to various factors, such as the effects of heat stroke, infectious diseases, and wind and flood disasters.Start research and studies on the relationship between climate and health in countries inside and outside Japan.Investigate trends of regulators in each country and consider applying the findings in businessPromote initiatives that lead to contributions to customers and society using the knowledge from the above efforts
Transition risks <ul style="list-style-type: none">Risks that include market and technology risks (changes in consumption behavior, failure of investments in new technologies, etc.), policy and regulatory system risks (tightening of regulations on greenhouse gas emissions, etc.), and reputational risks (criticism of industry, changes in consumer choices, etc.), which are associated with the transition to a low carbon societyImpacts could increase under the scenario of reductions in long-term increase in temperatures due to adequate climate change countermeasures, such as the development of new technologies and utilization of carbon recovery and storage technology	<ul style="list-style-type: none">Decrease in corporate value of companies with inadequate responses to environmental change, including the introduction of carbon taxes, damage to assets due to market and social environment changes, development of new technologies, response to changes in consumer behavior, etc. Assumed scenario 2°C scenario	Short- to Medium-term	<ul style="list-style-type: none">Incorporate transition risks, such as carbon tax and stranded assets, into the evaluation standards for the companies to invest in and loan to.Conduct trial stress tests referring to various documentation and disclosed information from national and international regulators

Climate-related opportunities	Main impacts on business	Term	Initiatives that increase resilience to capture future opportunities
<ul style="list-style-type: none">Corporate revenue opportunities associated with climate change, such as an expansion of the market contributing to solving climate change problems	<ul style="list-style-type: none">Increase in investment and loan opportunities, such as renewable energy business, that contribute to solving climate change issuesReduction in operating costs due to the introduction of infrastructure with high resource efficiency	Short- to Long-term	<ul style="list-style-type: none">Actively promote “transition finance” to support loans and investment, and decarbonization, in assets that contribute to solving climate change issuesSupport corporate initiatives and behavioral changes that solve social issues through dialogue with companies the Group invests inLook for opportunities to provide products and services related to good health and disease prevention in anticipation of climate change, etc.

(2) Specific Initiatives

As an operating company and an institutional investor, Dai-ichi Life is boosting the resilience of its business against climate change as well as promoting the resilience of society as a whole, including the financial markets.

Climate Change Initiatives Over the Years



Major initiatives as an Operating Company (Fiscal 2019)

Dai-ichi Life will strengthen resilience in the life insurance business through measures such as examining the impact of climate change on the life insurance business. Dai-ichi Life will also contribute to solving problems related to climate change through initiatives to reduce CO₂ emissions, etc.

Impact Study on the Life Insurance Business	<ul style="list-style-type: none">Carried out provisional estimates based on research institution papers about the impact on insurance claims paid due to increases in heat strokes and infectious diseases associated with global warmingStarted initiatives to quantify the financial impact using the analysis results of in-house dataStarted research and studies on the relationship between climate and health in countries, both in Japan and overseas, where Group companies operateInvestigated research content carried out by research institutions in different countries and conducted stress tests with reference to information disclosed by regulators in each country
Initiatives to Reduce CO₂ Emissions	<ul style="list-style-type: none">Established a CO₂ emission reduction target in 2011. Promoting reductions in energy consumption associated with business site activities through introduction of energy-saving equipment, etc. to achieve targetIntroduced renewable energy (switched all electricity for the Hibiya Head Office building in Tokyo in April 2019, and the Toyosu Head Office building in April 2020, to renewable energy derived from hydro-electricity with an expected annual reduction in CO₂ emissions of approximately 5,700t)Donated a total 63,602t credit for excess CO₂ emission reductions to Tokyo Metropolitan Government under the Cap-and-Trade Program to help with Tokyo Metropolitan Government efforts aiming for a Zero Emission Tokyo, a sustainable city with no CO₂ emissions

Major initiatives as an Institutional Investor (Fiscal 2019)

Dai-ichi Life focusses on solving climate change issues through responsible investment activities (ESG investment and stewardship activities) and aims to strengthen the resilience of its portfolio over the medium- to long-term by improving its analysis of climate-related risks to reduce such risks and obtain opportunities for profit.

ESG Integration	<ul style="list-style-type: none">Introduced climate change factors into corporate evaluation processes to increase resilience of assets we own against climate changePromoted disclosure of information based on TCFD Recommendations and approval of TCFD through dialogue with companies the Group invests in, and actively participates in collaborations such as Climate Action100+Dai-ichi Life has a policy of not investing in, or loaning to, coal-fired power generation business, or coal mining business, given the risk that the asset value of companies invested in will decline due to the transition to a low carbon society
ESG-Themed Investment	Expanded loans and investments in assets that help solve climate change problems (Invested in growth companies and venture companies to create innovations, and invested in and loaned to green bonds and renewable energy business)

Responsible Investment Report
<https://www.dai-ichi-life.co.jp/english/dsr/investment/ri-report.html>

Indicators and Targets

(1) Indicators and Targets as an Operating Company

- The Group as a whole is working to reduce CO₂ emissions by 1% year-on-year. Emissions in fiscal 2019 were approximately 138,900t (Scope 1: 10,800t and Scope 2: 128,100t), a reduction of approximately 10% year-on-year.
- Dai-ichi Life, which operates a large-scale business, has established medium- to long-term CO₂ emission reduction targets of 40% by fiscal 2030 and 70% by fiscal 2050 (both compared to fiscal 2013), and in fiscal 2019, progress toward achieving these targets was on track.

(2) Indicators and Targets as an Institutional Investor

Dai-ichi Life created and published¹ a basic ESG investment policy in April 2020 in order to commit itself to strongly encouraging ESG investment initiatives for a sustainable society so as to fulfill its fiduciary duty to its customers. The Group set out the following goals:

- Incorporate ESG into the management policy and management process of all assets (target completion by 2023)
- Increase investment and loans to solve priority social issues set out by Dai-ichi Life (by 2023, more than double the amount of cumulative investments compared to the end of fiscal 2019²)

1. https://www.dai-ichi-life.co.jp/english/news_release/2020/pdf/index_006.pdf
2. End of fiscal 2019 results: 550 billion yen

External Directors' Roundtable Discussion



Maintaining a Healthy Relationship between Members with Supervision and Execution Roles while Preparing for Future Developments

In 2016, the Dai-ichi Life Group transitioned to a holding company structure and also became a company with an Audit & Supervisory Committee. All seven of our external directors gathered to reflect on governance initiatives since then. They also examined the state of governance going forward and covered the challenges we face in further strengthening governance.

Clockwise from top left: Mr. Yasushi Shingai, Ms. Yuriko Inoue, Mr. Koichi Maeda, Dr. George Olcott, Ms. Rieko Sato, Mr. Ungyong Shu, Mr. Koichi Masuda



Topic 1: Governance after transitioning to a holding company structure

Sato When we became a company with an Audit & Supervisory Committee, at our transition to a holding company in 2016, there was considerable debate at the Board of Directors (the “Board”) and I strongly opposed the plan to become a company with an Audit & Supervisory Committee.

Initially, I thought it was better to stay as a company with a board of company auditors, where each auditor has independent authority, rather than an Audit & Supervisory Committee that functions as a group. Looking back now, however, I do not see such a great difference. Also, I think that our Audit & Supervisory Committee has evolved in these four years as we have faced various challenges and have responded with improvement efforts. It seems to me that we are functioning very well even when compared with other companies. However, in terms of what we must do, or where we must focus, as a holding company, there have been occasional suggestions from other external directors and myself as well, but I feel they are yet to become apparent or still in the process of becoming clear.

Olcott As far as what has changed since we became a company with an Audit & Supervisory Committee, to be frank, I have not noticed any significant changes. However, serving as an external director at several Japanese companies, I have noticed that the authority of a corporate auditor is limited than that of an Audit & Supervisory Committee member; while the former may have independent authority, he or she is not a director.

As a company with an Audit & Supervisory Committee, all Dai-ichi Life Holdings (the “Company”) directors are on the same plane, which creates a sense of reassurance in that Audit & Supervisory Committee members can carry out their tasks with authority. This does not imply that such a sense of reassurance was previously lacking, but rather that matters deliberated by the Audit & Supervisory Committee now have a higher degree of importance. In the five years since I was appointed, looking at the overall transition in corporate governance not only at the Company, but also at other companies in Japan, the ratio of external directors and

the level of debate have risen. At the Company, I think, the quality of the board members has also risen, and that the healthy tension supporting Board discussions has greatly increased.

Shu We switched to a holding company and at the same time became a company with an Audit & Supervisory Committee. And in these last few years we made various organizational adjustments with respect to governance, among which the largest change and evolution has been our progress in enhancing the essential elements of governance subject matters, rather than the establishment of organizational frameworks, which is where we started from. The most obvious example here is the qualitative and quantitative increase in communication between internal and external directors, with that communication being more than a formality. Our debates are becoming, or maybe already have become, more straight up.

Furthermore, thinking of the past 5 years, or the 10 years since our public listing, we have not really seen a favorable business environment. Rather, some challenging aspects have been present, meaning that it is becoming increasingly difficult to maintain a relaxed approach and live up to performance obligations as a business entity. It seems, that our governance is beginning to function with a rigorous awareness of our responsibility for results.

Inoue It has been two years since I was appointed an external director and I feel that there has been a significant change in what is expected of external directors. If I were to put it in a single sentence, initiatives set forth by external directors have been launched more intensively than before and this has become common. While I can praise the Company's long-standing and robust information-sharing with external directors, in addition to providing training and site visits by external directors, I felt that external directors were a somewhat passive presence - although this may have been because it was soon after I was appointed. Even if individual directors brought constructive issues before the Board, it seemed that they ended as single comments, the conditions were



not so conducive for launching into debate.

In our case, we have seven external directors, each with their own field of specialization, diverse experiences, and individual characters that contribute to building a balanced group. I thought that we could come together and create synergies, and leverage our presence as a group. We have had various opportunities, such as last year sometime around February or March when we started voluntarily gathering together for discussions, initially with the intention of sharing a meal and communicating, but then, with repeated meetings, leading to discussions on specific topics that members supplemented with reference material. Since the business challenges faced by life insurance companies are quite technical, we have also invited external experts to join us for study sessions. This process has effected great leaps in the quality and quantity of communication among external directors, creating cohesive understanding and giving us a shared awareness of the Company's challenges. Furthermore, even if opinions differ among external directors, I think we have built relationships where we can debate candidly.

In this age of volatility, uncertainty, complexity and ambiguity (VUCA), the Company is under pressure to transform significantly. For such transformation to be realized, strong leadership from President Inagaki backed by solid support from us, the external directors, is expected. I trust that we external directors all agree on this point. We started

out with exchanging opinions just among external directors, but this year we have worked to enhance our communication with internal directors. Namely, we added meetings with President Inagaki, and when covering specific topics, we held discussion sessions with key executives, in addition to exchanging opinions between internal and external directors. This year being the year for formulating our next medium-term management plan, I feel that this team gives us a great environment for discussing the plan.

Shingai Including the Company, I have experience in serving as an external director at four companies. Also, when I was responsible for business execution at a manufacturing company, I brought in external directors to improve corporate governance. When I was appointed as a Dai-ichi Life Holdings external director in June of last year, I felt that the external directors had relationships that encouraged candid discussions. At the same time, however, I felt that the recommendations the external directors provided were not necessarily reaching those responsible for execution to full effect. When I conveyed this to President Inagaki, he was very proactive in setting aside time to discuss the matter. Additionally, in order to make Board discussions as fruitful as possible, explanations of proposed resolutions have been received ahead of time from directors-in-charge and general managers. Since the life insurance industry – financially and in other ways – are entirely different from other industries, receiving explanations ahead of time is an extremely helpful practice. Recently, President Inagaki has tried as much as possible to be present for these Q&A sessions, which has made the exchanges more informative for us. Getting rudimentary discussions out of the way ahead of time is extremely significant because it allows more focused discussion at Board meetings and is leading to higher quality discussions as a whole. I plan to leverage these dialogues to make future Board discussions even more meaningful. It is my hope that when discussions become too placid, I can toss a stone in the water to create some ripples that help members think, “Oh, that's another important angle to consider.”

Overall, I think that governance is headed in a good direction right now. For example, Board materials and many other documents were previously presented in hefty volumes that made it difficult to

know, as a monitoring board, where we should focus our attention and aim our discussions. However, because several external directors, including myself, pointed this out, changes were made. In light of my experience as an external director at other companies, it seems that changes at the Company are happening more rapidly. Challenges do still exist and I am not yet satisfied. However, I can tell that both the team of external directors and the management team have a shared mindset toward changing our governance quickly.

Maeda I became an external director when we transitioned to a holding company. Regarding the Board meetings, my first impression was that they were more like an extension of the operating company Dai-ichi Life's Board meetings rather than those of the holding company. But I think that in the last four years, the Board has subsequently improved its workings considerably – the Audit & Supervisory Committee is functioning soundly and two additional external directors with different backgrounds have joined us. Also, regular surveys on the effectiveness of the Board have been conducted, which have produced many critical opinions. The management team has taken such feedback seriously and, among other issues, given thought to an ideal holding company board. Examples include increasing the opportunities for external directors to meet with the president before Board meetings to enhance discussion of the bigger picture in terms of business direction. I think that our role is to qualitatively strengthen this productive atmosphere and foundation, while building even more constructive ties with executives.

Masuda I was also appointed external director and Audit & Supervisory Committee member when the Company transitioned to a holding company. Over the 10 years prior to that, I was an external director and audit committee member at a company with committees (currently: a company with nominating committee, etc.) and as an auditor or external director at a company with a board of company auditors. Dai-ichi Life has chosen a structure of having an Audit & Supervisory Committee. This was a new hybrid structure of companies with a board of auditors and companies with a nominating committee, etc. I was

not sure what the legal authority and responsibility would be for an external director and Audit & Supervisory Committee member fulfilling the dual role of auditor and external director, and likewise was not sure how this would differ from being an audit committee member at a company with a nominating committee, etc. In my capacity as an Audit & Supervisory Committee member, the position entails auditing the execution of duties by directors, while simultaneously, in my capacity as a Board member I having responsibility for supervision and oversight of execution of duties. This means having dual authorities and responsibilities.

At a time when, initially, there was no established assessment for these companies with an Audit & Supervisory Committee, I felt that the Company was ahead of the pack in its efforts to strengthen corporate governance and was actually outpacing the other companies I was involved with. However, in my six years (up to June of last year) of working as a director at Japan Exchange Regulation, I saw that more than 1,000 companies had already become companies with an Audit & Supervisory Committee, which showed me that the governance mindset was also evolving at other companies and governance structures were becoming substantive rather than mere formalities. In contrast, there was a time when I thought that the Company was starting to slow down. But over the past two years the level of our discussions has become more substantive and now I feel that our governance structure is getting stronger.



Topic 2: The dialogue between members with supervision and execution roles

Olcott Compared to the other companies I am involved with, none have more communication among external directors, and none have more interaction between external directors and the management outside the board meetings. This roundtable discussion is actually the second meeting today bringing together the external directors. The day before yesterday, we also met for about five hours. Life insurance is an extremely complex business and has many differences from other industries in terms of how we handle accounting and draft our balance sheets, so I am very appreciative that we, as members of the Board, are dedicated to mutually informing and supporting each another. And to respond to important management issues, we need to increase such opportunities to meet and engage in more frequent dialogue with management outside the Board meetings. Fortunately, President Inagaki and other executives have a very positive attitude in this regard. I think there has been an encouraging trend toward more dialogue, which should help us clear these hurdles.

As far as other issues to mention, I personally think that, compared to other companies, we have a large number of people on our Board. Also, there is still a tendency on the Board for executive directors to speak as representatives of the units and

departments that they are in charge of, while I would prefer for them to give more broad-based input as company directors.

Sato I agree with what Dr. Olcott just said. I am also involved as an external director with companies of all governance types stipulated in the Companies Act, ranging from companies with nominating committee, etc. to companies with Audit & Supervisory Committees. So, I feel that I am well acquainted with these and that this company structure seems, in a sense, to be on the very cutting edge. Since we are auditor-like directors with voting rights, the amount of information held by Audit & Supervisory Committee members is immense. For my part, I am currently determined to share as much of that information as possible with the other external directors.

Both qualitatively and quantitatively, there have been improvements with regard to sharing information and forming a coordinated awareness among external directors, as well as in our communication with the president. At the same time, however, my personal impression is that there is still some distance between internal directors other than the president and external directors. As we proceed, I would like this team of external directors together with the president to proactively involve internal directors as well, to make our discussions even more substantive. The president has also voiced his wish for us to join executive officers and actively exchange opinions, which we have started doing by choosing various themes and gathering together to share ideas after Board meetings. Still, there have been inevitable restrictions in the number of participants and hours available, which has limited discussions to specific executive officers and limited each person's speaking time. So, we will have to be creative in our approach. However, handling various business issues provided discussion opportunities and I think it boosted motivation on both sides for greater communication between the external directors and both the internal directors and officers. Consequently, I think it would be great if we seize this trend, or sentiment, and allow ourselves to utilize such opportunities to exchange



opinions.

Shu Regardless of being an internal or external director, in order to fulfill our responsibility as a Board member, we will need to change many things and avoid thinking of matters by merely extending conventional approaches. This calls for transformational initiatives. I think resistance to changing something that in the past had yielded reasonable results, or was extremely comfortable, is what a human would typically feel. And, if an external director makes such a suggestion for change, the natural response would be an emotional reaction of disapproval, questioning the validity of a suggestion coming from an external director who was not born and bred in the life insurance industry to an industry expert with 40 years of contributing to their company.

When I was appointed external director in 2015, it seemed to me that management would tend to avoid expressing their views, and politely say, "Duly noted" while letting the matter end there. And the new mindset is not to let the matter end there – but rather to allow frank discussion and ask what is actually



happening on the frontlines of business and how we can address those challenges and hurdles as we move forward. It is a very positive improvement enabling us to have serious and candid discussions.

Topic 3: Issues discussed at recent Board of Directors meetings

Inoue Doing business with a clear awareness of the cost of capital is currently one of our important management issues. We are reviewing the fundamental position of a public company aiming to achieve ROE that exceeds cost of capital, and we are discussing how we should monitor business management.

Given the Company's relationship with the operating company Dai-ichi Life, it was not clear enough as to what, and from what perspective, the Company's Board should discuss matters. At present, however, from the perspective of achieving overall Group optimization, the Board has a shared understanding regarding the reallocation of management resources and clarification of business strategies, and the need to establish an environment for leveraging the strengths of each group company. Now, we are at the stage of deepening discussion on each individual matter.

We are now at a once in a half-century or once

in a century turning point for social structures. In the midst of such transformation, the Company must not merely extend the conventional life insurance business model, but rather must think from scratch as to what type of value to deliver to our customers going forward. Designing a future plan from a long-term perspective is also a topic being discussed including digital transformation.

Shingai I am a supporter of the shareholders model, rather than the shareholders model. Although that does not change the extreme importance of recognizing that returns must exceed capital costs in our approach to business. So, we will continue our dialogue with the Company's management to address what is needed to improve returns in relation to cost of capital.

One item to mention is a reduction in market risk. It is very important to find out how to mitigate the interest rate risk that life insurance companies face



due to the nature of their business. Likewise, mitigation of equity risk is also critical. We have to discuss these matters thoroughly. In mitigating these market risks, we first need to lower our cost of capital. Furthermore, we cannot neglect efforts to solidify our foundation for generating profits. In Japan, we are seeing total population shrink. In addition, we have had deflation for the past 25 years, though it is finally turning into disinflation. This has been a headwind not just for specifically to the life insurance industry. And now, uncertainty looms over the economy due to COVID-19. What this means is a reduction in P (price) multiplied by Q (quantity), signaling lower revenue. On the macro level, we are in a country where it is extremely difficult to grow revenue. To expand profit in this kind of business environment will require thinking beyond conventional wisdom, delivering products and services that customers truly need, and rebuilding a sales framework optimized for that objective. At the same time, a similarly critical challenge will be to ceaselessly reassess our cost structure and make it as streamlined as possible.

This task is something we must constantly pursue in management, whether we are living with COVID-19 or post-COVID-19, and before we even launch into discussion on a digital transformation. Through these efforts, we must solidify our profit-generating platform, secure investment capital for the future, allocate investments into growth areas, then

earn further returns from those investments, and enable our business to reproduce them on a larger scale. Among Japanese life insurance companies, our Group's aggressive overseas expansion is one of the pillars of such a growth strategy. In order to accelerate this, external directors and executive directors are starting discussions on what type of internal governance is needed for the Group. We must boost the level of governance if we are to develop and grow our overseas business.

As external directors, we are called upon to deliberate these topics in a fair and unbiased approach while supporting the management. Life insurance is a difficult industry to understand, but we must hold fast to these business fundamentals.

Sato As was mentioned earlier, just after we transitioned into a holding company, I do not think it was exactly clear what each of us should focus on; when questions were asked about various Board resolutions – the answers tended to be more applicable to Dai-ichi Life as an operating company. More recently, our focus has become clearer, discussing the cost of capital, governance for overseas subsidiaries, and similar topics. However, I think there is still room for improvement to have a common understanding between internal and external members regarding perspectives and KPIs we should focus on as a holding company.

Olcott As an external director for a publicly listed company, I must always keep in mind what the shareholders are expecting. This matter is applicable not only for this company alone, but I feel that there is still a lot of distance between the board of directors and shareholders of Japanese firms. When discussing company business strategies, it is necessary to consider such aspects as long-term sustainable growth. So, we need to carefully consider what is needed to create an organization that is competitive over the long-term and what resources this will require.

Unfortunately, the Company's stock, in a sense, seems to lack specific appeal as an investment because its price tends to fluctuate depending on interest rates and the stock market. Are investors buying it simply because it responds to market movements, or are they investing because there are

other factors that they expect of us? After five years of being a director, I honestly still do not have a clear answer to this. Again, it is not only applicable to this company. It is a question that relates to all Japanese companies and I think it is extremely important to deepen our dialogue with all shareholders.

Maeda I think that the time has come once again when we must return to our roots as a company and align our efforts and ideas regarding what kind of sustainable development we want as a group. As a mutual insurance company, our primary stakeholders were policyholders, but with our transition to a publicly listed company and then to a holding company structure, the importance of managing business with shareholders in mind has risen. Upon ensuring the basics such as the relationship between cost of capital and ROE, about which we have recently been having deep discussions, our next obvious step as a corporation is to achieve sustainable growth for Group businesses and to return profits to each stakeholder. To that end, we, external directors, would like to sincerely commit to thinking about issues such as risk-taking policies and the direction of risk reduction reported on and advised on last year by the Asset Liability Management Committee, which has outside experts among its members.

Masuda I agree with the opinion that we should manage with an awareness of shareholders. Vis-a-vis the stock market, the Company, as a holding company, is called upon to do business while remaining firmly aware of the cost of capital, which is the rate of return expected by shareholders. The central role of the Company's Board is supervision and oversight of whether life insurance companies and asset management and other operating companies inside and outside Japan, under the holding company umbrella, are posting results and boosting the Group's overall corporate value, while the Audit & Supervisory Committee has the role of auditing the execution of duties by directors. In auditing the duties of directors and executives, Audit & Supervisory Committee members have many sources of information, including the independent auditor, the Internal Audit Unit, and the employees of many other business units and departments

interviewed by the Audit & Supervisory Committee. At external director meetings, discussion sessions, and the like, we can engage in close communication with external directors who are not Audit & Supervisory Committee members and I feel that these forms of information sharing have enlivened deliberations and discussions, making them more effective. In the two years since I was appointed, there has been steady progress in this regard and recently I have the sense that there have been major changes.

Previously, I served as chairperson of the Audit Committee at a company with a nomination committee, etc. and I felt that it was quite difficult for external directors to have substantive discussions among themselves. So, in that sense, I can see that Dai-ichi Life Holdings' governance structure is taking shape and gaining in efficacy as a result of having responded to a number of issues. As already mentioned, I think that, going forward, we will have close communication between internal directors—including President Inagaki—and external directors, and we will also achieve an even greater level of efficacy and active discussion on the Board as we address the medium-term management plan and other important management issues. Since the number of Board members is rather large, I think that we may also need to consider creating some kind of arrangement for comparatively small group discussions of predetermined topics, because such an approach would allow for deeper, more engaging exchanges.



Topic 4: Expectations for executive officers

Shu In terms of encouraging the management team and expressing expectations for business execution, my first expectation, which I think could be defined as the bare minimum responsibility of performance, is: How can we produce returns that exceed the cost of capital in an industry where profits do not increase without effort? The answer to this, I think, will require an equal commitment across the Board, by both internal directors and external directors.

Second, as far as how to fulfill that responsibility of performance, we must strive to be “number one in the world,” even if that expression may sound a bit unrealistic. If we do not build our business with that sort of outlook and vision, I think, we will not be able to generate the necessary earnings. Currently, while the majority of companies in North America and Europe are definitely producing higher earnings than Japan, they are not fulfilling the minimum duty of exceeding the cost of capital. So, not just in terms of expanding our market on a global scale, but also in terms of our business model, it will be difficult to succeed if we do not set our sights on delivering the world’s best safety and security to the customer as the world’s number one insurance company.

Consequently, my third expectation is for us to go beyond simply outlining or drafting this optimistic huge ambition and instead to prioritize the actions to take now, which can be identified through ‘backcasting,’ to ensure we realize this ambition. As a company with a long history and an extraordinary track record of success, we have a great corporate culture of putting our heads down and earnestly taking on the tasks in front of us. However, we have not necessarily had a substantial amount of discussion on building from scratch, adopting a lofty, ambitious outlook, and reverse planning our tasks to bring us to that destination. If we clarify the pertinent steps needed to turn an ambitious road map into reality, I think that our priorities might rearrange themselves, which is a direction we should try to pursue. I know that this has the potential for being a long and challenging path. However, I feel that external directors are true partners of the

management. I would like to convey to management that we are by their side as partners committed to the process of boldly exchanging opinions to make a company that shines on the global stage.

Inoue I would like to make two points here. First, I hope that we can enhance the quality of dialogue with investors and stakeholders. Being a publicly listed company makes dialogue with shareholders undoubtedly important, and also makes us a public institution, which adds the responsibility to explain our business to policyholders and our many other stakeholders. It has been a recurring comment today, but the life insurance business is extremely complicated and is different from other typical businesses that buy and sell products. I really want to find some good ways to convey the Company’s business in a more accessible manner. I want to communicate the Company’s current status to investors and stakeholders in a way that is conducive to comparison and comprehension, which can lead to constructive dialogue.

My second point has to do with corporate culture and workplace environment. It has been said that a company’s corporate culture is in the background of its problems. For example, work-style reforms are an issue that Japanese companies need to tackle today. The Company’s initiatives to date, such as efforts for diversity and inclusion, have received praise from society, though I hope we can take them to an even higher level. In light of the spirit of the recently enacted Anti-Power Harassment Law, I hope that we can pause and make a self-assessment of whether we are sufficiently respecting personal dignity and providing an environment that allows all employees to exercise their individuality and talent. The brand message at the foundation of Dai-ichi Life’s business principles is “People First.” This represents the essential value that we have inherited and must carry forward. I hope that we can proceed with reforms suited to this new imperial era (a new emperor was enthroned in 2019) and foster a corporate culture and spirit of “People First.”

Shingai First, I would like us to grasp the future and

act today. I think this is a must for our management team. To date, Japan’s life insurance industry in particular has pursued business within demographic trends. Demographic factors actually represent a future that is already set in motion because we can see how that future will play out by looking at the number of people who are being born. As far as other factors, I think we need to discern ultra-long term megatrends and business conditions (such as digitalization and AI) and carefully consider what products, services, and business models will allow the Company to continue and grow in the distant future. Starting with an idea of that future, we can work our way backwards and determine what we must engage in today. At the same time, however, no matter how much we examine the business environment, there is no guarantee that events will play out as we expect, given VUCA. Our examination must be on-going; we must have the energy to basically reassess megatrends every year.

So, what must we focus on with our new strategies? From the outset, the life insurance business is very close to society and its issues, so one could argue that we should pause and reacquaint ourselves with the fundamentals – solving social issues and generating new social value can be translated into economic value. Japan stands out in the world as a hyper-aging society, a trend that continues to progress. Consequently, various challenges will emerge going forward and if we can create new social value that we translate into economic value, we will have made a Japanese model that could be extremely vital elsewhere in the world. Since this is a truly timely chance, I would like us to use it to full advantage.

Second, is the type of leadership needed to make this happen. I would like to call upon the management to have inclusiveness for diversity, an abundance of insight, as well as the intellectual curiosity and strength to transform - in other words, the courage to make a decision and see it through.

Third, for not only the top management team, but for the Company as a whole, I hope that we can take the time to contemplate our definition of organizational strength. To be sure, there are two types of organizational strength. One is the capacity



to aggregate diverse knowledge and conceive of superior strategies. The other is the capacity, once strategies have been so conceived, to execute them precisely. Up until 30 years ago, when the Japanese economic bubble burst, I think that domestic companies enjoyed a business model that was clear-cut and had the characteristics of a monoculture. For most companies - including the Company - the latter was their forte, but the former was not. This was the downside of monoculture. It lacked diversity. I think that it has been deficient at the Company, too. Let us find the drive and energy to seize both these forms of organizational strength. In order to do so, I think we need a culture that is more and more accepting of different kinds of people. First of all, I think that we would benefit if we made it second nature to consistently question conventional wisdom. As an external director, one of my roles is to thoroughly intuit the surrounding environment, while also being willing to speak frankly without worrying about disrupting the status-quo.

Maeda Though a slightly different topic, but I have had the chance to visit the Company’s innovation laboratory in Shibuya. I felt reassured when seeing that the Company has a cohort of multi-skilled, young employees who are branching out from conventional insurance business and devoting daily effort to tackling new challenges in the way that one might find at a business incubator. By further

combining this kind of internal development team with external, cutting-edge technology, we have the potential to generate new ideas and infuse new value into today's mature insurance market. Hopefully, this approach will be reflected in the growth strategies of our next medium-term management plan.

Olcott Looking at the composition of the Group's executive officers, my impression is that we are still a domestic-type company. Since we have devised a medium-term management plan that targets approximately half of earnings from overseas by 2025, I think that the Executive Management Board and Board of Directors need more of a global tone in their discussions. Rather than taking hints from our competitors inside Japan, we need to refer to the global expansion of overseas competitors such as Allianz and AXA when considering our own strategies.

Recently, the Company has finally started such initiatives, but if we approach discussions as a team of people who have done business within the Japanese market, our only benchmark will be the Japanese life insurance industry. To truly become a global player, I think we need to bring in the voices of others in our community, such as talents and leadership from subsidiaries in the U.S., Australia, and Vietnam, so that we build our strategies from a global perspective. Additionally, since Japan has elements that are extremely advanced, we can take these domestic best practices and deploy them overseas just as we use overseas best practices at home. These types of global synergies have not yet been fully leveraged, so I would like to communicate such a request to the management team.

Masuda I would like to make two points. First, like the organizations we see in Japan that are large and have long histories, Dai-ichi Life, with more than 100 years of traditions and a good reputation, seems to

be catching the so-called "big company disease." However, the Company directors are directors for the Dai-ichi Life group as a whole and have the authority and responsibility to manage the entire group. It would be a dire situation if we reach a state in the future where directors attend to the duties within their area of responsibility, but lack interest in the areas handled by other directors. Since directors of the Company must take into consideration matters for the entire Dai-ichi Life group, we cannot be in a situation where we focus only on optimizing particular areas without optimizing for the Group as a whole. I would like us to make progress in transforming this approach.

My second point has to do with fostering talents to handle management of units and departments that will be strategic 10 or 20 years from now. While globally competent employees, IT professionals and other specialized personnel, are needed to shoulder our core businesses (the domestic life insurance business, overseas life insurance business, and asset management business) going forward, I hope that we will also give thought to succession plans for developing those who will take over Group management. I think that this is the responsibility and duty of the current management team.

Sato I just have one thing that I would like to add. Let us strive to forget the success we have had so far, and, on top of that, act as if our historical legacy and assets do not exist. If we cannot manage that, I think we may not have a future. Assuming the absence of our past successes and legacy, what is it that our greatest stakeholders – policyholders and shareholders – expect and seek from us? We should fully understand those needs, then build and execute strategies that will allow us to meet them.

Basic Approach to Corporate Governance

The Company has developed a system of corporate governance as stipulated in the Basic Corporate Governance Policy to ensure transparent, fair, prompt and bold decision-making while balancing supervision and management, in order to respond to the entrustment of its multiple stakeholders, such as customers, shareholders, society and employees, and to

achieve sustainable growth and enhancement of corporate value over the medium- to long-term.

 **Basic Corporate Governance Policy/ Corporate Governance Report**
<https://www.dai-ichi-life-hd.com/en/about/control/governance/basic.html>

Initiatives to Strengthen Corporate Governance

The Dai-ichi Life Insurance Company, Limited

Fiscal 2010

- Listed its stock on the Tokyo Stock Exchange (First Section)

Fiscal 2011

- Introduced share remuneration-type stock options

Fiscal 2013

- Established an Advisory Board

Fiscal 2014

- Established Independence Standards for Outside Directors
- Established an Internal Control Policy for the Dai-ichi Life Group
- Commenced self-assessment of effectiveness of the Board of Directors

Fiscal 2015

- Established a Basic Corporate Governance Policy

Dai-ichi Life Holdings, Inc.

Fiscal 2016

- Transitioned to a holding company structure (October 2016)
- Transitioned to a company with an Audit & Supervisory Committee (October 2016)
- Commenced self-assessment of the effectiveness of the Audit & Supervisory Committee

Fiscal 2017

- Commenced self-assessment of the effectiveness of the Nominations Advisory Committee and Remuneration Advisory Committee

Fiscal 2018

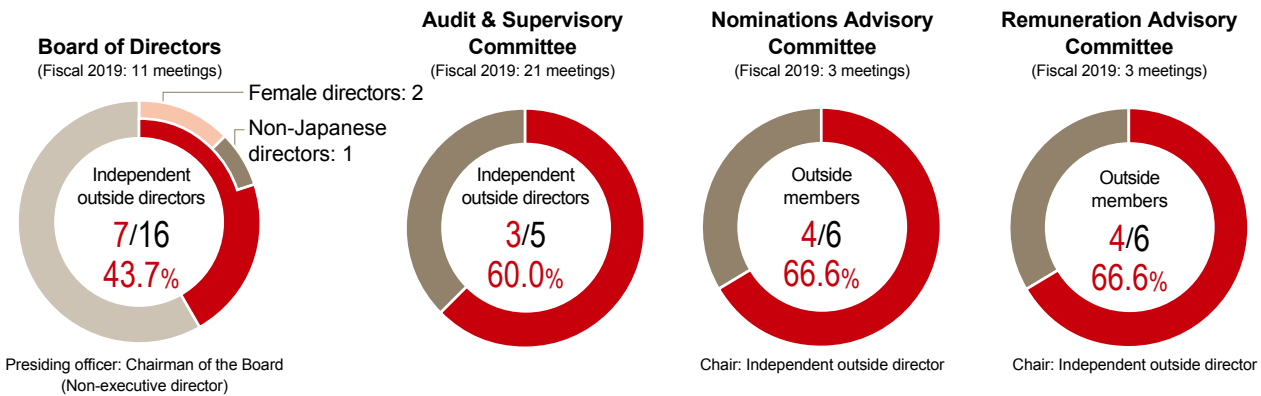
- Introduced a restricted stock remuneration scheme

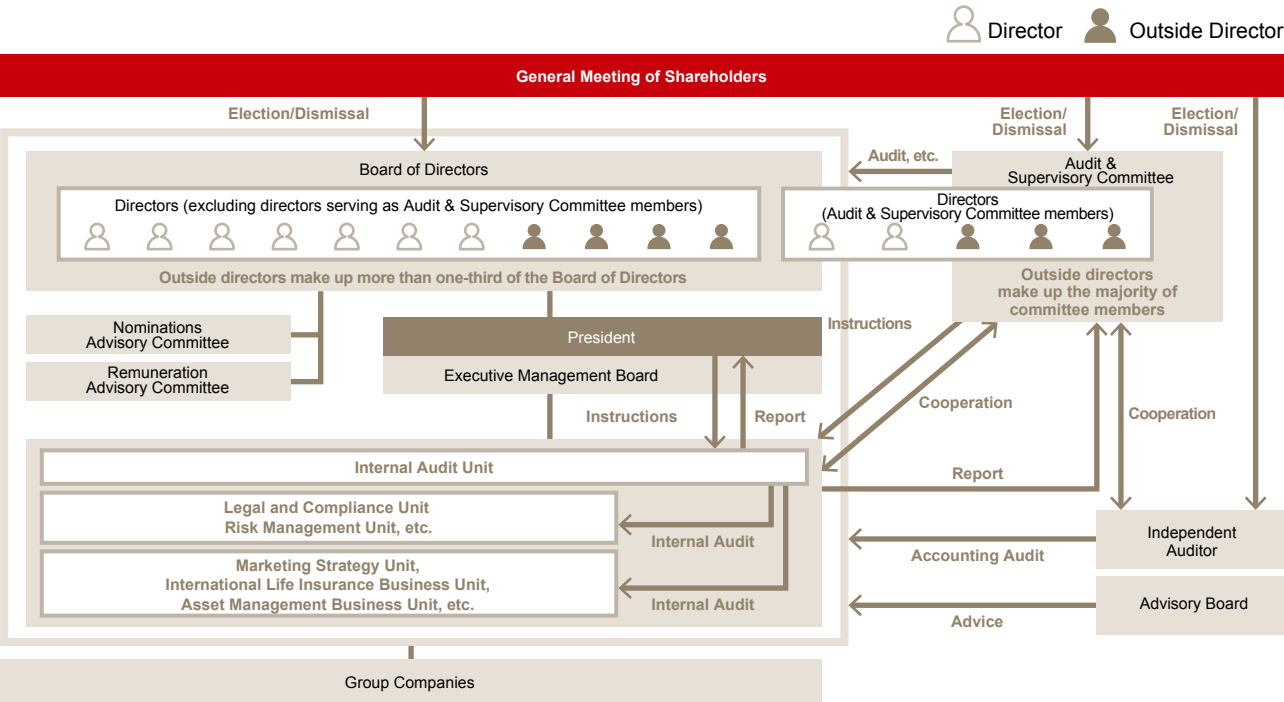
Corporate Governance Structure

Overview of the Corporate Governance Structure

As of June 22, 2020

Corporate Governance Model	Company with an Audit & Supervisory Committee
Term of office for directors	1 year (2 years for Audit & Supervisory Committee members)
Voluntary advisory bodies for the Board of Directors	Nominations Advisory Committee, Remuneration Advisory Committee
Remuneration systems for directors and officers	(1) Basic remuneration, (2) Performance-linked remuneration, (3) Restricted stock remuneration (see p. 89)
Independent auditor	KPMG AZSA LLC





Board of Directors

The Board of Directors is responsible for making important decisions on the Group's management strategy, management plan, etc. and supervises business operations execution. The Board of Directors consists of internal directors with knowledge and experience necessary to manage in an accurate, fair, and efficient manner and outside directors with the deep insight, rich experience, and independence necessary to fully demonstrate supervisory functions. In principle, outside directors make up more than one-third of the board. The diversity of the Board of Directors is also taken into consideration.

Audit & Supervisory Committee

As an independent body from the Board of Directors, the Audit & Supervisory Committee audits the execution of duties by directors and the development and implementation status of Group internal control systems from a legal and appropriateness standpoint. It is also responsible for supervisory functions over the Board of Directors by expressing opinions on their appointment and remuneration. The Audit & Supervisory Committee includes at least one member with sufficient knowledge about finance, accounting, and legal matters. It consists of internal members with knowledge related to the life insurance business and outside members with excellent insight, rich experience, and independence.

Nominations Advisory Committee/
Remuneration Advisory Committee

To further enhance management transparency, these committees are established as voluntary advisory committees for the Board of Directors to refer proposals to the Board of Directors after deliberating and deciding on the following.

- Nominations Advisory Committee: election and dismissal

of directors

- Remuneration Advisory Committee: issues related to remuneration

These committees are made up of the chairman of the Board, president, and outside directors, who constitute a majority of the committee members.

The establishment of the Nominations Advisory Committee and the Remuneration Advisory Committee are stipulated in the Articles of Incorporation.

Executive Management Board

The Executive Management Board, consisting of the president and executive officers appointed by the president, meets to consider important management and executive matters.

Advisory Board

To further strengthen and enhance governance the Company has established an Advisory Board to seek extensive advice from outside experts on a medium- to long-term perspective regarding general management matters.

Nominations Advisory Committee

Title	Name
Outside Director	Koichi Maeda*
Outside Director	George Olcott
Outside Director	Yuriko Inoue
Outside Director (Audit & Supervisory Committee Member)	Rieko Sato
Director, Chairman of the Board	Koichiro Watanabe
Representative Director, President	Seiji Inagaki

Remuneration Advisory Committee

Title	Name
Outside Director	Koichi Maeda*
Outside Director	Yasushi Shingai
Outside Director (Audit & Supervisory Committee Member)	Ungyong Shu
Outside Director (Audit & Supervisory Committee Member)	Koichi Masuda
Director, Chairman of the Board	Koichiro Watanabe
Representative Director, President	Seiji Inagaki

* The chairman of the Nominations Advisory Committee and the Remuneration Advisory Committee.

Framework Supporting Corporate Governance

Election Standard of Directors

The Company's Board of Directors elects internal directors based on the knowledge and experience that would enable appropriate and effective management of the Dai-ichi Life Group in a fair manner, as well as considering sufficient social credibility of the candidate. In addition, candidates for outside director are elected from those who generally satisfy the following conditions to fully demonstrate their supervisory function.

- Candidates shall have superior views and extensive experience in any of the following fields: corporate management, risk management, internal control including legal compliance, corporate ethics, management quality control, global management, macroeconomic policy, etc.
- Based on the "Independence Standards for Outside Directors" candidates shall be judged as being independent from the management of the Company.

Term of Office

The term of office for the Company's directors, excluding those who also serve as members of the Audit & Supervisory Committee, shall be until the close of the ordinary general meeting of shareholders with respect to the last business term ending within one year after election in accordance with the provisions set forth in the Articles of Incorporation.

Moreover, from the perspective of securing independence, the maximum term of office for outside directors, excluding those who also serve as members of the Audit & Supervisory Committee, shall be eight years.

On the other hand, the term of office for directors who serve as a member of the Audit & Supervisory Committee shall be until the close of the ordinary general meeting of shareholders with respect to the last business term ending within two years after election in accordance with the provisions set forth in the Articles of Incorporation. Moreover, from the perspective of securing independence, the maximum term of office for directors who serve as a member of the Audit & Supervisory Committee shall be 12 years.

Evaluating the Effectiveness of the Board of Directors

To strengthen corporate governance, the Board of Directors has self-evaluated its effectiveness each year since fiscal 2014 to ensure the effectiveness of the Board of Directors decision-making. The results of each year's assessment are used to improve operation in the following fiscal year and beyond. Furthermore, the Board of Directors evaluates not only itself, but also the overall governance system, including the Audit & Supervisory Committee, the Nominations Advisory Committee, and the Remuneration Advisory Committee.

Self-assessment of the Board of Directors

<https://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html>

Support to Outside Directors

To secure effective deliberations at Board of Directors meetings, outside directors are provided with related materials prior to the meetings and briefed on important matters in advance.

Also, when a new outside director is appointed, various initiatives are implemented such as lectures to provide the necessary knowledge on the Dai-ichi Life Group's business, financial situation, and corporate structure, as well as visits to business sites in Japan and overseas and discussions on important matters with the executive officer in charge to deepen understanding of the Group's business.

▶ P. 87,88 For details, please see pp.87 and 88.

Independence Standards for Outside Directors

- When an outside director of the Company does not fall under any of the following cases, she or he is judged independent from the Company.
1. An outside director is or was a person responsible for the operations of the Company or any of the Company's subsidiaries or affiliates.
 2. An outside director is a spouse or a relative within three degrees of a person responsible for the operations of the Company or any entity that has a special relationship with the Company (other than persons of low importance).
 3. An outside director is a person responsible for the operations of a company whose officers include a person responsible for the operations of the Company or any of its subsidiaries.
 4. An outside director is a shareholder ranked in the top ten on the Company's latest register of shareholders, or a person responsible for the operations of any entity which is such a major shareholder.
 5. An outside director is a person responsible for the operations of a business partner of the Company and said business partner's consolidated subsidiaries, and the Company and its consolidated subsidiaries (consolidated subsidiaries specified in its Securities Report) have paid an annual amount equivalent to 2% or more of the said business partner's consolidated net sales to said business partner and its consolidated subsidiaries (consolidated subsidiaries specified in its Securities Report) in the last three fiscal years.
 6. An outside director is a person responsible for the operations of a business partner of the Company and said business partner's consolidated subsidiaries, and the Company and its consolidated subsidiaries (consolidated subsidiaries specified in its Securities Report) have received an annual amount equivalent to 2% or more of the Company's consolidated net sales from said business partner and its consolidated subsidiaries (consolidated subsidiaries specified in its Securities Report) in the last three fiscal years.
 7. An outside director has served as an accounting auditor of the Company or any of its subsidiaries in the last three fiscal years (in the case of a corporation, a partner of said corporation or other person responsible for its operations).
 8. An outside director is a consultant, an accounting professional, or a legal professional who has received economic benefits equal to 10 million yen or more per year on average from the Company or any of its subsidiaries in the last three fiscal years, other than as compensation as a director or an audit and supervisory board member of the Company (including as a partner or other person responsible for the operations of a corporation, an association or any other organization which falls under any of the preceding professionals).
 9. An outside director is a person responsible for the operations of a not-for-profit organization that has received donations equal to 2% or more of its gross revenue or ordinary income from the Company or any of its subsidiaries in the last three fiscal years.
 10. An outside director was formerly a person responsible for the operations of an organization, company or business partner stated in the preceding paragraphs 4 through 9, and it is within five years since she or he retired from said organization, company, or business partner.

Measures based on Effectiveness Evaluation

Survey Overview

1 Conduct self-assessment survey

Respondents
All directors

Response style
Anonymous

Main items assessed

- Operation of the Board of Directors and initiatives aimed at enhancing deliberations
- Composition of the Board of Directors
- Role and state of operation of each committee
- Encouragement of communication among directors
- General effectiveness of governance system and Board of Directors

2 Results analysis and improvement plan formulation

- Collection and analysis of survey responses by a third party
- Create a draft assessment of effectiveness and improvement plan based on the analysis results
- Exchange of opinions between the third party and outside directors, etc.

3 Report to Board of Directors and disclosure of results

- The results of the assessment and the improvement plan are disclosed on the Company's website after being reported to the Board of Directors

Initiatives to Enhance Effectiveness

Main Issues

- Strengthening information sharing between the Board of Directors and each committee
- Promoting outside directors' understanding of the Group's business

Improvement measures

- Reporting or sharing information on the points discussed at each of the committees by the chairman (outside director) to the Board of Directors
- Visits to business sites in Japan and overseas to exchange opinions with management executives
- Expansion of discussions on important matters with the executive officer in charge
- Provision of materials and minutes from the Board of Directors and Executive Management Board, including materials from past meetings on a tablet device

1. Reporting to the Board of Directors on the points discussed at meetings of the Nominations and Remuneration Advisory Committees

Nominations Advisory Committee

- Officer composition for the new fiscal year
- Issues and deliberation points regarding future officer composition, etc.


Remuneration Advisory Committee

- Issues and deliberation points regarding officer remuneration systems, etc.


2. Visits by outside directors to business sites in Japan and overseas

October 2019: Visits to North America Regional Headquarters and Protective (U.S.)

January 2020: Visit to Neo First Life



An exchange of opinions with the management team



Visit to an insurance agent Insurance Clinic (physical shop)

In addition to the above, there were three visits to Dai-ichi Life branch offices in fiscal 2019

3. Discussions on important matters with the executive officer in charge

Primarily discussions about the strategy of each business between outside directors and the executive officer in charge before these matters were brought up at Board of Directors meetings.
Matters discussed in fiscal 2019: Group management strategy, Business strategy in Japan, Asset management business strategy, Business strategy overseas, IT strategy

Fiscal 2018

Fiscal 2019

Main Issues

- Clarification of matters such as content of agenda and reporting items, deliberation and discussion points, etc.
- Further deepening of discussions on important matters

Improvement measures

- Be sure to clarify matters such as content of agenda and reporting items, and deliberation and discussion points in the summary of Board meeting materials and provide only a summary as explanation
- Be sure to provide supplementary oral information on discussion points at executive departments, such as the Executive Management Board
- Share and follow up on items for consideration and separate reports at Board meetings
- Provide opportunities for exchanges of opinions involving only outside directors

4. Following up on items for consideration and separate reports brought up in discussions at Board meetings

Response and progress regarding issues recognized at Board meetings to be confirmed at the start of each meeting

5. Exchanges of opinions involving only outside directors

Held six times since September 2019 following Board meetings and at other opportunities (inside directors also attended when appropriate at the request of outside directors)

Fiscal 2020

Main Issues

- Strengthening of supervisory functions and further enhancement of discussions on important matters
- Enhancement of communication between inside and outside directors

Improvement measures

- Further scrutiny of agenda to secure time for more discussion on particularly important matters such as business strategy and M&A
- Hold opinion exchange meetings attended by all directors to provide information on important matters to be discussed and discuss business strategy direction, etc.

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Value Creation Story Management Strategy Value Creation Initiatives Data Section

Officer Remuneration

We recognized the remuneration system for directors and officers to be a critical component of “fair treatment” for directors and officers responsible for the development of the Group. Therefore, we set up the basic policy and basic principles for director and officer remuneration as well as the decision process as follows.

Basic Policy

- Based on fair treatment
- Evaluate and rewards directors and officers for their contributions to the achievement of sustainable value creation for the Group
- Offer proper structure and competitive level remuneration

Basic Principles

1. Remuneration according to responsibilities and expectations

2. Consistency with strategies on which the Group focuses

3. Linked to Company and individual performance
4. Shares interests with all stakeholders

5. Proper level of remuneration

6. Ensures objectivity and transparency

Decision Process

Remuneration for directors (excluding outside directors and directors who are Audit & Supervisory Committee members) consists of basic remuneration, performance-linked remuneration (company performance and individual performance), and restricted stock remuneration. Outside directors and directors who are Audit & Supervisory Committee members receive basic remuneration only. The amount of these remuneration portions are established using third party research on remuneration for management roles at Japanese companies. Moreover, the aforementioned Basic Policy for Remuneration of Directors and Officers and Basic Principles for Remuneration of Directors and Officers were determined by the Board of Directors following deliberation by the Remuneration Advisory Committee where outside directors make a majority of committee members.

Director Remuneration Structure

	Directors (excluding directors serving as Audit & Supervisory Committee members)		Directors (Audit & Supervisor Committee members)	Remarks
	Internal	Outside		
Basic amount	○	○	○	Remuneration according to duties and responsibilities
Performance-linked amount (company performance and individual performance) (short-term incentive)	○	—	—	Linked to level of achievement of the performance indicators
Restricted stock amount (long-term incentive)	○	—	—	Set as an incentive to achieve management objectives and enhance corporate value in the medium- to long-term

Key Performance Indicators (KPIs)¹ for Performance-linked Amounts

Business Perspective	KPI	Business Perspective	KPI
Capital efficiency	Average EEV growth (Group ROEV)	Profit indicators	Group adjusted profit
	Consolidated operating ROE ² , consolidated ROE		Dividends received from subsidiaries
Financial soundness	Economic solvency ratio (ESR)	Market evaluation	Value of new business ³
	Margin of improvement in ESR (excluding factors due to economic changes)		Share price (against benchmark)

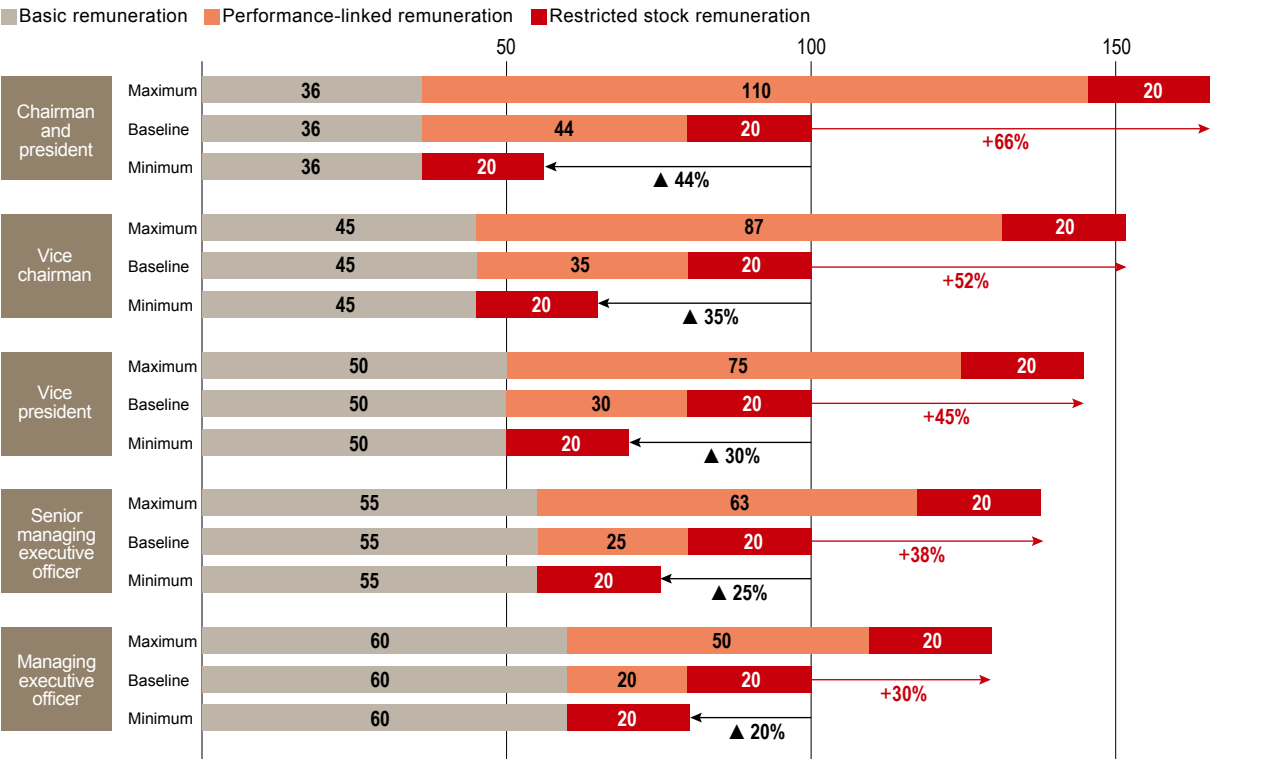
1. The above are company performance KPIs included in performance-linked remuneration.
2. Operating ROE is a core profitability indicator for life insurance business and derived after certain adjustments to ROE.
3. The value of new business is an indicator representing the value of new business at the time of acquisition for a fiscal 2019.

Total Remuneration Details for Fiscal 2019

Officer Type	Total remuneration (Millions of yen)	Remuneration components (Millions of yen)					Number of board members
		Basic remuneration	Performance-linked remuneration		Stock remuneration	Others	
			Company performance amount	Individual performance amount			
Directors (excluding members of Audit & Supervisory Committee and outside directors)	257	123	73	12	48	0	7
Members of Audit & Supervisory Committee (excluding outside directors)	78	78	—	—	—	0	2
Outside directors	112	112	—	—	—	—	7

Variations in Remuneration for Each Position

The chart below shows how the composition of remuneration for each position would vary if theoretical minimum, baseline, and maximum levels of KPIs were achieved. Higher positions have a larger ratio of performance-linked pay, so the potential variation is greater, resulting in a system that encourages commitment to achieving business performance.



(Note) Average achievement of KPIs for each position has been set as 100.

Shares Held for Strategic Purposes

Because insurance companies steadily fulfill insurance policies over long periods of time, they are required to build policy reserves from premiums and investment earnings under the Insurance Business Act.

Dai-ichi Life believes that its policy reserve essentially belongs to policyholders and that it should be used in asset management from a long-term perspective.

While, in principle, each of the Group's life insurance companies practice asset liability management focused on fixed income assets, for Dai-ichi Life in particular, which has long-term, stable, large-scale insurance liabilities, there is not a sufficiently developed ultra-long-term bond market to meet its ultra-long-term liabilities. Therefore, it is practicing balanced asset management that incorporates equities and other assets into its portfolio, in an approach that fully considers factors such as company analysis, diversifying industries and companies, and risk management, with a focus on realizing a diversifying effect through different assets.

In this way, in principle, Group companies engaged in the life insurance business hold equities for pure investment purposes as a part of their asset management function, there are also equities invested in and managed, and held for

strategic purposes other than pure investment, such as strengthening relationships through business alliances and making sales strategies more effective through collaboration.

Each year, the Board of Directors of each Group company examines each individual listed stock held for purposes other than pure investment by the purpose¹ of the investment and use indicator² based on profitability compared to cost of capital. If the appropriateness or rationale of holding such stock in terms of strategic holding is not confirmed, and there is no meaning to hold it for investment purposes, it is sold.

1. Examining collaboration contributing to business advancement such as over-the-counter insurance product sales, status of joint ventures and other initiatives, and profitability in terms of pure investment (growth potential, dividend yields)

2. This assesses profitability compared to invested capital at the beginning of the fiscal year. Specifically, it examines whether financial effects, such as those realized through partnerships, and investment income exceed 8% of the cost of invested capital at the beginning of the fiscal year. Financial effects, such as those realized through partnerships, are calculated using factors including the value of new policies realized through sales of products at each Group life insurance company in Japan.

Shares Held for Strategic Purposes

<https://www.dai-ichi-life-hd.com/en/about/control/governance/reference.html>

Establishment and Operation of the Internal Control System

The Dai-ichi Life Group has an internal control policy that stipulates the core philosophies for the establishment and operation of internal control to ensure the integrity and appropriate conduct of business activities at the Dai-ichi Life Group and to maintain and build corporate value.

In addition to this, we implement internal control self-assessments to raise the effectiveness of internal controls. These assessments promote appropriate business operations by identifying major risks in each business process, evaluating the importance of each risk in terms of impact and size of losses incurred if it were to manifest, and then advancing further risk controls or business improvement measures.

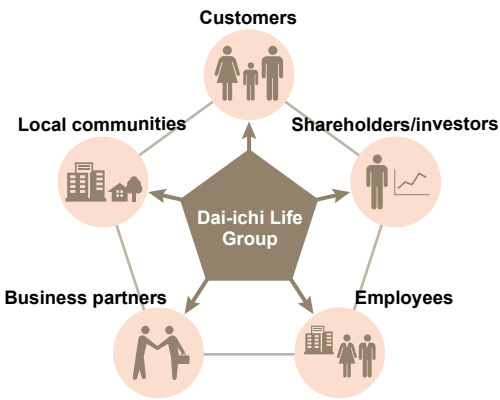
Details of the Internal Control Policy for the Dai-ichi Life Group

https://www.dai-ichi-life-hd.com/en/about/control/in_control/index.html

- Internal Control Policy for the Dai-ichi Life Group**
1. System for Ensuring Proper Operations within the Group
 2. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation
 3. System for Risk Management
 4. System for Ensuring Efficient Execution of Professional Duties
 5. System for Ensuring Appropriateness and Reliability of Financial Reporting
 6. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers' Duties
 7. System for Ensuring Effective Internal Audits
 8. System for Execution of Duties of the Audit & Supervisory Committee

For Stakeholders

At Dai-ichi Life Group, we recognize our customers, local communities, shareholders and investors, business partners, and employees as stakeholders who are deeply involved in our business activities. Based on opinions and evaluations obtained through active communication with various stakeholders, we aim to promote higher-quality activities and enhance corporate value by reflecting to business activities our understanding of issues.



- Specific examples of activities**
- Prompt dispatch of convocation notices (three weeks prior to the Meeting) and website publication (five weeks prior to the Meeting, including an English version)
 - Holding the Meeting on days and at times that avoid conflicting with shareholders' meetings of other companies
 - Adopting an electronic voting rights execution platform for institutional investors
 - Accepting questions in advance through the website
 - Simultaneous streaming of the Meeting over the Internet
 - Prompt disclosure of summary minutes of the Meeting and the voting results

General Meeting of Shareholders

<https://www.dai-ichi-life-hd.com/en/investor/share/meeting/index.html>

Securing Appropriate Information Disclosure and Transparency

In an effort to ensure management transparency, Dai-ichi Life Group discloses information in a fair, timely and appropriate manner following its Basic Information Disclosure Policy. In addition to statutory disclosure, we proactively disclose information on management, quantitative financial information, and non-financial information such as governance and medium- to long-term corporate strategy in both Japanese and English.

IR Library

Japanese: <https://www.dai-ichi-life-hd.com/investor/library/index.html>

English: <https://www.dai-ichi-life-hd.com/en/investor/library/index.html>

Information Disclosure

<https://www.dai-ichi-life-hd.com/en/about/control/governance/disclosure.html>

Dialogue with Shareholders and Investors

We are working to enhance dialogue with shareholders and investors through investor relations activities led by our executive management team. Opinions and requests obtained through investor relations activities are shared with the Executive Management Board and Board of Directors in an effort to enhance corporate value.

Securing the Rights and Equal Treatment of Shareholders at the General Meeting of Shareholders (the "Meeting")

We recognize that the Meeting serves as a place for productive dialogue, and we are taking measures to develop an environment in which the rights of shareholders are ensured and appropriately exercised.

- Specific Examples of Ensuring Information Disclosure and Transparency (Fiscal 2019)**
- Results briefings for institutional investors and analysts (2)
 - Financial results teleconferences (4)
 - Interviews for domestic institutional investors (individual interviews and conferences) (71)
 - Interviews for overseas institutional investors (individual interviews and conferences) (81)
 - Company briefings and seminars for individual investors (7)



Annual General Meeting of Shareholders



Directors

Koichiro Watanabe

Director, Chairman of the Board

Assumed office in July 2001

Age: 67

Number of shares held: 101,681

Board of Directors meetings attended: 11/11

Other major occupations:

- Director, Chairman of the Board, The Dai-ichi Life Insurance Company, Limited
- Outside Director, Japan Tobacco Inc.
- Chairman, Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology, Government of Japan
- Vice Chair, Subdivision on Universities, Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology, Government of Japan
- Vice Chair, Director of Japan Business Federation
- Chair of Committee on Education Reform, Japan Business Federation
- Chair of Committee on Consumer Affairs, Japan Business Federation
- Vice President, The Japan Quality Award Council, Japan Productivity Center

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning, human resources management, public relations and government relations, and he has deep experience and knowledge in the life insurance business. He has duly performed his duties as a member of the Board of Directors since July 2001 by making use of his abundant experience and insight. He has promoted business strategy for the growth of the Group through his service as a representative director and president since 2010. The Company believes he is qualified to be a member of the Board of Directors.

- | | |
|-----------|--|
| Apr. 1976 | Joined The Dai-ichi Mutual Life Insurance Company |
| Jul. 2001 | Director |
| Apr. 2004 | Managing Director |
| Jul. 2004 | Managing Executive Officer |
| Jul. 2007 | Director, Managing Executive Officer |
| Apr. 2008 | Director, Senior Managing Executive Officer |
| Apr. 2010 | Representative Director, President, The Dai-ichi Life Insurance Company, Limited |
| Oct. 2016 | Representative Director, President, Dai-ichi Life Holdings, Inc. |
| Apr. 2017 | Representative Director, Chairman of the Board |
| Jun. 2020 | Director, Chairman of the Board (to present) |



Seiji Inagaki

Representative Director, President

Assumed office in June 2016

Age: 57

Number of shares held: 59,565

Board of Directors meetings attended: 11/11

Other major occupations:

- Representative Director, President, The Dai-ichi Life Insurance Company, Limited
- Chair of Business and Industry Advisory Committee to the OECD Japan, Japan Business Federation
- Vice Chair of Executive Board, Business at OECD (BIAC)

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning and investment planning, and he has deep experience and knowledge in the life insurance business. He played a central role in the demutualization of the Company in 2010 and led the development of a system to implement the Group's growth strategy. In addition, he has duly performed his duties as a member of the Board of Directors since June 2016 and as a representative director and president since April 2017. He has developed a growth strategy to further strengthen and expand the Group's business foundation. The Company believes he is qualified to be a member of the Board of Directors.

- | | |
|-----------|--|
| Apr. 1986 | Joined The Dai-ichi Mutual Life Insurance Company |
| Apr. 2012 | Executive Officer, The Dai-ichi Life Insurance Company, Limited |
| Apr. 2015 | Managing Executive Officer |
| Jun. 2016 | Director, Managing Executive Officer |
| Oct. 2016 | Director, Managing Executive Officer, Dai-ichi Life Holdings, Inc. |
| Apr. 2017 | Representative Director, President (to present) |



Satoru Tsutsumi

Representative Director, Vice President

Assumed office in June 2015

Age: 64

Number of shares held: 35,748

Board of Directors meetings attended: 11/11

Other major occupations: Not applicable

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including asset management business and domestic corporate life insurance business, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a representative director and president of The Dai-ichi Frontier Life Insurance Co., Ltd. since June 2010 and as a member of the Board of Directors of the Company since June 2015. The Company believes he is qualified to be a member of the Board of Directors.

- | | |
|-----------|---|
| Apr. 1978 | Joined The Dai-ichi Mutual Life Insurance Company |
| Apr. 2005 | Executive Officer |
| Jul. 2005 | Senior Managing Executive Director, DLIBJ Asset Management Co., Ltd. (presently Asset Management One Co., Ltd.) |
| Apr. 2010 | Advisor, The Dai-ichi Frontier Life Insurance Co., Ltd. |
| Jun. 2010 | Representative Director, President |
| Apr. 2015 | Vice President, The Dai-ichi Life Insurance Company, Limited |
| Jun. 2015 | Representative Director, Vice President |
| Oct. 2016 | Representative Director, Vice President, Dai-ichi Life Holdings, Inc. (to present) |



Kenji Sakurai

Director, Vice President

Assumed office in June 2020

Age: 60

Number of shares held: 39,709

Other major occupations: Not applicable

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including domestic individual life insurance business, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors of the Company since June 2014 and as a member of the Board of Directors of The Dai-ichi Life Insurance Company, Limited since October 2016. The Company believes he is qualified to be a member of the Board of Directors.

- | | |
|-----------|---|
| Apr. 1982 | Joined The Dai-ichi Mutual Life Insurance Company |
| Apr. 2008 | Executive Officer |
| Apr. 2010 | Executive Officer, The Dai-ichi Life Insurance Company, Limited |
| Apr. 2011 | Managing Executive Officer |
| Jun. 2014 | Director, Managing Executive Officer |
| Apr. 2015 | Director and Senior Managing Executive Officer |
| Oct. 2016 | Senior Managing Executive Officer, Dai-ichi Life Holdings, Inc. |
| Apr. 2017 | Vice President |
| Jun. 2020 | Director, Vice President (to present) |



Shigeo Tsuyuki

Representative Director, Vice Chairman

Assumed office in July 2003

Age: 65

Number of shares held: 56,556

Board of Directors meetings attended:11/11

Other major occupations: Not applicable

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including overseas life insurance business management, domestic corporate life insurance business and asset management business, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors since July 2003. The Company believes he is qualified to be a member of the Board of Directors.

- | | |
|-----------|--|
| Apr. 1977 | Joined The Dai-ichi Mutual Life Insurance Company |
| Jul. 2003 | Director |
| Jul. 2004 | Executive Officer |
| Apr. 2005 | Managing Executive Officer |
| Jul. 2008 | Director, Managing Executive Officer |
| Apr. 2010 | Director, Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited |
| Apr. 2011 | Director, Senior Managing Executive Officer |
| Apr. 2014 | Representative Director, Vice President |
| Oct. 2016 | Representative Director, Vice President, Dai-ichi Life Holdings, Inc. |
| Apr. 2017 | Representative Director, Vice Chairman (to present) |



Hideo Teramoto

Director, Vice Chairman

Assumed office in June 2012

Age: 60

Number of shares held: 40,566

Board of Directors meetings attended:11/11

Other major occupations: Not applicable

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning and marketing planning, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors since June 2012. The Company believes he is qualified to be a member of the Board of Directors.

- | | |
|-----------|---|
| Apr. 1983 | Joined The Dai-ichi Mutual Life Insurance Company |
| Apr. 2009 | Executive Officer |
| Apr. 2010 | Executive Officer, The Dai-ichi Life Insurance Company, Limited |
| Apr. 2011 | Managing Executive Officer |
| Jun. 2012 | Director, Managing Executive Officer |
| Apr. 2015 | Director, Senior Managing Executive Officer |
| Oct. 2016 | Director, Senior Managing Executive Officer, Dai-ichi Life Holdings, Inc. |
| Apr. 2017 | Director |
| Apr. 2020 | Director, Vice Chairman (to present) |



Tetsuya Kikuta

Director, Managing Executive Officer

Assumed office in June 2020

Age: 55

Number of shares held: 19,262

Other major occupations:

- Director, Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited

His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including asset management business, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in overseas life insurance companies as a member of the Board of Directors of Dai-ichi Life Vietnam and Tower (currently TAL), and as a member of the Board of Directors of The Dai-ichi Life Insurance Company, Limited since April 2018. The Company believes he is qualified to be a member of the Board of Directors.

- | | |
|-----------|--|
| Apr. 1987 | Joined The Dai-ichi Mutual Life Insurance Company |
| Jun. 2014 | Executive Officer, The Dai-ichi Life Insurance Company, Limited* |
| Oct. 2016 | Executive Officer, The Dai-ichi Life Insurance Company, Limited* |
| Apr. 2017 | Managing Executive Officer |
| Apr. 2018 | Managing Executive Officer, Dai-ichi Life Holdings, Inc. |
| Jun. 2020 | Director, Managing Executive Officer (to present) |

* Due to the transition to a holding company structure on October 1, 2016, The Dai-ichi Life Insurance Company, Limited until September 30, 2016 and that from October 1, 2016 are different companies.



George Olcott

Outside Director

Assumed office in June 2015

Age: 65

Number of shares held: 6,689

Board of Directors meetings attended: 11/11

Other major occupations:

- Outside Director, Kirin Holdings Company, Limited
- Outside Director, Member of the Board, DENSO CORPORATION
- Outside Director, Hitachi Chemical Company, Ltd.

He is an expert on human resources management and corporate governance of global companies, based on the knowledge he gained through a wide range of experiences, such as acting as managing director of financial institutions and as outside director of other corporations. He has also brought significant benefits to the Company by supervising and advising on various matters of corporate management based on his global and objective viewpoint at the Board of Directors meetings and other occasions. The Company believes he will continue to share his experience and expertise on oversight of management of the Group, and therefore appointed him as an outside director.

- | | |
|-----------|---|
| Jul. 1986 | Joined S.G. Warburg & Co., Ltd. |
| Nov. 1991 | Director |
| Sep. 1993 | Executive Director, Equity Capital Market Group, S.G. Warburg Securities London |
| Apr. 1997 | Head of Tokyo Office, SBC Warburg |
| Apr. 1998 | Vice President, LTCB-UBS-Brinson Asset Management |
| Feb. 1999 | President, UBS Asset Management (Japan) |
| | President, Japan UBS Brinson |
| Jun. 2000 | Managing Director, Equity Capital Market, SBC Warburg Tokyo |
| Sep. 2001 | Judge Business School, University of Cambridge |
| Mar. 2005 | FME Teaching Fellow |
| Mar. 2008 | Senior Fellow |
| Sep. 2010 | Project Professor, Research Center for Advanced Science and Technology, The University of Tokyo |
| Apr. 2014 | Guest Professor, Keio University, Faculty of Business and Commerce (to present) |
| Jun. 2015 | Outside Director, The Dai-ichi Life Insurance Company, Limited |
| Oct. 2016 | Outside Director, Dai-ichi Life Holdings, Inc. (to present) |



Directors

Koichi Maeda

Outside Director

Assumed office in October 2016
Age: 68
Number of shares held: 5,026
Board of Directors meetings attended: 11/11
Other major occupations: Not applicable



He has deep experience and insight gained through acting as business executive of highly public enterprises. He has also brought significant benefits to the Company by supervising and advising on various matters of corporate management based on his global and objective viewpoint at the Board of Directors meetings and other occasions. The Company believes he will continue to share his experience and expertise on oversight of management of the Group, and therefore appointed him as an outside director.

Apr. 1975 Joined Nippon Telegraph and Telephone Public Corporation
Jul. 1999 General Manager, Kagoshima Branch, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
Jul. 2000 General Manager, Planning Department, Consumer & Office Division, NTT Communications Corporation
Jun. 2002 General Manager, Consumer & Office Division
Jun. 2004 Director, Senior Vice President, General Manager, Consumer & Office Division
Aug. 2006 Director, Senior Vice President, Deputy General Manager, Net Business Division
Jun. 2008 Director, Executive Vice President, Deputy General Manager, Net Business Division
Jun. 2009 Representative Director, Senior Executive Vice President, General Manager, Consumer Business Promotion Division, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION;
Representative Director, President, NTT EAST PROPERTIES, INC.
Jun. 2012 Representative Director, President, NTT FINANCE CORPORATION
Jun. 2016 Director, Chief Executive Counselor
Oct. 2016 Outside Director, Dai-ichi Life Holdings, Inc. (to present)
Jul. 2017 Chief Executive Counselor, NTT FINANCE CORPORATION
Jul. 2018 Advisor to the President, NTT FINANCE CORPORATION

Yasushi Shingai

Outside Director

Assumed office in June 2019
Age: 64
Number of shares held: 300
Board of Directors meetings attended: 9/9
Other major occupations:
• Outside Director, Asahi Group Holdings, Ltd.
• Member of the Board of Directors (Outside Director), Mitsubishi UFJ Financial Group, Inc.



In addition to his deep experience and insight gained through acting as a business executive of a global company, he has rich experience and sophisticated and expert knowledge of corporate finance and mergers & acquisitions as the finance officer. The Company believes that he brings significant benefits to the Company by supervising management and advising on various matters of corporate management based on his global and objective viewpoint at Board of Directors meetings and other occasions. The Company believes he will continue to share his experience and expertise on oversight of management of the Group, and therefore appointed him as an outside director.

Apr. 1980 Joined the Japan Tobacco and Salt Public Corporation (presently Japan Tobacco Inc.)
Jul. 2001 Vice President, Finance Planning Division
Jul. 2004 Senior Vice President, Chief Financial Officer
Jun. 2005 Member of the Board, Senior Vice President, and Chief Financial Officer
Jun. 2006 Member of the Board of Japan Tobacco Inc., Executive Vice President, JT International S.A.
Jun. 2011 Representative Director and Executive Vice President, Japan Tobacco Inc.
Jan. 2018 Member of the Board
Jun. 2019 Director, Dai-ichi Life Holdings, Inc. (to present)

Yuriko Inoue

Outside Director

Assumed office in June 2018
Age: 57
Number of shares held: 2,546
Board of Directors meetings attended: 11/11
Other major occupations:
• Outside Director, NIPPON SIGNAL CO., LTD.



She is an experienced and trusted professor specialized in intellectual property law, and she has had a wide range of knowledge about IT-related systems and policies backed by her expertise. She brings significant benefits to the Company by supervising management and advising on various legal matters and data governance in IT strategies of the Company based on her objective viewpoint. The Company believes she will continue to share her experience and expertise on oversight of management of the Group, and therefore appointed her as an outside director.

Nov. 1993 Lecturer, University of Tokyo Graduate Schools for Law and Politics
Apr. 1995 Associate Professor, University of Tsukuba Graduate School of Business Administration & Public Policy
Apr. 2001 Associate Professor, University of Tsukuba Graduate School of Business Sciences
Sep. 2002 Associate Professor, Kobe University Graduate School of Law
Apr. 2004 Professor
Oct. 2010 Professor, Hitotsubashi University Graduate School of International Corporate Strategy
Apr. 2018 Professor, Business Law Department of Graduate School of Law (to present)
Jun. 2018 Outside Director, Dai-ichi Life Holdings, Inc. (to present)

Morinobu Nagahama

Director
(Audit & Supervisory Committee Member (Full-Time))

Assumed office in June 2014
Age: 63
Number of shares held: 18,027
Board of Directors meetings attended: 11/11
Audit & Supervisory Committee meetings attended: 21/21
Other major occupations:
• Director, The Dai-ichi Life Insurance Company, Limited
• Outside Corporate Auditor, Sekisui Plastics Co., Ltd.



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including compliance, internal audits, legal affairs, secretarial administration and general affairs, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in the auditing work as an Audit & Supervisory Committee member (full-time) since October 2016. The Company believes he has the qualifications necessary to strengthen the effectiveness of the supervisory and auditing function over the management of the Group by making use of his experience and knowledge. Therefore, the Company appointed him as a director serving as Audit & Supervisory Committee member.

Apr. 1979 Joined The Dai-ichi Mutual Life Insurance Company
Sep. 2008 Executive Officer
Apr. 2010 Executive Officer, The Dai-ichi Life Insurance Company, Limited
Apr. 2013 Managing Executive Officer
Jun. 2014 Director, Managing Executive Officer
Apr. 2016 Director, Senior Managing Executive Officer
Oct. 2016 Director (Audit & Supervisory Committee Member (full-time)), Dai-ichi Life Holdings, Inc. (to present)

Fusakazu Kondo

Director
(Audit & Supervisory Committee Member (Full-Time))

Assumed office in October 2016
Age: 59
Number of shares held: 17,561
Board of Directors meetings attended: 11/11
Audit & Supervisory Committee meetings attended: 21/21
Other major occupations: Not applicable



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including profit management and finance, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in the auditing work as a Senior Audit and Supervisory Board member (full-time) of The Dai-ichi Life Insurance Company, Limited from June 2012 to September 2016 and as an Audit & Supervisory Committee member (full-time) of the Company since October 2016. The Company believes he has the qualifications necessary to strengthen the effectiveness of the supervisory and auditing function over the management of the Group by making use of his experience and knowledge. Therefore, the Company appointed him as a director serving as Audit & Supervisory Committee member.

Apr. 1983 Joined The Dai-ichi Mutual Life Insurance Company
Jun. 2012 Senior Audit and Supervisory Board Member (full-time), The Dai-ichi Life Insurance Company, Limited
Oct. 2016 Director (Audit & Supervisory Committee Member (full-time)), Dai-ichi Life Holdings, Inc. (to present)

Ungyong Shu

Outside Director
(Audit & Supervisory Committee Member)

Assumed office in June 2015
Age: 57
Number of shares held: 3,343
Board of Directors meetings attended: 11/11
Audit & Supervisory Committee meetings attended: 21/21
Other major occupations:
• President & CEO, Core Value Management, Co., Ltd.



He has a wide range of experiences as a managing director of financial institutions. He has also brought significant benefits to the Company by supervising and auditing management as well as advising on various matters of corporate management based on his global and objective viewpoint at the Board of Directors meetings and other occasions. The Company believes he uses his experience to good advantage in conducting audits and supervision of the Group's management, and therefore appointed him as an outside director serving as Audit & Supervisory Committee member.

Apr. 1986 Joined Morgan Guaranty Trust Company of New York, a subsidiary of J.P. Morgan & Company, Inc.
May. 2001 Managing Director, JP Morgan Securities
Jul. 2005 Head of Financial Institutions Division
May. 2007 Managing Director and Chairman of Financial Institutions Group, Merrill Lynch Japan Securities Ltd.
Jul. 2010 Co-Head of Investment Banking Division
Jul. 2011 Vice Chairman
Nov. 2013 President & CEO, Core Value Management, Co., Ltd. (to present)
Jun. 2015 Outside Director, The Dai-ichi Life Insurance Company, Limited
Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)

Executive Officers (excluding those who are directors)

Senior Managing Executive officer

Masamitsu Nambu
Masao Taketomi

Managing Executive Officer

Hideo Hatanaka
Yuji Tokuoka
Munehiro Uryu
Hiroshi Shoji
Tatsusaburo Yamamoto
Norimitsu Kawahara
Ichiro Okamoto
Mamoru Akashi

Executive Officer

Sumie Watanabe
Tsuyoshi Kawamoto
Hidehiko Sogano

Rieko Sato

Outside Director
(Audit & Supervisory Committee Member)

Assumed office in June 2015
Age: 63
Number of shares held: 6,689
Board of Directors meetings attended: 11/11
Audit & Supervisory Committee meetings attended: 21/21
Other major occupations:
• Partner, Ishii Law Office
• Outside Director, J. FRONT RETAILING Co., Ltd.
• Outside Corporate Auditor, NTT DATA CORPORATION
• Outside Audit & Supervisory Board Member, Mitsubishi Corporation



She is an experienced and trusted attorney, and she has had a wide range of experiences serving as outside Audit and Supervisory Board member of various corporations. She has also brought significant benefits to the Company by supervising and auditing management as well as advising on various legal matters of the Company based on her objective viewpoint at the Board of Directors meetings and other occasions. The Company believes she uses her experience to good advantage in conducting audits and supervision of the Group's management, and therefore appointed her as an outside director serving as Audit & Supervisory Committee member.

Apr. 1984 Registered as Attorney-at-Law
Jun. 1989 Shearman & Sterling LLP
Jul. 1998 Partner, Ishii Law Office (to present)
Jun. 2015 Outside Director, The Dai-ichi Life Insurance Company, Limited
Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)

Koichi Masuda

Outside Director
(Audit & Supervisory Committee Member)

Assumed office in October 2016
Age: 76
Number of shares held: 7,240
Board of Directors meetings attended: 10/11
Audit & Supervisory Committee meetings attended: 20/21
Other major occupations:
• Director (Outside), Audit and Supervisory Committee Member, Daishi Hokuetsu Financial Group, Inc.
• Outside Audit and Supervisory Board Member, Sumitomo Riko Company Limited



He is an experienced and trusted certified public accountant, and he has had a wide range of experiences serving as Outside Director (Audit and Supervisory Committee member) and Outside Audit & Supervisory Board member of various corporations. He has also brought significant benefits to the Company by supervising and auditing management and advising on various financial matters of the Company based on his objective viewpoint at the Board of Directors meetings and other occasions. The Company believes he uses his experience to good advantage in conducting audits and supervision of the Group's management, and therefore appointed him as an outside director serving as Audit & Supervisory Committee member.

Apr. 1966 Yoshiji Tanaka CPA Office
Jan. 1970 Otemachi Kaikei Jimusho Audit Corporation
Jan. 1975 Shinwa Audit Corporation *
Sep. 1978 Partner
Jul. 1992 Representative Partner, Asahi Shinwa Audit Corporation *
Oct. 1993 Representative Partner, Asahi Audit Corporation *
Jan. 2004 Representative Partner, KPMG AZSA & Co. *
Jul. 2007 Chairman and President, The Japanese Institute of Certified Public Accountants
Jul. 2010 Advisor (to present)
Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)
* Presently, KPMG AZSA LLC



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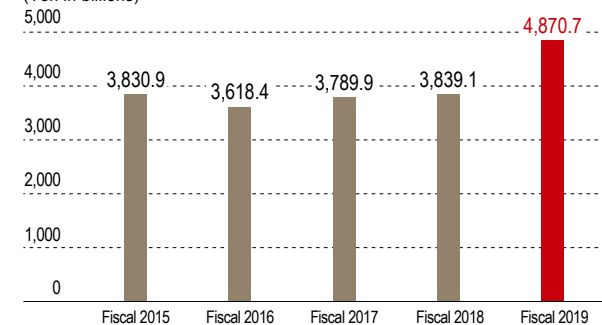
Sustainability Indicator Highlights

As an Insurer

Benefits and Claims Paid (for the Group)

¥4,870.7 billion

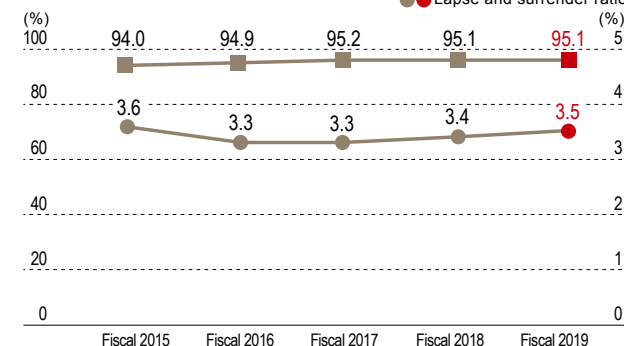
(Yen in billions)



(Note) Payment increased in fiscal 2019 due to an increase in variable individual annuity insurance reaching maturity at Dai-ichi Frontier Life.

Persistency Ratio/Lapse and Surrender Ratio

95.1% / 3.5%

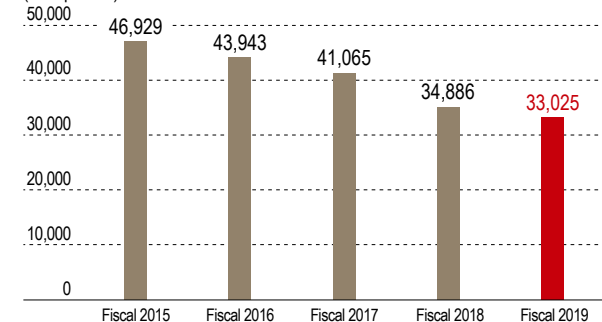


(Note) Figures for Dai-ichi Life

Number of Complaints

33,025

(Complaints)



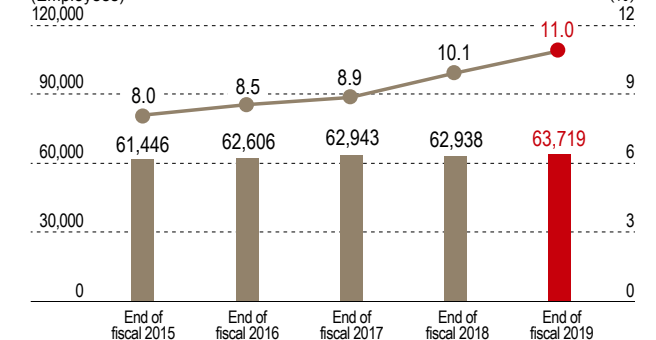
(Note) Figures for Dai-ichi Life

As an Employer

Consolidated Number of Employees/Overseas Ratio

63,719 / 11.0%

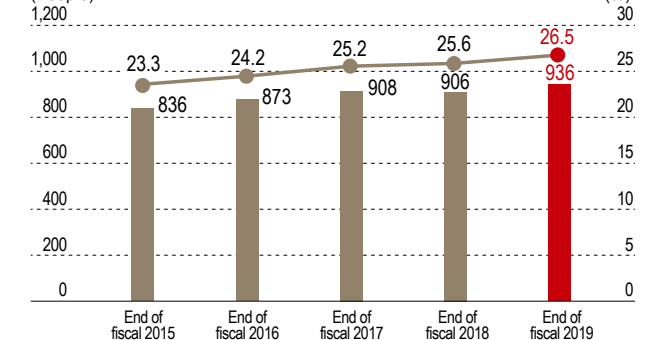
(Employees)



Number of Female Managers/Percentage of Female Managers

936 / 26.5%

(People)

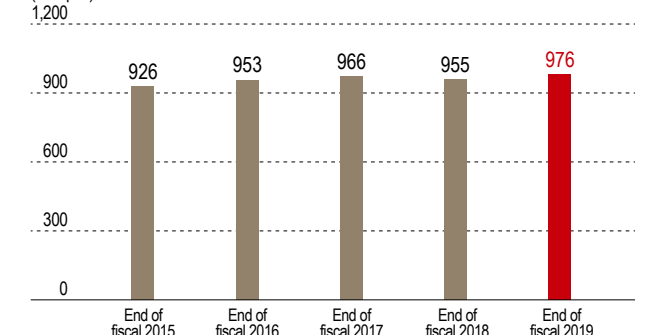


Dai-ichi Life Holdings, Dai-ichi Life, Dai-ichi Frontier Life and Neo-First Life, combined. Figures as of April 1 are represented as figures from end of previous fiscal year.

Number of Employees with Disabilities

976

(People)



Dai-ichi Life Holdings, Dai-ichi Life, Dai-ichi Life Challenged, Dai-ichi Life Business Services and Dai-ichi Life Information Systems, combined. Figures as of April 1 are represented as figures from end of previous fiscal year.

As an Institutional Investor

ESG-Themed Investment

Total amount invested

Approx. **¥550** billion

SDG bonds

Approx. **¥170** billion

Financing for renewable energy projects

Approx. **¥160** billion

Impact investment

Approx. **¥6.5** billion (15 projects)

Engagement

No. of companies engaged

239

Executive interview ratio

58%

Percentage of domestic stock portfolio companies engaged

3-year total




89%

Fiscal 2019

66%

(Based on current market price)


End of fiscal 2019

Recognition from Society			
Recipient	Organizer	Assessment/Award	Summary
Dai-ichi Life	Ministry of the Environment	Gold Award (Minister of the Environment Award) in the ESG Finance Awards Japan	Awarded in the Investor Category for proactive initiatives in ESG investment with a focus on climate change, building a systematic integrated assessment method for climate-related information, and activities that have contributed to the widespread adoption of ESG finance. <div></div>
Dai-ichi Life Vietnam	Ministry of Finance	Certificate of Merit	Awarded the Certificate of Merit by the Vietnamese Ministry of Finance for its contribution to the development of the insurance market in Vietnam. <div></div>
Star Union Dai-ichi Life	The Institute of Company Secretaries of India	The 19th edition of the ICSI National Awards for Excellence in Corporate Governance, the Award for Best Governed Companies	Received the Award for Best Governed Companies, the first domestic life insurance company in India to receive the award, for its corporate governance system and approach. <div></div>

Participation in External Initiatives

United Nations Global Compact (UNGC)


• Dai-ichi Life Holdings



Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)

• Dai-ichi Life

• Neo First Life




Climate Action 100+

• Dai-ichi Life

• Dai-ichi Frontier Life

• Asset Management One


• Janus Henderson



Sustainability Accounting Standards Board (SASB)


• Dai-ichi Life

• Asset Management One



Women's Empowerment Principles (WEPIs)


• Dai-ichi Life Holdings



RE100

• Dai-ichi Life


• Asset Management One



Access to Medicine Foundation

• Dai-ichi Life

• Janus Henderson




Task Force on Climate-related Financial Disclosures (TCFD)

• Dai-ichi Life Holdings

• Asset Management One

• Janus Henderson




Principles for Responsible Investment (PRI)

• Dai-ichi Life

• Asset Management One


• Janus Henderson



International Corporate Governance Network (ICGN)

• Dai-ichi Life

• Asset Management One



Group initiatives for establishing SASB standards

As well as joining the Sustainability Accounting Standards Board (SASB) as an alliance member, Dai-ichi Life has, on the recommendation of the SASB, been nominated as a member of the Investor Advisory Group, which advises the SASB, and the Asia-Pacific Working Group, which works to advance ESG information disclosure in the Asian region¹. Furthermore, Asset Management One has joined the SASB Standard Advisory Group (Food and Beverage Sector), helping to revise SASB standards in the industry². Through participation in these groups, Dai-ichi Life Holdings supports SASB's efforts to promote the disclosure of ESG information.

1. https://www.dai-ichi-life.co.jp/english/news_release/2020/pdf/index_009.pdf

2. <http://www.am-one.co.jp/company/ss-global/>

Result of United Nations Principles for Responsible Investment (PRI) 2020 Assessment			
In the PRI annual assessment, Dai-ichi Life's score in each module has been above the median score of the global PRI signatories ¹ since 2018, and it acquired the highest assessment grade, A+, for Strategy and Governance, Listed Equity – Incorporation, Listed Equity – Active Ownership and Property.	Module	2020 Assessment (Assessment period: January-December 2019)	
		Dai-ichi Life Score	Median Score
	Strategy and Governance	A+	A
	Listed Equity – Incorporation	A+	A
	Listed Equity – Active Ownership	A+	B
	Fixed Income ²	A	B
	Property	A+	B

1. There are 3,232 global signatories, of which 85 are in Japan (as of July 31, 2020).

2. Fixed income score is the average of four modules (SSA, corporate financial, corporate non-financial, and securitized)

In order to deepen understanding of the sustainability of the Dai-ichi Life Group’s business, we publish sustainability indicators specific to the insurance industry based on the insurance standards of the Sustainability Accounting Standards Board (SASB).

Note: Unless otherwise specified, disclosed data refers to Dai-ichi Life, the biggest operating company in the Dai-ichi Life Group. The base date for data is March 31, 2020. Information is disclosed based on the business environment in Japan and other factors referencing the current SASB standards.

1. Initiatives for Customers
(referenced SASB standards: FN-IN-270a.1 – 270a.4)

The Dai-ichi Life Group aims to provide high-quality products and services pursuing customer satisfaction while providing support for customers as we stay true to our mission, “By your side, for life.” To respond flexibly to diversifying customer needs, the Group will work together while taking advantage of the characteristics of each Group company going forward. The policy retention and lapse and surrender rates are also covered in this report.

▶ p. 98 Sustainability Indicators and Highlights

A Customer First Business Operation Policy

In accordance with the Customer First business operation policy established by the Dai-ichi Life Group, we disclose the status of initiatives at each Group company.

Reference websites

- Dai-ichi Life (Japanese Only) https://www.dai-ichi-life.co.jp/dsr/customer_first/
- Dai-ichi Frontier Life (Japanese Only) <https://www.d-frontier-life.co.jp/corporate/customer-first/index.html>
- Neo First Life (Japanese Only) <http://neofirst.co.jp/customer-first.html>

Listening to Customer Feedback

The Dai-ichi Life Group takes the results of customer satisfaction surveys and feedback from customers seriously and uses them to help with initiatives to increase customer satisfaction.

Reference websites

- Dai-ichi Life <https://www.dai-ichi-life.co.jp/english/dsr/stakeholder/satisfied.html>
- Dai-ichi Frontier Life (Japanese Only) <https://www.d-frontier-life.co.jp/corporate/voice/index.html>
- Neo First Life (Japanese Only) <http://neofirst.co.jp/voc/complaint.html>

Utilizing Customer Feedback in Management

We collect a wide range of feedback from customers and have introduced mechanisms to incorporate it into management and operations.

Reference websites

- Dai-ichi Life <https://www.dai-ichi-life.co.jp/english/dsr/stakeholder/customer.html>
2020 Report on Initiatives to Leverage Customer Feedback (Japanese Only)
<https://www.dai-ichi-life.co.jp/dsr/hakusho/index.html>

Initiatives Related to Payment of Insurance Claims and Benefits

The Dai-ichi Life Group makes various efforts to contact customers at each stage of the claims process—when receiving a claim, assessing propriety of payment, and after payment—in in order to fully provide information on insurance claims that can be paid and other potential payable claims. We also continually strive to strengthen our payment management systems based on the results of customer surveys and the opinions of outside experts.

Reference websites

- Dai-ichi Life <https://www.dai-ichi-life.co.jp/english/dsr/customer/example.html>
- Dai-ichi Frontier Life (Japanese Only) <https://www.d-frontier-life.co.jp/corporate/payment/index.html>
<https://www.d-frontier-life.co.jp/corporate/leakage/index.html>
- Neo First Life (Japanese Only) <https://download.neofirst.co.jp/voc/resultofpayment.html>

2. Asset Management based on an ESG Perspective
(referenced SASB standards: FN-IN-410a.1 – 410a.2)

Our Group Mission has been “By your side, for life” ever since our establishment in 1902. We recognize that as a lifelong partner, it is our obligation to approach customer needs and social issues with sincerity and provide support for our customers throughout their lives through our products and services, as well as contribute to improving quality of life for our customers in our management of the insurance premiums they entrust to us. Thus, we believe it is important for us to meet customer needs and contribute to solving social issues in both insurance underwriting and asset management operations that are unique to life insurance. Based on this belief, we proactively promote ESG investment.

ESG Investment at Dai-ichi Life

As a universal owner managing approximately 36 trillion yen in funds entrusted by roughly 10 million policy holders throughout Japan across a wide range of assets, Dai-ichi Life recognizes the need to manage assets while considering the interest of a variety of stakeholders. Based on our social role as a life insurance company, we believe that it is our obligation to not only to gain returns on our investments, but also to contribute to solving community issues. In November 2015, Dai-ichi Life became a signatory to the United Nations Principles for Responsible Investment (PRI), which advocates incorporating ESG factors into the asset management process. We aim to strike a balance between obtaining medium- to long-term investment returns and solving social issues by promoting ESG investment initiatives based on the PRI. Moreover, in April 2020, we formulated and published our Basic Policy on ESG Investment as a commitment to strongly promoting ESG investment initiatives and set targets for the incorporation of ESG into all our asset management policies and investment processes. Our specific initiatives are described in this report.

▶ p. 45 Feature: Promoting ESG Investment

Reference websites

- Dai-ichi Life <https://www.dai-ichi-life.co.jp/english/dsr/investment/esg.html>
https://www.dai-ichi-life.co.jp/english/dsr/investment/pdf/ri-report_001.pdf

Assets under Management

We disclose assets under management by sector at Dai-chi Life.

Reference websites

- Notice of Dai-ichi Life Insurance financial results for the year ended March 31, 2020, and supplementary materials
https://www.dai-ichi-life.co.jp/english/investor/financial/results/2019/pdf/index_005.pdf (Refer to p. 3 and thereafter.)
https://www.dai-ichi-life.co.jp/english/investor/financial/results/2019/pdf/index_006.pdf (Refer primarily to pp. 3 and 5.)

ESG Information Index

We organize information related to the Group’s sustainability from an ESG perspective to help with ESG research, etc.

- Reference website
- Dai-ichi Life Holdings <https://www.dai-ichi-life-hd.com/en/sustainability/library/esg.html>

3. Initiatives for Responsible Business Conduct
(referenced SASB standards: FN-IN-410b.2)

Delivering peace of mind and supporting health promotion are the core values that the Dai-ichi Life Group can provide. This report specifies the value creation process and then describes the four values that we provide, namely, protection, asset formation, health promotion, and connections, with the aim of solving new social issues through improving people’s quality of life.

▶ **p. 19-** Improving Quality of Life 1-4

We also recognize that our response to environmental problems, and climate change in particular, is a key management issue which could have a major impact on the lives and health of our customers, our corporate activities, and the possibility of sustaining society. This report describes the climate change initiatives at the Dai-ichi Life Group as a whole and at Dai-ichi Life.

▶ **p. 69** Climate Change Initiatives

4. Exposure to Environmental Risks
(referenced SASB standards: FN-IN-450a.1 – 450a.3)

We manage risk appropriately from the prediction stage by identifying the predictable risks that could have a material impact on the Dai-ichi Life Group’s management as material

risks and formulating business plans based on these risks. The material risks include risk related to climate change and risk related to large-scale disasters.

- Reference website
- Dai-ichi Life Holdings https://www.dai-ichi-life-hd.com/en/investor/share/business_risk.html

Risks and Opportunities Related to Climate Change and Impact on the Group’s Business

As stated above in 3. Initiatives for Responsible Business Conduct, this report describes climate change initiatives at the Dai-ichi Life Group as a whole and at Dai-ichi Life. ▶ **p. 69** Climate Change Initiatives

Risk of Loss Related to Natural Disaster

In calculating the solvency margin ratio*, which is one indicator of financial soundness, we calculate an amount for catastrophe risk as one of the risks in accordance with the relevant laws and regulations, including the Insurance Business Act.

▶ **p. 211** Solvency Margin Ratio

* Solvency margin ratio: one of the regulatory supervision indicators for determining the level of claims payment capacity (solvency margin) in preparation for risks that arise above and beyond normal expectations, such as disasters and stock market crashes.

- Reference
- The Group’s response and payments, including insurance claims, associated with COVID-19 are described in this report.
 - ▶ **p. 20** Improvement of Quality of Life 1: Protection
 - ▶ **p. 25** Improvement of Quality of Life 4: Connecting and Bonding
 - ▶ **p. 46** Feature: Promoting ESG Investment
 - ▶ **p. 50** Business Overview: Domestic Life Insurance Business
 - ▶ **p. 56** Business Overview: Overseas Life Insurance Business

5. Systemic Risk Management
(referenced SASB standards: FN-IN-550a.1 – 550a.3)

To secure sound and appropriate business operations and to ensure that we fulfil our obligations as an insurer, the Dai-ichi Life Group identifies and assesses various risks within the Group and responds appropriately based on the characteristics of each risk as well as managing risks in an integrated manner. We also strive for

Group-wide management of our financial base, which includes these risks and shareholders’ equity, to improve financial soundness. Furthermore, we have been developing management systems for crises and large-scale disasters that cannot be dealt with using conventional risk management alone.

- Reference website
- Dai-ichi Life Holdings https://www.dai-ichi-life-hd.com/en/about/control/in_control/administer.html

Derivative Transactions

Derivative transaction gains and losses (listed and over-the-counter) at Dai-ichi Life (general account) are as below.
Listed derivative transactions: 8,190 million yen
Over-the-counter derivative transactions: 105,616 million yen
In addition, pursuant to Article 156-62 of the Financial Instruments and Exchange Act, Dai-ichi Life pledged the following cash and securities to Japan Securities Clearing Corporation as its liabilities related to some over-the-counter derivative transactions subject to mandatory central counterparty (CCP) clearing.
Cash: 41,822 million yen
Securities: 54,212 million yen

- Reference website
- Dai-ichi Life Holdings https://www.dai-ichi-life-hd.com/en/investor/library/press/2019/pdf/index_016.pdf

Total of Collateral Assets Related to Securities Lending

The total of collateral assets related to securities lending by Dai-ichi Life (general account) is as follows.
Cash: 841,166 million yen
Securities: 2,098,413 million yen
The above collateral assets related to securities lending are not reinvested.

Non-Insurance Business Activities

The Dai-ichi Life Group does business with three growth engines, namely, the domestic life insurance business, the overseas life insurance business, and the asset management business. Each of the Group companies engaged in the asset management business mainly invest in securities with high market liquidity, and liquidity problems are limited.
At present, the asset management business accounts for less than 1% of the Group’s consolidated ordinary profit and 4% of adjusted profit.

6. Activity Metrics
(referenced SASB standards: FN-IN-000.A)

This report includes information on the Dai-ichi Life Group’s in-force policies. The report also discloses the status of the Group’s insurance policies (annualized net premium from policies in force, total amount of policies in force, etc.) ▶ **p. 14** Three Strengths Supporting Value Creation

- Reference website
- Dai-ichi Life Holdings https://www.dai-ichi-life-hd.com/en/investor/library/press/2019/pdf/index_014.pdf

Financial and Non-Financial Historical Data

	(Yen in millions)									
	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Results of Operations										
Ordinary revenues	4,571,556	4,931,781	5,283,989	6,044,955	7,252,242	7,333,947	6,456,796	7,037,827	7,184,093	7,114,099
Premium and other income	3,312,456	3,539,579	3,646,831	4,353,229	5,432,717	5,586,000	4,468,736	4,884,579	5,344,016	4,885,407
Investment income	922,787	1,035,662	1,335,120	1,320,066	1,444,012	1,344,852	1,626,177	1,802,626	1,583,228	1,876,634
Ordinary expenses	4,490,356	4,705,860	5,126,695	5,740,205	6,845,400	6,915,780	6,031,476	6,565,833	6,751,148	6,895,718
Benefits and claims	2,711,314	2,688,419	2,795,355	2,903,587	3,380,827	3,830,941	3,618,385	3,789,907	3,839,105	4,870,794
Provision for policy reserves and others	466,486	718,673	1,191,953	1,634,864	2,271,268	1,496,360	1,016,744	1,223,870	1,309,287	164,491
Investment expenses	444,681	380,315	221,738	234,950	168,935	524,041	342,102	548,957	541,541	821,971
Operating expenses	434,859	471,061	486,419	517,566	559,344	661,384	650,985	661,110	703,573	680,154
Ordinary profit	81,199	225,920	157,294	304,750	406,842	418,166	425,320	471,994	432,945	218,380
Provision for reserve for policyholder dividends	78,500	69,000	86,000	94,000	112,200	97,500	85,000	95,000	87,500	82,500
Net income attributable to shareholders of parent company	19,139	20,357	32,427	77,931	142,476	178,515	231,286	363,928	225,035	32,433
Financial Condition										
Total assets	32,297,862	33,468,670	35,694,411	37,705,176	49,837,202	49,924,922	51,985,850	53,603,028	55,941,261	60,011,999
Total liabilities	31,566,027	32,476,924	34,045,391	35,757,563	46,247,274	46,991,963	48,848,583	49,853,756	52,227,668	56,235,081
Policy reserves	29,039,453	29,862,729	31,012,539	32,574,923	41,634,712	42,922,534	43,740,238	44,597,717	47,325,761	49,520,817
Total net assets	731,835	991,745	1,649,020	1,947,613	3,589,927	2,932,959	3,137,266	3,749,271	3,713,592	3,776,918
Total shareholders' equity	548,928	569,253	563,340	628,538	1,029,622	1,129,262	1,300,756	1,589,623	1,708,808	1,641,506
Net unrealized gains (losses) on securities, net of tax	238,886	483,446	1,099,351	1,322,731	2,528,262	1,840,084	1,906,091	2,238,159	2,101,587	2,283,198
Sales Results¹										
Annualized net premium of new business (billions of yen)	153.0	205.3	244.3	303.4	339.1	387.2	440.7	406.4	508.7	351.6
Domestic Group companies (billions of yen)	151.4	175.2	210.4	230.5	309.6	294.8	371.9	319.4	418.9	220.4
Overseas Group companies (billions of yen)	1.6	30.1	33.8	72.8	29.5	92.4	68.8	87.0	89.8	131.2
Annualized net premium from policies in force (billions of yen)	2,161.8	2,322.3	2,425.7	2,560.3	3,217.0	3,396.2	3,633.4	3,671.1	3,955.8	3,969.7
Domestic Group companies (billions of yen)	2,161.8	2,198.1	2,263.5	2,344.6	2,493.2	2,634.8	2,865.3	2,895.5	3,092.4	3,057.8
Overseas Group companies (billions of yen) ²	-	124.1	162.2	215.6	723.8	761.3	768.1	775.6	863.4	911.9
Corporate Value										
Group European embedded value (EEV) (billions of yen) ³	2,440.3	2,661.5	3,341.9	4,294.7	5,987.6	4,646.1	5,495.4	6,094.1	5,936.5	5,621.9
Value of new business (billions of yen) ³	158.1	187.7	211.2	255.4	286.1	216.1	145.5	190.2	197.4	150.3
New business margin (%)	5.42	5.89	5.86	6.25	5.53	3.92	2.94	4.30	3.78	3.32
Key Financial Indicators										
Return on equity (ROE) (%)	2.3	2.4	2.5	4.3	5.1	5.5	7.6	10.6	6.0	0.9
Return on embedded value (ROEV) (%)	(13.7)	10.6	25.5	29.4	28.8	(21.9)	20.3	13.1	(0.6)	(2.8)
Consolidated solvency margin ratio (%)	547.7	563.2	702.4	756.9	818.2	763.8	749.2	838.3	869.7	884.1
Economic solvency ratio (%) ⁴	-	-	-	-	147	98	151	170	169	195
Group adjusted profit (billions of yen)	-	-	100.0	116.0	214.7	204.6	210.1	243.2	236.3	274.5
Per Share Indicators⁵										
Earnings per share (EPS) (yen)	19.17	20.61	32.75	78.58	124.94	150.53	196.62	310.69	194.43	28.53
Book value per share (BPS) (yen)	730.27	993.76	1,657.14	1,962.05	3,012.46	2,472.86	2,668.61	3,217.68	3,240.72	3,344.23
Dividends per share (DPS) (yen)	16	16	16	20	28	35	43	50	58	62
Key Non-financial Indicators										
Number of Group employees	59,356	60,305	60,771	59,512	60,647	61,446	62,606	62,943	62,938	63,719
Domestic Group company employees	58,893	58,825	58,875	57,462	55,982	56,503	57,262	57,339	56,565	56,691
Overseas Group company employees	463	1,480	1,896	2,050	4,665	4,943	5,344	5,604	6,373	7,028
Percentage of women in managerial posts (%) ⁶	-	-	-	21.9	22.5	23.3	24.2	25.2	25.6	26.5
Number of employees with disabilities (people) ⁷	848	846	865	891	913	926	953	966	955	976
CO2 emissions (t-CO2) ⁸	148,000	129,000	153,500	175,000	168,000	178,100	171,900	166,000	155,300	138,900
Total paper usage (t) ⁸	9,954	9,922	9,849	8,116	6,509	6,559	6,967	6,475	6,474	6,092

1. The values for fiscal 2010 are the total of Dai-ichi Life and Dai-ichi Frontier Life. The values for fiscal 2011 to fiscal 2013 are the totals 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 totals 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.

2. Calculated from fiscal 2011.

3. From fiscal 2014, the extrapolation method beyond the last liquid data point of Japanese interest rate is changed from a method taking into account the yield curve of Japanese swap rate to a method using an ultimate forward rate.

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.

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 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 previous fiscal year.

8. Figures for fiscal 2010 to fiscal 2014 are for Dai-ichi Life only.

Dai-ichi Life Group's Operating Results

The Dai-ichi Life Group's annualized net premium of new business decreased 30.9% year-on-year (28.0% excluding the impact of foreign exchange fluctuations) to 351.6 billion yen, and annualized net premium from policies in force increased 0.4% compared to the end of the previous fiscal year (2.0% excluding the impact of foreign exchange fluctuations) to 3,969.7 billion yen.

In Japan, although sales of third sector products at Dai-ichi Life and Neo First Life remained robust, annualized net premium of new business for the three domestic life insurance Group companies decreased 47.4% year-on-year to 220.4

billion yen. This was mainly due to suspension of business owner insurance sales and a slowdown in sales of foreign currency-denominated products at Dai-ichi Frontier Life due to because of a decline in overseas interest rates. As a result, annualized net premium from policies in force decreased 1.1% year-on-year to 3,057.8 billion yen.

In overseas markets, annualized net premium of new business for the four overseas life insurance Group companies increased 46.1% year-on-year (62.1% excluding the impact of foreign exchange fluctuations) to 131.2 billion yen, largely because TAL in Australia acquired a large-scale group insurance deal, and annualized net premium from policies in force increased 5.6% compared to the end of the previous fiscal year (13.3% excluding the impact of foreign exchange fluctuations) to 911.9 billion yen.

Annualized Net Premium of New Business/ Annualized Net Premium from Policies in Force for Dai-ichi Life Group Companies (Yen in billions)

	Annualized Net Premium of New Business			Annualized Net Premium from Policies in Force		
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Change (%)	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	YOY change
Three domestic life insurance Group companies	418.9	220.4	(47.4%)	3,092.4	3,057.8	(1.1%)
Dai-ichi Life	95.4	89.6	(6.0%)	2129.7	2,110.4	(0.9%)
Third sector	61.3	54.7	(10.8%)	675.2	694.7	+2.9%
Dai-ichi Frontier Life	206.3	119.8	(41.9%)	827.6	807.8	(2.4%)
Neo First Life	117.0	10.9	(90.6%)	135.0	139.5	+3.3%
Four overseas life insurance Group companies	89.8	131.2	+46.1% +62.1%	863.4	911.9	+5.6% +13.3%
Protective*	41.3	39.0	(5.5%) (4.3%)	507.0	545.7	+7.6% +9.1%
TAL	23.6	70.5	+197.7% +254.2%	298.8	302.4	+1.2% +20.5%
Dai-ichi Life Vietnam*	24.8	21.6	(12.8%) (10.9%)	57.5	63.6	+10.6% +12.9%
Dai-ichi Life Cambodia*	-	0.03	- -	-	0.03	- -
Dai-ichi Life Group total	508.7	351.6	(30.9%) (28.0%)	3,955.8	3,969.7	+0.4% +2.0%

* The fiscal year-end for Protective, Dai-ichi Life Vietnam, and Dai-ichi Life Cambodia is December 31. Change (%) for overseas life insurance Group companies and totals show the rate of increase in yen on the top row and the rate of increase excluding the impact of currency fluctuations on the bottom row.

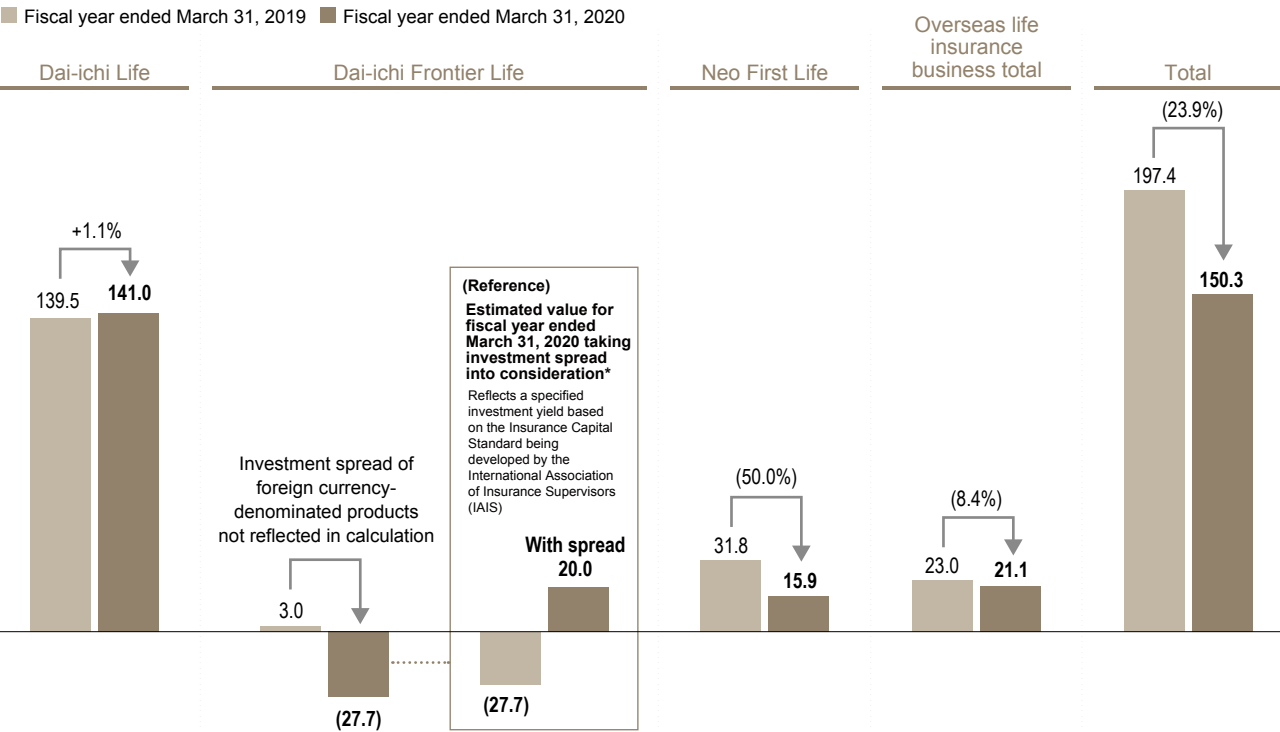
The value of new business, which is the present value of future anticipated profit at the time of acquisition of the policy, given the long-term profit structure of the life insurance business, decreased 23.9% year-on-year to 150.3 billion yen for the Group.

Value of new business for Dai-ichi Life increased 1.1% to 141.0 billion yen, despite the impact of lower interest rates and suspension of sales. This was attributable to the contribution from sales of third sector products as well as the effect of reinsurance accepted within the Group for a portion of the group insurance acquired by TAL. Value of new business for Dai-ichi Frontier Life was -27.7 billion yen. However, this is because in calculating the value of new business, the expected excess return is not included at the time of acquisition of new business for insurance products for which investment spreads, such as

on corporate bonds, are a source of excess return. This reduces the value of new business. The value of new business taking into consideration the investment spread estimated as a supplemental index is approximately 20.0 billion yen (reference value). The value of new business for Neo First Life decreased by nearly half due to the impact of suspension of business owner insurance sales, but increased steadily when business owner insurance is excluded.

The value of new business for the overseas life insurance business decreased by 8.4% year-on-year overall to 21.1 billion yen. This was because the value of new business at Protective was negative due to the impact of a decline in interest rates even though TAL acquired a large-scale policy and the value of new business increased at Dai-ichi Life Vietnam.

Value of New Business for Dai-ichi Life Group Companies (Yen in billions)



* Reference value not verified by third party institution (actuary firm)

Dai-ichi Life Group's Consolidated Financial Results

The Dai-ichi Life Group has set Group adjusted profit as the indicator that represents real profit on a cash basis and forms the source for shareholder returns. Group adjusted profit increased 16.2% year-on-year to 274.5 billion yen.

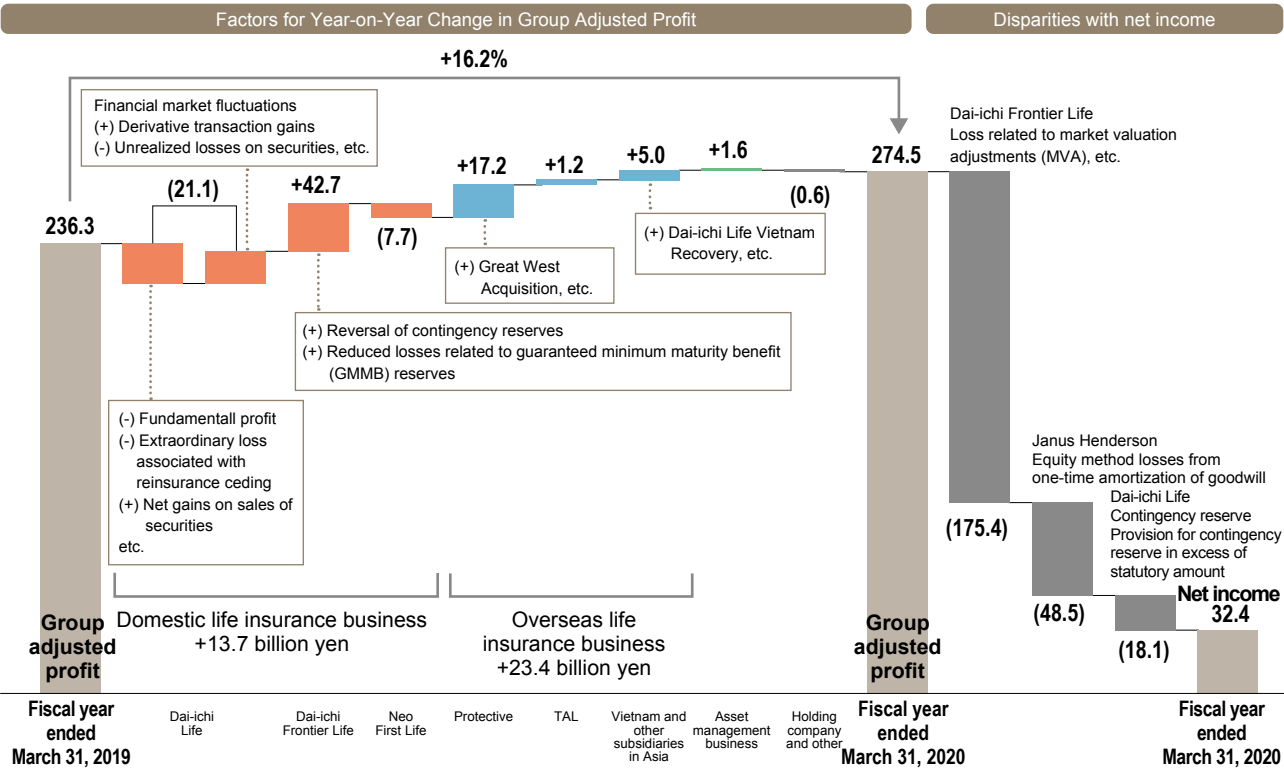
In Japan, Dai-ichi Life's adjusted profit decreased 21.1 billion yen, or 12.3%, year-on-year to 150.2 billion yen. This was due to a decline in fundamental profit and an increase in extraordinary loss from strategic risk reduction through reinsurance ceding of closed blocks of business, which was approximately double the scale of the reduction conducted in the fiscal year ended March 31, 2019 in addition to an increase in unrealized losses on securities as a result of financial market fluctuations. These factors were partially offset by an increase in net gains on sales of securities and one-time derivative

transaction gains. Dai-ichi Frontier Life's adjusted profit increased 42.7 billion yen, or 206.0%, year-on-year to 63.4 billion yen due to the reversal of contingency reserves on matured variable annuities. Total adjusted profit for the domestic life insurance business, which includes Neo First Life, increased 13.7 billion yen, year-on-year, or 7.5%, to 197.4 billion yen.

Adjusted profit in the overseas life insurance business increased 23.4 billion yen, or 50.1%, year-on-year to 70.3 billion yen, mainly reflecting the effect of acquisitions at Protective in the U.S. and profit improvement at Dai-ichi Life Vietnam.

As a result of the above factors, Group adjusted profit increased. However, consolidated net income decreased 85.6% year-on-year to 32.4 billion yen. This was due to reflecting valuation losses such as the accrued policy reserves for market value adjustments (MVA) at Dai-ichi Frontier Life affected by lower interest rates and the one-time amortization of goodwill under the equity method on Janus Henderson due to the decline of its stock price.

Factors for Year-on-Year Change in Group Adjusted Profit and Disparities with Net Income



Performance Trends at Major Group Companies

(1) Dai-ichi Life

Fundamental profit, which represents profit from an insurance company's core business for a given fiscal year, decreased 11.9% year-on-year to 422.1 billion yen. The main factors for the decrease were the decline in positive spread due to the yen's persistent appreciation and the low interest rate environment, and a decline in insurance-related profit. Net income and adjusted profit were down 25.6% year-on-year to 128.6 billion yen and 12.3% year-on-year to 150.2 billion yen respectively. The main factor in addition to the decline in fundamental profit was the recording of approximately 70.0 billion yen as a one-off expense due to the ceding of closed blocks of business (policy reserve approximately 200.0 billion yen).

(2) Dai-ichi Frontier Life

Net loss of 100.0 billion yen due to large valuation losses related to market value adjustments (MVA) resulting from lower interest rates, primarily overseas, in the U.S. and Australia. Operating income, which represents fundamental profitability,

decreased 18.3% year-on-year to 49.9 billion yen, and adjusted profit, excluding the impact of MVA-related losses, was up 206.0% year-on-year to 63.4 billion yen due to reversal of contingency reserves for matured variable annuities.

(3) Protective

Pre-tax adjusted operating income, the main financial results indicator at Protective, increased 14.3% year-on-year to USD546 million, primarily reflecting the large-scale acquisition of in-force blocks of insurance. Net income converted into yen increased 51.3% to 50.7 billion yen.

(4) TAL

Underlying profit, the main performance indicator for TAL, increased 10.9% year-on-year to AUD188 million, mainly due to the contribution from Suncorp Life (currently Asteron Life), which was acquired. Net income converted into yen increased 16.9% year-on-year to 10.2 billion yen.

Performance Trends at Major Group Companies

(Yen in billions)

		March 31, 2019	March 31, 2020	Change (%)
Dai-ichi Life	Fundamental profit	479.1	422.1	(11.9%)
	Net income	172.9	128.6	(25.6%)
	Adjusted profit	171.4	150.2	(12.3%)
Dai-ichi Frontier Life	Operating income	61.1	49.9	(18.3%)
	Net income	19.9	(100.0)	—
	Adjusted profit	20.7	63.4	+206.0%
Protective*	Pre-tax adjusted operating income (USD in millions)	47.8	54.6	+14.3%
	Net income	33.5	50.7	+51.3%
TAL	Underlying profit (AUD in millions)	17.0	18.8	+10.9%
	Net income	8.7	10.2	+16.9%

* The fiscal year-end for Protective is December 31.

Group EEV and Economic Solvency Ratio (Economic Value)

The Group's EEV as of March 31, 2020 decreased to 5.6 trillion yen compared to 5.9 trillion yen as of March 31, 2019. This was due to the decline in unrealized gains on securities at Dai-ichi Life and the impact of an expansion of corporate bond spread

on valuation of in-force policies at Dai-ichi Frontier Life.

The economic solvency ratio was 195% under the new standard which was modified based on the calculation standards for the Insurance Capital Standard (ICS), an improvement from 170% (preliminary value) as of March 31, 2019. This is the result of controlling the impact of financial market fluctuations through such means as a diversified asset management portfolio and risk hedging positions at Dai-ichi Life in addition to the regional and business diversification already implemented through overseas business expansion.

EEV and Economic Solvency Ratio (Economic Value) at Dai-ichi Life Group Companies

(Yen in billions)

	March 31, 2019	March 31, 2020	YOY change
Dai-ichi Life Group EEV			
Dai-ichi Life	5,936.5	5,621.9	(5.3%)
Dai-ichi Frontier Life	4,550.5	4,296.4	(5.6%)
Dai-ichi Frontier Life	416.8	191.2	(54.1%)
(Reference) Preliminary value reflecting a specified investment yield in EEV ¹	Approx. 520.0	Approx. 470.0	(9.6%)
Neo First Life	93.7	114.7	+22.3%
Protective ²	662.7	765.3	+15.5%
(Reference) In U.S. dollars (USD) (USD in millions)	5,971	6,986	+17.0%
TAL	339.9	317.2	(6.7%)
(Reference) In Australian dollars (AUD) (AUD in millions)	4,322	4,801	+11.1%
Dai-ichi Life Vietnam ²	85.3	94.4	+10.6%
(Reference) In Vietnamese dong (VND) (VND in billions)	17,781	20,088	+13.0%

1. States preliminary values reflecting a specified investment yield referring to the Insurance Capital Standard (ICS) under development by the International Association of Insurance Supervisors (IAIS). As the preliminary values have not been verified by a third-party organization (actuary firm), the levels are subject to change depending on the results of future verification.
2. The fiscal year-end for Protective and Dai-ichi Life Vietnam is December 31.

	March 31, 2019	March 31, 2020	YOY change
Economic solvency ratio on economic value basis (Dai-ichi Life Group) ¹	170%	195%	+25%
(Reference) previous standard	169%	178%	+9%

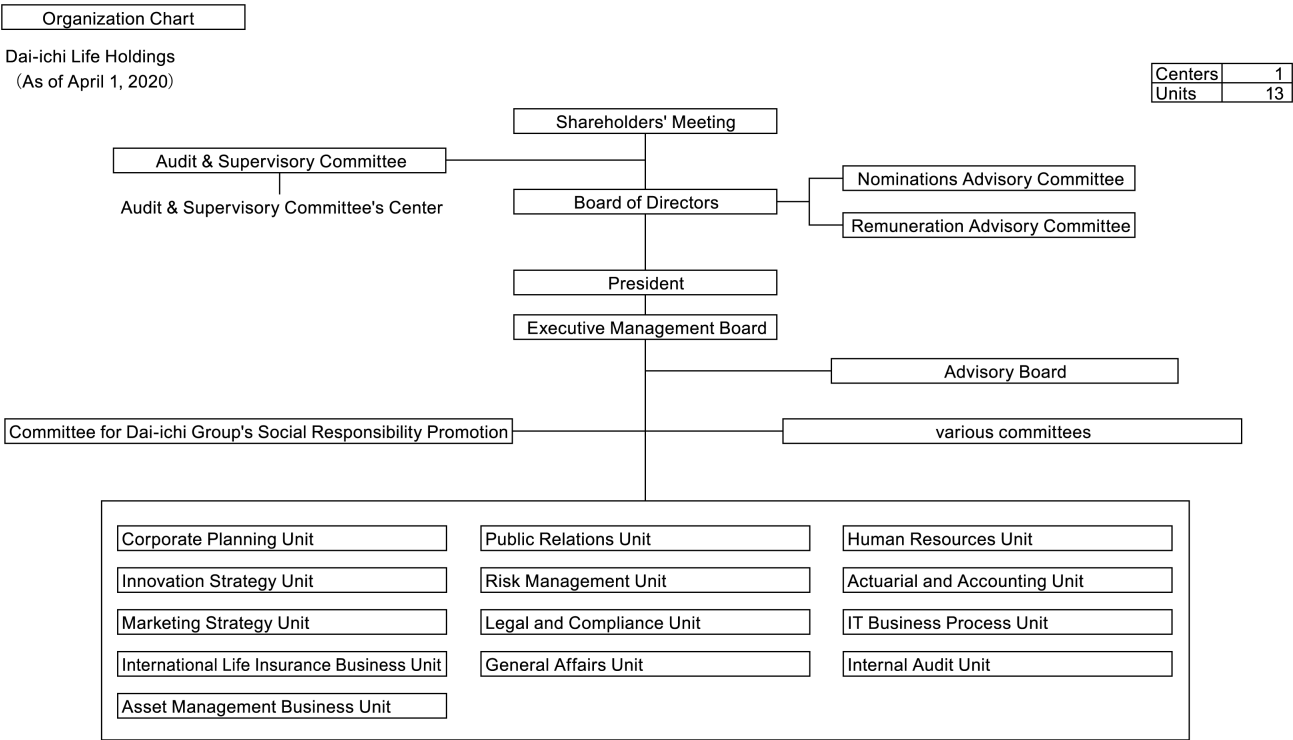
1. Measurement standards for values from March 31, 2020 have been upgraded based on development of the Insurance Capital Standard (ICS) and economic value regulations in Japan. Value for March 31, 2019 (170%) is a preliminary value.

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	343.5 billion yen
Number of employees	685 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

2. Number of shares and shareholders

(As of March 31, 2020)

Number of shares authorized to be issued	4,000,000 thousand shares
Number of issued shares	1,198,443 thousand shares
Number of shareholders	755,064 persons

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

3. Type of issued shares

(As of March 31, 2020)

Type	Number of issued shares	Details
Common stock	1,198,443 thousand shares	—

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

4. Major Shareholders (Top 10)

(As of March 31, 2020)

Name of shareholders	Ownership in the Company	
	Shares held	Percentage
	thousands of shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	77,722	6.85
Japan Trustee Services Bank, Ltd. (Trust Account)	66,636	5.88
SMP PARTNERS (CAYMAN) LIMITED	42,000	3.70
Japan Trustee Services Bank, Ltd. (Trust Account 7)	30,483	2.69
Mizuho Bank, Ltd.	28,000	2.47
GOLDMAN SACHS INTERNATIONAL	24,175	2.13
SMBC Nikko Securities Inc.	23,663	2.08
Japan Trustee Services Bank, Ltd. (Trust Account 5)	22,736	2.00
JP MORGAN CHASE BANK 385151	18,944	1.67
STATE STREET BANK WEST CLIENT – TREATY 505234	16,402	1.44

(Notes) 1. The treasury stock held by the Company (65,310 thousands of shares) is excluded from the above Major Shareholders.
2. Numbers of shares less than one thousand are truncated.
3. 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.

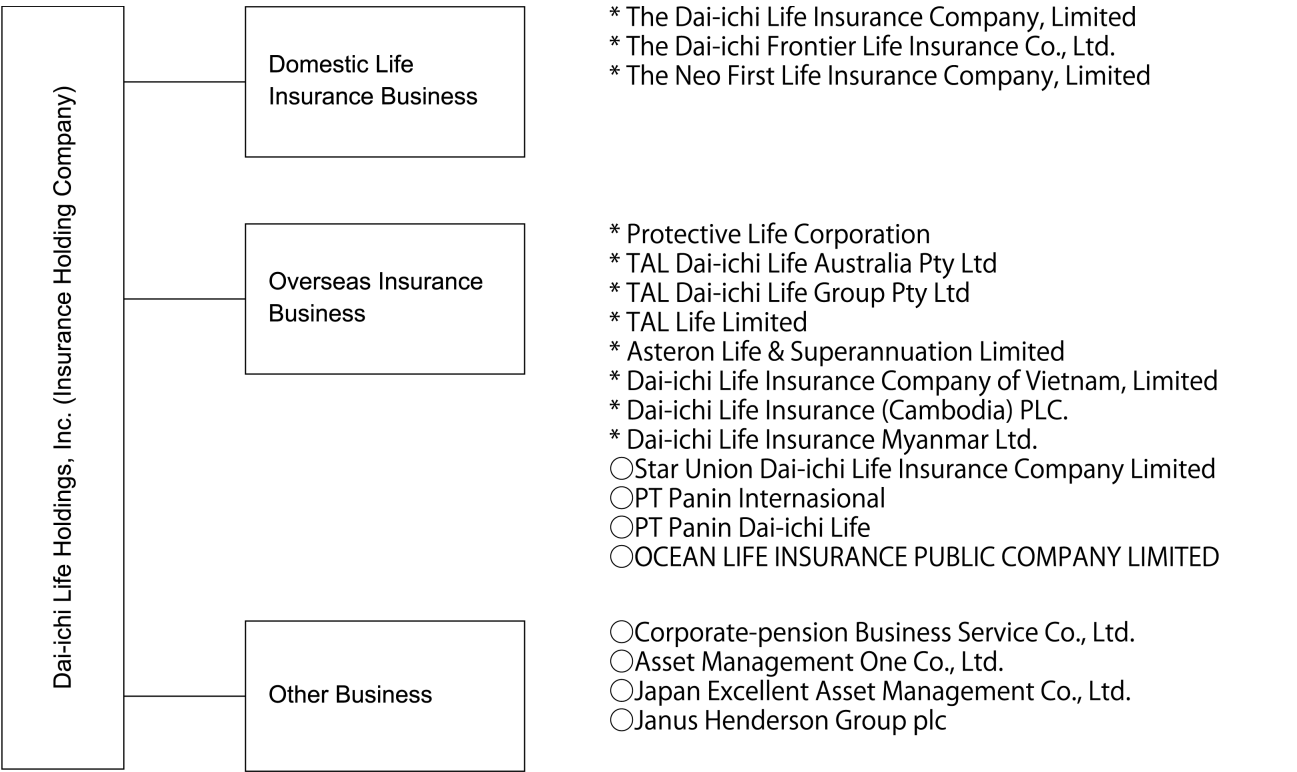
5. Independent Auditor
KPMG AZSA LLC

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

Main Businesses and Organization

Main businesses operated by the Company and its 93 subsidiaries and 133 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, 2020.

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	32.5 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	100.0%	0.0%
TAL Dai-ichi Life Group Pty Ltd	March 25, 2011	Sydney, Australia	2.267 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	16 million USD	Overseas insurance business	100.0%	0.0%
Dai-ichi Life Insurance Myanmar Ltd.	May 17, 2019	Yangon, Myanmar	59.9 billion MMK	Overseas insurance business	0.0%	100.0%
(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	45.9%	0.0%
PT Panin Internasional	July 24, 1998	Jakarta, Indonesia	1,022.5 billion IDR	Overseas insurance business	36.8%	0.0%
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	24.0%	0.0%
Corporate-Pension Business Service Co., Ltd.	October 1, 2001	Shinagawa-ku, Tokyo	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%
Janus Henderson Group plc	May 30, 2017	London, United Kingdom	277 million USD	Other business	16.5%	0.0%

(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,				
	2016	2017	2018	2019	2020
Ordinary revenues (million yen)	7,333,947	6,456,796	7,037,827	7,184,093	7,114,099
Ordinary profit (million yen)	418,166	425,320	471,994	432,945	218,380
Net income attributable to shareholders of parent company (million yen)	178,515	231,286	363,928	225,035	32,433
Comprehensive income (million yen)	(592,867)	264,969	684,757	72,613	167,564

	As of March 31,				
	2016	2017	2018	2019	2020
Total net assets (million yen)	2,932,959	3,137,266	3,749,271	3,713,592	3,776,918
Total assets (million yen)	49,924,922	51,985,850	53,603,028	55,941,261	60,011,999
Consolidated solvency margin ratio (%)	763.8	749.2	838.3	869.7	884.1

Outline of business

Ordinary revenues for the fiscal year ended March 31, 2020 decreased by 1.0% compared to the previous fiscal year to 7,114.0 billion yen, consisting of 4,885.4 billion yen (8.6% decrease) in premium and other income, 1,876.6 billion yen (18.5% increase) in investment income, and 352.0 billion yen (37.1% increase) in other ordinary revenues.

Meanwhile, the Group's ordinary expenses for the fiscal year ended March 31, 2020 increased by 2.1% compared to the previous fiscal year to 6,895.7 billion yen, consisting of 4,870.7 billion yen (26.9% increase) in benefits and claims, 164.4 billion yen (87.4% decrease) in provision for policy reserves and others, 821.9 billion yen (51.8% increase) in investment expenses, 680.1 billion yen (3.3% decrease) in operating expenses, and 358.3 billion yen (0.2% increase) in other ordinary expenses.

As a result, the Group's ordinary profit for the fiscal year ended March 31, 2020 decreased by 49.6% compared to the previous fiscal year to 218.3 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, decreased by 85.6% compared to the previous fiscal year to 32.4 billion yen. This was due mainly to the impact of accrued policy reserves for market value adjustments (MVA) at Dai-ichi Frontier Life Insurance Co., Ltd. affected by lower interest rates and losses from one-time amortization of goodwill on Janus Henderson Group plc due to its stock price decline.

Segment results were as follows:

(1) Domestic Life Insurance Business

Ordinary revenues for the domestic life insurance business decreased compared to the previous fiscal year by 59.9 billion yen, or 1.0%, to 5,873.3 billion yen due mainly to a decrease in gains on sales of securities at The Dai-ichi Life Insurance Company, Limited. Segment profit decreased compared to the previous fiscal year by 195.8 billion yen, or 52.1%, to 179.9 billion yen due mainly to an increase accrued policy reserves for market value adjustments (MVA) at Dai-ichi Frontier Life Insurance Co., Ltd. affected by lower interest rates.

(2) Overseas Insurance Business

Ordinary revenues for the overseas insurance business increased compared to the previous fiscal year by 512.5 billion yen, or 38.2%, to 1,854.4 billion yen due mainly to an increase in investment income at Protective Life Corporation. Segment profit increased compared to the previous fiscal year by 29.4 billion yen, or 55.8%, to 82.2 billion yen.

(3) Other Business

Ordinary revenues for other business increased compared to the previous fiscal year by 29.8 billion yen, or 18.6%, to 189.8 billion yen mainly because of an increase in dividends income. Segment profit decreased compared to the previous fiscal year by 21.0 billion yen, or 14.6%, to 123.4 billion yen mainly due to the impact of one-time amortization of goodwill on Janus Henderson Group plc due to its stock price decline.

Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2019	2020	2020
(ASSETS)			
Cash and deposits	920,177	1,205,507	11,076
Call loans	335,500	513,800	4,721
Monetary claims bought	199,193	221,147	2,032
Money held in trust	559,474	1,039,062	9,547
Securities	47,065,031	47,734,406	438,614
Loans	3,353,268	3,715,750	34,142
Tangible fixed assets	1,145,267	1,126,269	10,348
Land	787,421	765,160	7,030
Buildings	348,900	339,716	3,121
Leased assets	2,440	6,821	62
Construction in progress	149	197	1
Other tangible fixed assets	6,355	14,374	132
Intangible fixed assets	444,869	472,990	4,346
Software	96,631	106,696	980
Goodwill	48,926	39,497	362
Other intangible fixed assets	299,311	326,797	3,002
Reinsurance receivable	155,320	1,523,297	13,997
Other assets	1,692,127	2,403,292	22,082
Deferred tax assets	17,154	11,859	108
Customers' liabilities for acceptances and guarantees	55,515	47,065	432
Reserve for possible loan losses	(1,248)	(1,641)	(15)
Reserve for possible investment losses	(390)	(807)	(7)
Total assets	55,941,261	60,011,999	551,428
(LIABILITIES)			
Policy reserves and others	48,279,458	50,494,544	463,976
Reserves for outstanding claims	555,517	573,984	5,274
Policy reserves	47,325,761	49,520,817	455,029
Reserve for policyholder dividends	398,178	399,742	3,673
Reinsurance payable	379,568	781,980	7,185
Bonds payable	1,062,252	1,135,336	10,432
Other liabilities	1,420,986	2,723,157	25,022
Net defined benefit liabilities	422,346	440,874	4,051
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,298	1,188	10
Reserve for possible reimbursement of prescribed claims	900	800	7
Reserves under the special laws	218,259	240,796	2,212
Reserve for price fluctuations	218,259	240,796	2,212
Deferred tax liabilities	311,059	296,142	2,721
Deferred tax liabilities for land revaluation	76,023	73,195	672
Acceptances and guarantees	55,515	47,065	432
Total liabilities	52,227,668	56,235,081	516,724
(NET ASSETS)			
Capital stock	343,326	343,517	3,156
Capital surplus	329,723	329,860	3,030
Retained earnings	1,134,392	1,094,483	10,056
Treasury stock	(98,634)	(126,356)	(1,161)
Total shareholders' equity	1,708,808	1,641,506	15,083
Net unrealized gains (losses) on securities, net of tax	2,101,587	2,283,198	20,979
Deferred hedge gains (losses)	3,803	20,437	187
Reserve for land revaluation	(13,488)	(17,978)	(165)
Foreign currency translation adjustments	(77,457)	(123,850)	(1,138)
Accumulated remeasurements of defined benefit plans	(10,824)	(27,458)	(252)
Total accumulated other comprehensive income	2,003,621	2,134,348	19,611
Subscription rights to shares	1,162	1,063	9
Total net assets	3,713,592	3,776,918	34,704
Total liabilities and net assets	55,941,261	60,011,999	551,428

Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2019	2020	2020
ORDINARY REVENUES			
Premium and other income	5,344,016	4,885,407	44,890
Investment income	1,583,228	1,876,634	17,243
Interest and dividends	1,244,255	1,302,807	11,971
Gains on investments in trading securities	—	259,620	2,385
Gains on sale of securities	279,220	300,753	2,763
Gains on redemption of securities	21,146	11,707	107
Reversal of reserve for possible loan losses	237	—	—
Other investment income	1,692	1,746	16
Gains on investments in separate accounts	36,676	—	—
Other ordinary revenues	256,848	352,057	3,234
ORDINARY REVENUES	6,751,148	6,895,718	63,362
Benefits and claims	3,839,105	4,870,794	44,755
Claims	1,164,756	1,158,590	10,645
Annuities	818,785	1,128,768	10,371
Benefits	502,606	561,102	5,155
Surrender values	672,578	751,919	6,909
Other refunds	680,379	1,270,412	11,673
Provision for policy reserves and others	1,309,287	164,491	1,511
Provision for reserves for outstanding claims	12,553	58,255	535
Provision for policy reserves	1,288,468	97,989	900
Provision for interest on policyholder dividends	8,265	8,245	75
Investment expenses	541,541	821,971	7,552
Interest expenses	43,306	44,335	407
Losses on money held in trust	448	21,365	196
Losses on investments in trading securities	85,306	—	—
Losses on sale of securities	141,762	74,928	688
Losses on valuation of securities	11,151	60,928	559
Losses on redemption of securities	3,569	7,638	70
Derivative transaction losses	41,586	24,835	228
Foreign exchange losses	162,354	491,107	4,512
Provision for reserve for possible loan losses	—	398	3
Provision for reserve for possible investment losses	37	504	4
Write-down of loans	120	128	1
Depreciation of real estate for rent and others	13,254	13,074	120
Other investment expenses	38,642	42,386	389
Losses on investments in separate accounts	—	40,338	370
Operating expenses	703,573	680,154	6,249
Other ordinary expenses	357,641	358,306	3,292
Ordinary profit	432,945	218,380	2,006
EXTRAORDINARY GAINS			
Gains on disposal of fixed assets	2,476	4,929	45
Other extraordinary gains	36	11	0
EXTRAORDINARY GAINS	28,607	39,557	363
Losses on disposal of fixed assets	4,064	13,271	121
Impairment losses on fixed assets	1,801	3,556	32
Provision for reserve for price fluctuations	22,462	22,536	207
Other extraordinary losses	279	192	1
Provision for reserve for policyholder dividends	87,500	82,500	758
Income before income taxes	319,349	101,264	930
Corporate income taxes-current	99,814	112,292	1,031
Corporate income taxes-deferred	(5,501)	(43,460)	(399)
Total of corporate income taxes	94,313	68,831	632
Net Income	225,035	32,433	298
Net income attributable to shareholders of parent company	225,035	32,433	298

Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2019	2020	2020
Net income	225,035	32,433	298
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	(134,626)	178,039	1,635
Deferred hedge gains (losses)	13,452	16,633	152
Foreign currency translation adjustments	(21,674)	(46,006)	(422)
Remeasurements of defined benefit plans, net of tax	(2,350)	(16,566)	(152)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(7,223)	3,030	27
Total other comprehensive income	(152,421)	135,130	1,241
Comprehensive income	72,613	167,564	1,539
(Details)			
Attributable to shareholders of parent company	72,613	167,564	1,539

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2019

	(Unit: million yen)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,146	329,653	976,899	(60,076)	1,589,623
Cumulative effect of changes in accounting policies			(9,420)		(9,420)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,146	329,653	967,479	(60,076)	1,580,202
Changes for the year					
Issuance of new shares	180	180			360
Dividends			(58,239)		(58,239)
Net income attributable to shareholders of parent company			225,035		225,035
Purchase of treasury stock				(39,000)	(39,000)
Disposal of treasury stock		(109)		441	331
Change in scope of equity method					-
Transfer from reserve for land revaluation			1,064		1,064
Others			(947)		(947)
Net changes of items other than shareholders' equity					
Total changes for the year	180	70	166,913	(38,558)	128,605
Balance at the end of the year	343,326	329,723	1,134,392	(98,634)	1,708,808

	(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	2,238,159	(9,649)	(12,423)	(49,201)
Cumulative effect of changes in accounting policies	(1,192)			
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	2,236,967	(9,649)	(12,423)	(49,201)
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				
Change in scope of equity method				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	(135,379)	13,452	(1,064)	(28,255)
Total changes for the year	(135,379)	13,452	(1,064)	(28,255)
Balance at the end of the year	2,101,587	3,803	(13,488)	(77,457)

	(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	(8,584)	2,158,300	1,348	3,749,271
Cumulative effect of changes in accounting policies		(1,192)		(10,612)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(8,584)	2,157,108	1,348	3,738,659
Changes for the year				
Issuance of new shares				360
Dividends				(58,239)
Net income attributable to shareholders of parent company				225,035
Purchase of treasury stock				(39,000)
Disposal of treasury stock				331
Change in scope of equity method				-
Transfer from reserve for land revaluation				1,064
Others				(947)
Net changes of items other than shareholders' equity	(2,239)	(153,486)	(185)	(153,672)
Total changes for the year	(2,239)	(153,486)	(185)	(25,066)
Balance at the end of the year	(10,824)	2,003,621	1,162	3,713,592

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2020

	(Unit: million yen)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the year	343,326	329,723	1,134,392	(98,634)	1,708,808
Cumulative effect of changes in accounting policies			(5,639)		(5,639)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,326	329,723	1,128,753	(98,634)	(1,703,168)
Changes for the year					
Issuance of new shares	190	190			381
Dividends			(66,442)		(66,442)
Net income attributable to shareholders of parent company			32,433		32,433
Purchase of treasury stock				(27,999)	(27,999)
Disposal of treasury stock		(53)		278	225
Change in scope of equity method			(146)		(146)
Transfer from reserve for land revaluation			4,489		4,489
Others			(4,603)		(4,603)
Net changes of items other than shareholders' equity					
Total changes for the year	190	137	(34,269)	(27,721)	(61,662)
Balance at the end of the year	343,517	329,860	1,094,483	(126,356)	1,641,506

	(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	2,101,587	3,803	(13,488)	(77,457)
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	2,101,587	3,803	(13,488)	(77,457)
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				
Change in scope of equity method				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	181,610	16,633	(4,489)	(46,393)
Total changes for the year	181,610	16,633	(4,489)	(46,393)
Balance at the end of the year	2,283,198	20,437	(17,978)	(123,850)

	(Unit: million yen)			
	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	(10,824)	2,003,621	1,162	3,713,592
Cumulative effect of changes in accounting policies				(5,639)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(10,824)	2,003,621	1,162	3,707,952
Changes for the year				
Issuance of new shares				381
Dividends				(66,442)
Net income attributable to shareholders of parent company				32,433
Purchase of treasury stock				(27,999)
Disposal of treasury stock				225
Change in scope of equity method				(146)
Transfer from reserve for land revaluation				4,489
Others				(4,603)
Net changes of items other than shareholders' equity	(16,633)	130,727	(99)	130,627
Total changes for the year	(16,633)	130,727	(99)	68,965
Balance at the end of the year	(27,458)	2,134,348	1,063	3,776,918

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2020

	(Unit: million US dollars)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the year	3,154	3,029	10,423	(906)	15,701
Cumulative effect of changes in accounting policies			(51)		(51)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	3,154	3,029	10,371	(906)	(15,649)
Changes for the year					
Issuance of new shares	1	1			3
Dividends			(610)		(610)
Net income attributable to shareholders of parent company			298		298
Purchase of treasury stock				(257)	(257)
Disposal of treasury stock		(0)		2	2
Change in scope of equity method			(1)		(1)
Transfer from reserve for land revaluation			41		41
Others			(42)		(42)
Net changes of items other than shareholders' equity					
Total changes for the year	1	1	(314)	(254)	(566)
Balance at the end of the year	3,156	3,030	10,056	(1,161)	15,083

	(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	19,310	34	(123)	(711)
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	19,310	34	(123)	(711)
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				
Change in scope of equity method				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	1,668	152	(41)	(426)
Total changes for the year	1,668	152	(41)	(426)
Balance at the end of the year	20,979	187	(165)	(1,138)

	(Unit: million US dollars)			
	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	(99)	18,410	10	34,122
Cumulative effect of changes in accounting policies				(51)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(99)	18,410	10	34,071
Changes for the year				
Issuance of new shares				3
Dividends				(610)
Net income attributable to shareholders of parent company				298
Purchase of treasury stock				(257)
Disposal of treasury stock				2
Change in scope of equity method				(1)
Transfer from reserve for land revaluation				41
Others				(42)
Net changes of items other than shareholders' equity	(152)	1,201	(0)	1,200
Total changes for the year	(152)	1,201	(0)	633
Balance at the end of the year	(252)	19,611	9	34,704

Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2019	2020	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes	319,349	101,264	930
Depreciation of real estate for rent and others	13,254	13,074	120
Depreciation	50,914	47,753	438
Impairment losses on fixed assets	1,801	3,556	32
Amortization of goodwill	4,390	3,459	31
Increase (decrease) in reserves for outstanding claims	35,993	60,945	560
Increase (decrease) in policy reserves	1,155,292	(97,358)	(894)
Provision for interest on policyholder dividends	8,265	8,245	75
Provision for (reversal of) reserve for policyholder dividends	87,500	82,500	758
Increase (decrease) in reserve for possible loan losses	(239)	401	3
Increase (decrease) in reserve for possible investment losses	(46)	417	3
Write-down of loans	120	128	1
Increase (decrease) in net defined benefit liabilities	6,112	(3,662)	(33)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(85)	(109)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	—	(100)	(0)
Increase (decrease) in reserve for price fluctuations	22,462	22,536	207
Interest and dividends	(1,244,255)	(1,302,807)	(11,971)
Securities related losses (gains)	(95,253)	(388,245)	(3,567)
Interest expenses	43,306	44,335	407
Foreign exchange losses (gains)	162,354	491,107	4,512
Losses (gains) on disposal of fixed assets	527	8,110	74
Equity in losses (income) of affiliates	(10,067)	37,880	348
Decrease (increase) in reinsurance receivable	(50,501)	(158,655)	(1,457)
Decrease (increase) in other assets unrelated to investing and financing activities	(87,727)	(220,309)	(2,024)
Increase (decrease) in reinsurance payable	158,963	433,398	3,982
Increase (decrease) in other liabilities unrelated to investing and financing activities	(85,831)	89,323	820
Others, net	83,869	95,031	873
Subtotal	580,470	(627,778)	(5,768)
Interest and dividends received	1,424,532	1,516,727	13,936
Interest paid	(50,442)	(51,120)	(469)
Policyholder dividends paid	(96,237)	(89,181)	(819)
Others, net	8,247	(14,750)	(135)
Corporate income taxes paid	(169,576)	(143,811)	(1,321)
Net cash flows provided by (used in) operating activities	1,696,993	590,084	5,422
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in cash and deposits	3,708	(3,136)	(28)
Purchases of monetary claims bought	(34,317)	(44,550)	(409)
Proceeds from sale and redemption of monetary claims bought	32,131	22,702	208
Purchases of money held in trust	(117,960)	(554,729)	(5,097)
Proceeds from decrease in money held in trust	81,781	53,676	493
Purchases of securities	(10,790,799)	(9,121,274)	(83,812)
Proceeds from sale and redemption of securities	9,677,088	9,006,260	82,755
Origination of loans	(738,590)	(936,951)	(8,609)
Proceeds from collection of loans	914,523	713,194	6,553
Others, net	(279,306)	94,604	869
Total of net cash provided by (used in) investment transactions	(1,251,739)	(770,203)	(7,077)
Total of net cash provided by (used in) operating activities and investment transactions	445,253	(180,118)	(1,655)
Acquisition of tangible fixed assets	(58,163)	(43,485)	(399)
Proceeds from sale of tangible fixed assets	22,833	37,973	348
Acquisition of intangible fixed assets	(34,757)	(35,974)	(330)
Proceeds from sale of intangible fixed assets	295	33	0
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	(30,334)	(4,348)	(39)
Acquisition of stock of subsidiaries	(881)	(640)	(5)
Proceeds from transfer of business	1,343	—	—
Payments for acquisition of business	—	(79,793)	(733)
Proceeds from acquisition of business	4,268	—	—
Net cash flows provided by (used in) investing activities	(1,347,136)	(896,437)	(8,237)

Consolidated Statement of Cash Flows (Continued)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2019	2020	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	65,860	72,345	664
Repayment of borrowings	(197,715)	(65,000)	(597)
Proceeds from issuing bonds	146,055	147,321	1,353
Redemption of bonds	(40,169)	(62,703)	(576)
Repayment of financial lease obligations	(1,331)	(2,633)	(24)
Net increase (decrease) in short-term financing	(16,808)	789,923	7,258
Purchase of treasury stock	(39,000)	(27,999)	(257)
Cash dividends paid	(58,100)	(66,287)	(609)
Acquisitions of stock of subsidiaries that do not result in change in scope of consolidation	(2,219)	(95)	(0)
Others, net	0	0	0
Net cash flows provided by (used in) financing activities	(143,428)	784,869	7,211
Effect of exchange rate changes on cash and cash equivalents	(2,373)	(19,127)	(175)
Net increase (decrease) in cash and cash equivalents	204,054	459,389	4,221
Cash and cash equivalents at the beginning of the year	1,033,022	1,237,077	11,367
Increase (decrease) in cash and cash equivalents due to changes in the subsidiaries included in the scope of consolidation	—	1,115	10
Cash and cash equivalents at the end of the year	1,237,077	1,697,582	15,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

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 ¥108.83=US\$1.00, the foreign exchange rate on March 31, 2020, 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

The Number of consolidated subsidiaries as of March 31, 2020 was sixty-seven. 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. and Dai-ichi Life Insurance Myanmar Ltd.

Effective the fiscal year ended March 31, 2020, Dai-ichi Life Insurance Myanmar Ltd., established in May 2019, was included in the scope of consolidation as it began operations in January 2020.

Effective the fiscal year ended March 31, 2020, two subsidiaries of TDLA were included in the scope of consolidation.

Effective the fiscal year ended March 31, 2020, one subsidiary of PLC was included in the scope of consolidation.

Effective the fiscal year ended March 31, 2020, one subsidiary of TDLA was excluded from the scope of consolidation.

The number of non-consolidated subsidiaries as of March 31, 2020 was twenty-six. 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 twenty-six non-consolidated subsidiaries as of March 31, 2020 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, 2020 was zero.

The number of affiliated companies under the equity method as of March 31, 2020 was one hundred and twenty-five. 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, PT Panin Internasional and Janus Henderson Group plc.

Effective the fiscal year ended March 31, 2020, twelve companies of Janus Henderson Group plc were included in the scope of the equity method as it had become an affiliated company of the Company.

Effective the fiscal year ended March 31, 2020, NEOSTELLA CAPITAL CO., LTD. was excluded from the scope of the equity method as it had been liquidated.

Effective the fiscal year ended March 31, 2020, one affiliated company of PLC was excluded from the scope of the equity method.

Effective the fiscal year ended March 31, 2020, three affiliated companies of PT Panin Internasional were excluded from the scope of the equity method.

Effective the fiscal year ended March 31, 2020, thirteen affiliated companies of Janus Henderson Group plc were excluded from the scope of the equity method.

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

The closing date of domestic consolidated subsidiaries is March 31, whereas that of consolidated overseas subsidiaries is December 31 or March 31. Financial information as of those closing dates is used to prepare the consolidated financial statements, although the necessary adjustments are made when significant transactions take place between the account closing date of an individual subsidiary and that 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 with Fair Values

Available-for-sale securities which have market value are valued at fair value at the end of the fiscal year (for domestic stocks, the average market value during March), with cost determined by the moving average method.

ii) Available-for-sale Securities Whose Fair Values Are Extremely Difficult to Recognize

a. Government/Corporate Bonds (including Foreign Bonds), Whose Premium or Discount Represents the Interest Adjustment

Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment are valued at the amortized cost determined by the moving average method.

b. Others

All others 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

Tangible fixed assets other than land and buildings 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, 2019 and 2020 were ¥2 million and ¥1 million (US\$0 million), respectively.
- The reserve for possible loan losses of consolidated subsidiaries that do not operate a life insurance business in Japan is calculated mainly by considering the estimated recoverable amount from the book value of individual loans.

- (5) Reserve for Possible Investment Losses**
- In order to provide for future investment losses, a reserve for possible investment losses is established for securities whose fair values are extremely difficult to recognize. 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, 2020. 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, 2020.
- 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 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. 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.

(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 Reserve

Policy reserves of the consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in a) and b) below. 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.

- 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.

Policy reserves of consolidated overseas subsidiaries are calculated based on the each country's accounting standard, such as US GAAP.

(16) 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.

(17) Changes in Accounting Policies - Premium Amortization on Purchased Callable Debt Securities

Effective the fiscal year ended March 31, 2020, certain consolidated overseas subsidiaries adopted Accounting Standards Update ("ASU") No. 2017-08 - Premium Amortization on Purchased Callable Debt Securities issued by the Financial Accounting Standards Board.

The update requires the premiums of callable debt securities to be amortized to the earliest call date.

In accordance with the amendments in this update applied on a modified retrospective basis, a cumulative effect adjustment to retained earnings was recorded at the beginning of the fiscal year ended March 31, 2020.

As a result, retained earnings decreased by ¥5,639 million (US\$51 million) at the beginning of the fiscal year ended March 31, 2020. There was no significant impact on the figures in the consolidated statement of earnings for the fiscal year ended March 31, 2020.

The impact on the figures in per share information is described XX. PER SHARE INFORMATION.

(18) Accounting Standard and Guidance Not Yet Adopted

Financial Services - Insurance (Topic 944) (US GAAP, ASU No. 2018-12 issued on August 15, 2018, ASU No. 2019-09 issued on November 15, 2019)

a) Outline

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

Companies that have adopted US GAAP will apply the amendments in this Update from the fiscal year beginning after December 15, 2021 (early adoption is permitted).

b) Scheduled date for adoption

Certain consolidated overseas subsidiaries that have adopted US GAAP will apply the amendments in this Update, but the date for application is undetermined.

c) Impact of applying the standard and guidance

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

(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, 2019 and 2020 were ¥6,291 million and ¥6,149 million (US\$56 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, 2019 and 2020 were 4,161 thousand shares and 4,068 thousand shares, and the average number of stocks within the trust for the fiscal years ended March 31, 2019 and 2020 were 4,203 thousand shares and 4,097 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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Securities	207,081	1,136,039	10,438
Deposits	14,947	4,429	40
Others	299	—	—
Total	222,328	1,140,468	10,479

The amounts of secured liabilities were as follows:

	As of March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Payables under repurchase agreements	81,426	870,747	8,000
Cash collateral for securities lending transactions	19,473	113,966	1,047
Others	21	—	—
Total	100,920	984,714	9,048

The amount of "Securities" pledged as collateral under repurchase agreements and for securities lending transactions with cash collateral as of March 31, 2019 and 2020 were ¥99,252 million and ¥918,475 million (US\$8,439 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, 2019 and 2020 were ¥2,307,472 million and ¥2,428,696 million (US\$22,316 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, 2019 and 2020
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, 2019 and 2020
i) individual life insurance and annuities(yen-denominated),
ii) individual life insurance and annuities(U.S. dollar-denominated),and
iii) individual life insurance and annuities(New Zealand dollar-denominated)
with the exception of certain types and contracts.

(Additional information)

Effective the fiscal year ended March 31, 2020, DFLI reclassified policy-reserve-matching bonds held in the sub-group of individual life insurance and annuities (Australian dollar-denominated) into available-for-sale securities, abolishing said sub-group. This reclassification into available-for-sale securities was conducted in accordance with the risk management policy following a significant change of economic environment assumptions in relation to the holding ratio of policy-reserve-matching bonds in said sub-group resulting from a significant and rapid decline in Australian dollar interest rates.

Due to this change, as of the time of reclassification, securities, net unrealized gains (losses) on securities and deferred tax liabilities increased by ¥204,207 million (US\$1,876 million), ¥147,029 million (US\$1,350 million), and ¥57,177 million (US\$525 million), respectively. This change had no impact on profit and loss.

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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Stocks	202,679	158,827	1,459
Capital	66,475	95,995	882
Total	269,155	254,822	2,341

5. Problem Loans

The amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were as follows:

	As of March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers (*1)	88	79	0
Delinquent loans (*2)	3,953	3,013	27
Loans past due for three months or more (*3)	—	—	—
Restructured loans (*4)	193	413	3
Total	4,235	3,506	32

(*1) Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3, (a) to (e) or 4 of the Order for Enforcement of the Corporation Tax Act. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

(*2) Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

(*3) Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

(*4) Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans, decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	As of March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	2	1	0
Delinquent loans	—	—	—

6. Commitment Line

As of March 31, 2019 and 2020, there were unused commitment line agreements under which the Company and its consolidated subsidiaries were the lenders of ¥139,433 million and ¥169,338 million (US\$1,555 million), respectively.

7. Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets as of March 31, 2019 and 2020 were ¥614,786 million and ¥621,069 million (US\$5,706 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, 2019 and 2020 were ¥3,044,451 million and ¥2,468,426 million (US\$22,681 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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year	398,650	398,178	3,658
Dividends paid during the year	(96,237)	(89,181)	(819)
Interest accrual during the year	8,265	8,245	75
Provision for reserve for policyholder dividends	87,500	82,500	758
Balance at the end of the year	398,178	399,742	3,673

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, 2019 and 2020 were ¥56,111 million and ¥56,575 million (US\$519 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, 2019 and 2020, bonds payable included foreign currency-denominated subordinated bonds of ¥647,888 million and ¥709,077 million (US\$6,515 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, 2019	Balance as of March 31, 2020	Interest rate (%)	Collateral	Maturity date
(Unit: million yen)							
The Company	1st series perpetual subordinated bond	March 19, 2019	85,000	85,000	1.22	None	Perpetual
The Company	2nd series perpetual subordinated bond	September 11, 2019	—	65,000	1.00	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\$]	476,277 [4,800 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	414,363 [3,733 mil US\$]	426,259 [3,890 mil US\$]	From 3.40 to 8.45	None	From August 15, 2024 to July 15, 2052
(*2)	Foreign currency (US dollar) denominated subordinated bonds	From August 10, 2017 to May 1, 2018	67,202 [605 mil US\$]	66,345 [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	19,409 [246 mil AUD]	16,454 [248 mil AUD]	6.00	None	March 31, 2027
Total	—	—	1,062,252	1,135,336	—	—	—

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. The following table shows the maturities of long-term subordinated bonds for the 5 years subsequent to March 31, 2020

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Unit: million yen)					
Bonds payable	—	—	—	—	119
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Unit: million US dollars)					
Bonds payable	—	—	—	—	1

13. Subordinated Debt and Other Liabilities

As of March 31, 2019 and 2020, other liabilities included subordinated debt of ¥283,000 million and ¥283,000 million (US\$2,600 million), respectively, whose repayment is subordinated to other obligations.

Details of borrowings and lease obligations were as follows:

Category	Balance as of April 1, 2019	Balance as of March 31, 2020	Average interest rate (%)	Maturity	Balance as of April 1, 2019	Balance as of March 31, 2020
	(Unit: million yen)				(Unit: million US dollars)	
Current portions of lease obligations	988	2,674	—	—	8	24
Long-term borrowings (excluding current portion)	618,721	623,400	1.1	September 2021~ perpetual	5,574	5,728
Lease obligations (excluding current portion)	1,629	8,068	—	January 2021 ~ August 2025	14	74
Other interest-bearing liabilities						
Payables under repurchase agreements (current portion)	81,426	870,747	(0.2)	—	733	8,000
Total	702,766	1,504,891	—	—	6,331	13,827

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, 2020. 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, 2020:

	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	262,413	5,804	5,804	65,736
Lease obligations	2,504	2,052	1,766	1,411
	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	2,411	53	53	604
Lease obligations	23	18	16	12

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, 2019 and 2020, the market value of the securities which were not sold or pledged as collateral was ¥143,197 million and ¥196,122 million (US\$1,802 million), respectively. None of the securities were pledged as collateral as of March 31, 2019 and 2020, respectively.

15. Organizational Change Surplus

As of March 31, 2019 and 2020, the amounts of organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US\$1,082 million), respectively.

IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

1. Operating Expenses

Details of operating expenses for the fiscal years ended March 31, 2019 and 2020 were as follows:

	Year ended March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses	311,924	276,472	2,540
Sales management expenses	96,739	93,756	861
General management expenses	294,909	309,925	2,847

2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the fiscal years ended March 31, 2019 and 2020 were as follows:

	Year ended March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Land	2,065	4,359	40
Buildings	406	545	5
Other tangible fixed assets	3	8	0
Other intangible fixed assets	—	15	0
Total	2,476	4,929	45

3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal years ended March 31, 2019 and 2020 were as follows:

	Year ended March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Land	253	10,478	96
Buildings	2,555	2,356	21
Leased assets	75	2	0
Other tangible fixed assets	119	187	1
Software	878	210	1
Other intangible fixed assets	153	0	0
Other assets	28	36	0
Total	4,064	13,271	121

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, 2019 and 2020 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, 2019 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
(Unit: million yen)					
Real estate not in use	Niigata city, Niigata Prefecture and others	20	1,052	714	1,766

Impairment losses by asset group for the fiscal year ended March 31, 2020 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	29	35	64	0	0	0
Real estate not in use	Nishinomiya city,Hyogo Prefecture and others	22	2,238	1,253	3,491	20	11	32
Total	—	23	2,267	1,288	3,556	20	11	32

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 2.28% and 2.22% for the years ended March 31, 2019 and 2020, 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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	(150,463)	251,482	2,310
Amount reclassified	(18,255)	(42,665)	(392)
Before tax adjustment	(168,719)	208,817	1,918
Tax effect	34,092	(30,778)	(282)
Net unrealized gains (losses) on securities, net of tax	(134,626)	178,039	1,635
Deferred hedge gains (losses)			
Amount incurred during the year	14,987	22,949	210
Amount reclassified	3,495	481	4
Amount adjusted for asset acquisition cost	235	(266)	(2)
Before tax adjustment	18,718	23,164	212
Tax effect	(5,266)	(6,530)	(60)
Deferred hedge gains (losses)	13,452	16,633	152
Foreign currency translation adjustments			
Amount incurred during the year	(21,674)	(46,006)	(422)
Amount reclassified	—	—	—
Before tax adjustment	(21,674)	(46,006)	(422)
Tax effect	—	—	—
Foreign currency translation adjustments	(21,674)	(46,006)	(422)
Remeasurements of defined benefit plans, net of tax			
Amount incurred during the year	(2,152)	(22,070)	(202)
Amount reclassified	(1,098)	(699)	(6)
Before tax adjustment	(3,250)	(22,770)	(209)
Tax effect	900	6,204	57
Remeasurements of defined benefit plans, net of tax	(2,350)	(16,566)	(152)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	(7,135)	3,412	31
Amount reclassified	(87)	(381)	(3)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(7,223)	3,030	27
Total other comprehensive income	(152,421)	135,130	1,241

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

1. For the Year Ended March 31, 2019

(1) Type and Number of Shares Outstanding	Year ended March 31, 2019			
	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}	1,198,023	185	—	1,198,208
Treasury stock ^{(*)2)(*)3)(*)4}	33,230	19,678	258	52,650

(*)1 The increase of 185 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, 2019, includes 4,270 thousand shares and 4,161 thousand shares held by the trust fund through the J-ESOP, respectively.

(*)3 The increase of 19,678 thousand shares of treasury stock was due to the repurchase of outstanding common stock.

(*)4 The decrease of 258 thousand shares of treasury stock represents the sum of (1) 150 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 108 thousand shares granted to eligible employees at retirement by the J-ESOP.

(2) Stock Acquisition Rights		
Issuer	Details	Balance as of March 31, 2019 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	1,162

(3) Dividends on Common Stock

a) Dividends paid during the fiscal year ended March 31, 2019

Date of resolution	June 25, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥58,239 million
Dividends per share	¥50
Record date	March 31, 2018
Effective date	June 26, 2018
Dividend resource	Retained earnings

(*) Total dividends did not include ¥213 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, 2019, to be paid out in the year ending March 31, 2020

Date of resolution	June 21, 2019 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥66,442 million
Dividends per share	¥58
Record date	March 31, 2019
Effective date	June 24, 2019
Dividend resource	Retained earnings

(*) Total dividends did not include ¥241 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, 2020

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2020			
	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}	1,198,208	234	—	1,198,443
Treasury stock ^{(*)2)(*)3)(*)4}	52,650	16,894	165	69,378

(*)1 The increase of 234 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, 2020, includes 4,161 thousand shares and 4,068 thousand shares held by the trust fund through the J-ESOP, respectively.

(*)3 The increase of 16,894 thousand shares of treasury stock was due to the repurchase of outstanding common stock.

(*)4 The decrease of 165 thousand shares of treasury stock represents the sum of (1) 72 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 93 thousand shares granted to eligible employees at retirement by the J-ESOP.

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2020 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	1,063(US\$9 million)

(3) Dividends on Common Stock

a) Dividends paid during the fiscal year ended March 31, 2020

Date of resolution	June 21, 2019 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥66,442 million (US\$610 million)
Dividends per share	¥58 (US\$0.53)
Record date	March 31, 2019
Effective date	June 24, 2019
Dividend resource	Retained earnings

(*) Total dividends did not include ¥241 million (US\$2 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, 2020, to be paid out in the year ending 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 (US\$643 million)
Dividends per share	¥62 (US\$0.56)
Record date	March 31, 2020
Effective date	June 23, 2020
Dividend resource	Retained earnings

(*) Total dividends did not include ¥252 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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Cash and deposits	920,177	1,205,507	11,076
Call loans	335,500	513,800	4,721
Term deposits exceeding three months and others	(18,600)	(21,725)	(199)
Cash and cash equivalents	1,237,077	1,697,582	15,598

2. Breakdown of Increased Assets and Liabilities as a Result of the Acquisition of business

Associated with the acquired in-force blocks of individual insurance and annuities under a reinsurance agreement from Great-West Life & Annuity Insurance Company to Protective Life Corporation, a consolidated subsidiary of the Company, the breakdown of the increased assets and liabilities and the reconciliation of the acquisition costs with net cash flow for the acquisition of business were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Assets	2,400,713	22,059
Cash and cash deposits included in the above assets	3,816	35
Liabilities	(2,311,680)	(21,241)
Policy reserves and others included in the above liabilities	(2,279,508)	(20,945)
Acquisition costs	89,033	818
Contingent consideration	(5,423)	(49)
Cash and cash equivalents included in acquired assets	(3,816)	(35)
Net cash flow for the acquisition	79,793	733

VIII. LEASE TRANSACTIONS

1. Finance Leases (As Lessee)

For the fiscal years ended March 31, 2019 and 2020, 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, 2019 and 2020 were as follows:

(As Lessee)			
	As of March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	2,534	1,395	12
Due after one year	12,844	7,277	66
Total	15,378	8,673	79

(As Lessor)			
	As of March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	312	336	3
Due after one year	3,767	3,431	31
Total	4,079	3,767	34

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 well as the values based on market prices, fair value of financial instruments includes values which are reasonably calculated in case market prices do not exist. 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 "2. Fair Value of Financial Instruments", 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, 2019 and 2020 were as follows.

The following tables do not include financial instruments whose fair value is extremely difficult to recognize (please refer to Note 2).

As of March 31, 2019			
	Carrying amount	Fair value	Gains (losses)
(Unit: million yen)			
(1) Cash and deposits	920,177	920,177	–
(2) Call loans	335,500	335,500	–
(3) Monetary claims bought	199,193	199,193	–
(4) Money held in trust	559,474	559,474	–
(5) Securities			
a. Trading securities	4,964,194	4,964,194	–
b. Held-to-maturity bonds	353,977	347,854	(6,122)
c. Policy-reserve-matching bonds	16,826,256	20,082,306	3,256,049
d. Stocks of subsidiaries and affiliated companies	107,033	86,168	(20,864)
e. Available-for-sale securities	24,309,464	24,309,464	–
(6) Loans	3,353,268		
Reserves for possible loan losses ^(*)	(309)		
	3,352,958	3,435,204	82,246
(7) Reinsurance receivable	155,320	155,320	–
Total assets	52,083,550	55,394,859	3,311,308
(1) Bonds payable	1,062,252	1,052,499	(9,753)
(2) Payables under repurchase agreements	81,426	81,426	–
(3) Long-term borrowings	618,721	620,130	1,408
Total liabilities	1,762,400	1,754,055	(8,344)
Derivative transactions ^(*)			
a. Hedge accounting not applied	[43,729]	[43,729]	–
b. Hedge accounting applied	11,119	8,619	(2,500)
Total derivative transactions	[32,609]	[35,110]	(2,500)

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

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

As of March 31, 2020						
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
(Unit: million yen)				(Unit: million US dollars)		
(1) Cash and deposits	1,205,507	1,205,507	–	11,076	11,076	–
(2) Call loans	513,800	513,800	–	4,721	4,721	–
(3) Monetary claims bought	221,147	221,147	–	2,032	2,032	–
(4) Money held in trust	1,039,062	1,039,062	–	9,547	9,547	–
(5) Securities						
a. Trading securities	4,076,103	4,076,103	–	37,453	37,453	–
b. Held-to-maturity bonds	391,053	415,340	24,286	3,593	3,816	223
c. Policy-reserve-matching bonds	15,389,092	18,351,016	2,961,923	141,404	168,620	27,216
d. Stocks of subsidiaries and affiliated companies	54,565	52,133	(2,432)	501	479	(22)
e. Available-for-sale securities	27,426,443	27,426,443	–	252,011	252,011	–
(6) Loans	3,715,750			34,142		
Reserves for possible loan losses ^(*)	(712)			(6)		
	3,715,037	3,791,794	76,756	34,136	34,841	705
(7) Reinsurance receivable	1,523,297	1,523,297	–	13,997	13,997	–
Total assets	55,555,110	58,615,645	3,060,535	510,476	538,598	28,122
(1) Bonds payable	1,135,336	1,174,593	39,257	10,432	10,792	360
(2) Payables under repurchase agreements	870,747	870,747	–	8,000	8,000	–
(3) Long-term borrowings	623,400	616,519	(6,880)	5,728	5,664	(63)
Total liabilities	2,629,484	2,661,861	32,376	24,161	24,458	297
Derivative transactions ^(*)						
a. Hedge accounting not applied	[52,574]	[52,574]	–	[483]	[483]	–
b. Hedge accounting applied	67,897	66,356	(1,540)	623	609	(14)
Total derivative transactions	15,322	13,782	(1,540)	140	126	(14)

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

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

Note 1: Notes to Methods for Calculating Fair Value of Financial Instruments, Securities and Derivative Transactions

Assets

(1) Cash and deposits

Since deposits are mainly close to maturity or have no maturity and their fair value is close to the carrying amounts, fair value is based on the carrying amount.

(2) Call loans

Since all call loans are close to due date and their fair value is close to carrying amounts, fair value of call loans is based on their carrying amount.

(3) Monetary claims bought

The fair value of monetary claims bought is based on the reasonably calculated price.

(4) Money held in trust

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price.

For details on derivative transactions of money held in trust, please refer to XII. DERIVATIVE TRANSACTIONS.

(5) Securities

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership. Additionally, notes for the securities for each investment purpose are described in X. SECURITIES.

(6) 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 period which are assumed to be applied to new loans to the subject borrower.

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 the fair value of risk-monitored loans.

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.

(7) Reinsurance receivable

Since the fair value of reinsurance receivable is close to the carrying amounts, fair value is based on the carrying amount.

Liabilities

(1) Bonds payable

The fair value of bonds is based on the price on the bond market.

(2) Payables under repurchase agreements

Since the terms of all payables under repurchase agreements are short and their fair value is close to the carrying amounts, fair value is based on the carrying amount.

(3) Long-term borrowings

The fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining periods which are assumed to be applied to new borrowing. Also, certain of long-term borrowings are deemed to have fair value close to book value, taking into account interest rates. Therefore, their book value is recorded as the fair value.

Derivative Instruments

For details on derivative transactions, please refer to XII. DERIVATIVE TRANSACTIONS.

Note 2: Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of (5) Securities in Note 1

	As of March 31,		
	2019	2020	2020
	Carrying amount		
	(Unit: million yen)		(Unit: million US dollars)
1. Unlisted domestic stocks ^(*) (^(*) 2)	80,840	86,447	794
2. Unlisted foreign stocks ^(*) (^(*) 2)	64,622	70,369	646
3. Other foreign securities ^(*) (^(*) 2)	254,205	83,496	767
4. Other securities ^(*) (^(*) 2)	104,437	156,834	1,441
Total	504,105	397,148	3,649

(^(*)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 years ended March 31, 2019 and 2020, impairment charges of ¥836 million and ¥501 million (US\$4 million), respectively, were recorded.

Note 3: Scheduled redemptions of monetary claims and securities with maturities

	As of March 31, 2019			
	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	919,685	497	—	—
Call loans	335,500	—	—	—
Monetary claims bought	—	4,646	10,020	176,314
Securities:				
Held-to-maturity bonds (bonds)	—	50,600	500	5,200
Held-to-maturity bonds(foreign securities)	—	5,200	1,400	283,383
Policy-reserve-matching bonds (bonds)	44,900	374,228	1,334,269	11,124,247
Policy-reserve-matching bonds (foreign securities)	12,563	571,407	2,738,456	502,666
Available-for-sale securities with maturities (bonds)	247,665	598,341	1,067,472	1,218,501
Available-for-sale securities with maturities (foreign securities)	426,419	2,986,546	3,673,241	6,979,386
Available-for-sale securities with maturities (other securities)	21,565	194,339	290,248	44,109
Loans ^(*)	333,083	1,014,910	860,609	572,827

(^(*)) 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 ¥86 million were not included. Also, ¥557,403 million of loans without maturities were not included.

	As of March 31, 2020			
	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	1,202,254	3,258	—	—
Call loans	513,800	—	—	—
Monetary claims bought	—	4,387	36,828	171,542
Securities:				
Held-to-maturity bonds (bonds)	—	54,500	7,900	11,800
Held-to-maturity bonds(foreign securities)	—	8,100	200	301,070
Policy-reserve-matching bonds (bonds)	47,290	290,535	1,863,555	10,937,063
Policy-reserve-matching bonds (foreign securities)	9,704	350,588	1,310,165	473,564
Available-for-sale securities with maturities (bonds)	177,494	701,155	1,110,419	1,158,212
Available-for-sale securities with maturities (foreign securities)	624,258	3,665,348	4,820,959	7,140,072
Available-for-sale securities with maturities (other securities)	13,254	238,372	529,058	19,844
Loans ^(*)	356,467	1,195,120	863,011	740,346

	As of March 31, 2020			
	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	11,047	29	—	—
Call loans	4,721	—	—	—
Monetary claims bought	—	40	338	1,576
Securities:				
Held-to-maturity bonds (bonds)	—	500	72	108
Held-to-maturity bonds(foreign securities)	—	74	1	2,766
Policy-reserve-matching bonds (bonds)	434	2,669	17,123	100,496
Policy-reserve-matching bonds (foreign securities)	89	3,221	12,038	4,351
Available-for-sale securities with maturities (bonds)	1,630	6,442	10,203	10,642
Available-for-sale securities with maturities (foreign securities)	5,736	33,679	44,298	65,607
Available-for-sale securities with maturities (other securities)	121	2,190	4,861	182
Loans ^(*)	3,275	10,981	7,929	6,802

(^(*)) 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 ¥86 million (US\$ 0 million) were not included. Also, ¥546,840 million (US\$5,024 million) of loans without maturities were not included.

Note 4: Scheduled maturities of bonds, long term borrowings, and other interest-bearing liabilities

As of March 31, 2019						
	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}	44,400	—	—	—	—	437,869
Payables under repurchase agreements	81,426	—	—	—	—	—
Long term borrowings ^{(*)2}	—	—	321,907	6,907	6,907	—

(*)1 ¥561,277 million of bonds payable without maturities were not included.

(*)2 ¥283,000 million of long term borrowings without maturities were not included.

As of March 31, 2020						
	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}	—	—	—	—	119	493,468
Payables under repurchase agreements	870,747	—	—	—	—	—
Long term borrowings ^{(*)2}	—	262,413	5,804	5,804	65,736	—

As of March 31, 2020						
	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	4,534
Payables under repurchase agreements	8,000	—	—	—	—	—
Long term borrowings ^{(*)2}	—	2,411	53	53	604	—

(*)1 ¥626,277 million (US\$5,754 million) of bonds payable without maturities were not included.

(*)2 ¥283,000 million (US\$2,600 million) of long term borrowings without maturities were not included.

X. SECURITIES

1. Trading Securities

	Year ended March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Gains (losses) on valuation of trading securities	(345,897)	(162,339)	(1,491)

2. Held-to-maturity Bonds

	As of March 31, 2019		
	Carrying amount	Fair value	Unrealized gains (losses)
(Unit: million yen)			
Held-to-maturity securities with unrealized gains:			
(1) Bonds	54,447	57,899	3,451
a. Government bonds	46,617	49,940	3,322
b. Local government bonds	—	—	—
c. Corporate bonds	7,829	7,958	128
(2) Foreign securities	4,711	4,733	21
a. Foreign bonds	4,711	4,733	21
Subtotal	59,159	62,632	3,472

Held-to-maturity securities with unrealized losses:

(1) Bonds	600	599	(0)
a. Government bonds	—	—	—
b. Local government bonds	—	—	—
c. Corporate bonds	600	599	(0)
(2) Foreign securities	294,217	284,623	(9,594)
a. Foreign bonds	294,217	284,623	(9,594)
Subtotal	294,817	285,222	(9,595)
Total	353,977	347,854	(6,122)

As of March 31, 2020						
	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	52,139	54,604	2,465	479	501	22
a. Government bonds	46,919	49,337	2,417	431	453	22
b. Local government bonds	—	—	—	—	—	—
c. Corporate bonds	5,219	5,267	48	47	48	0
(2) Foreign securities	312,683	334,817	22,134	2,873	3,076	203
a. Foreign bonds	312,683	334,817	22,134	2,873	3,076	203
Subtotal	364,822	389,422	24,599	3,352	3,578	226
Held-to-maturity securities with unrealized losses:						
(1) Bonds	21,209	20,932	(276)	194	192	(2)
a. Government bonds	—	—	—	—	—	—
b. Local government bonds	—	—	—	—	—	—
c. Corporate bonds	21,209	20,932	(276)	194	192	(2)
(2) Foreign securities	5,021	4,985	(36)	46	45	(0)
a. Foreign bonds	5,021	4,985	(36)	46	45	(0)
Subtotal	26,231	25,918	(313)	241	238	(2)
Total	391,053	415,340	24,286	3,593	3,816	223

3. Policy-reserve-matching Bonds

As of March 31, 2019			
	Carrying amount	Fair value	Unrealized gains (losses)
(Unit: million yen)			
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	12,868,843	15,915,549	3,046,706
a. Government bonds	11,748,006	14,704,261	2,956,255
b. Local government bonds	124,631	142,896	18,265
c. Corporate bonds	996,205	1,068,391	72,185
(2) Foreign Securities	3,634,988	3,852,476	217,487
a. Foreign bonds	3,634,988	3,852,476	217,487
Subtotal	16,503,832	19,768,026	3,264,193
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	47,379	46,983	(396)
a. Government bonds	—	—	—
b. Local government bonds	—	—	—
c. Corporate bonds	47,379	46,983	(396)
(2) Foreign Securities	275,044	267,296	(7,748)
a. Foreign bonds	275,044	267,296	(7,748)
Subtotal	322,424	314,279	(8,144)
Total	16,826,256	20,082,306	3,256,049

As of March 31, 2020						
	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	12,547,115	15,390,717	2,843,601	115,290	141,419	26,128
a. Government bonds	11,522,196	14,277,260	2,755,063	105,873	131,188	25,315
b. Local government bonds	130,220	149,359	19,139	1,196	1,372	175
c. Corporate bonds	894,697	964,096	69,398	8,221	8,858	637
(2) Foreign securities	1,842,364	1,988,155	145,790	16,928	18,268	1,339
a. Foreign bonds	1,842,364	1,988,155	145,790	16,928	18,268	1,339
Subtotal	14,389,480	17,378,872	2,989,392	132,219	159,688	27,468
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	642,625	630,709	(11,916)	5,904	5,795	(109)
a. Government bonds	415,117	407,037	(8,080)	3,814	3,740	(74)
b. Local government bonds	6,877	6,750	(127)	63	62	(1)
c. Corporate bonds	220,630	216,921	(3,709)	2,027	1,993	(34)
(2) Foreign securities	356,987	341,434	(15,552)	3,280	3,137	(142)
a. Foreign bonds	356,987	341,434	(15,552)	3,280	3,137	(142)
Subtotal	999,612	972,143	(27,468)	9,185	8,932	(252)
Total	15,389,092	18,351,016	2,961,923	141,404	168,620	27,216

4. Available-for-sale Securities

As of March 31, 2019			
	Carrying amount	Acquisition cost	Unrealized gains (losses)
(Unit: million yen)			
Available-for-sale securities with unrealized gains:			
(1) Bonds	4,061,211	3,538,516	522,695
a. Government bonds	2,403,662	1,952,069	451,593
b. Local government bonds	26,872	25,372	1,499
c. Corporate bonds	1,630,676	1,561,074	69,602
(2) Domestic stocks	3,054,170	1,211,519	1,842,650
(3) Foreign securities	9,691,820	8,868,839	822,981
a. Foreign bonds	9,013,318	8,345,230	668,088
b. Other foreign securities	678,502	523,609	154,892
(4) Other securities	784,223	734,314	49,909
Subtotal	17,591,426	14,353,190	3,238,236
Available-for-sale securities with unrealized losses:			
(1) Bonds	92,825	94,165	(1,340)
a. Government bonds	2,330	2,362	(31)
b. Local government bonds	1,864	1,898	(34)
c. Corporate bonds	88,629	89,904	(1,275)
(2) Domestic stocks	295,933	347,146	(51,212)
(3) Foreign securities	6,419,337	6,799,705	(380,368)
a. Foreign bonds	6,024,457	6,385,569	(361,111)
b. Other foreign securities	394,879	414,136	(19,256)
(4) Other securities	179,130	181,742	(2,612)
Subtotal	6,987,226	7,422,759	(435,533)
Total	24,578,652	21,775,949	2,802,703

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 ¥70,000 million and ¥69,995 million, respectively, as of March 31, 2019. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥191,055 million and ¥199,193 million, respectively, as of March 31, 2019.

As of March 31, 2020						
	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	3,593,207	3,119,608	473,598	33,016	28,664	4,351
a. Government bonds	2,220,509	1,808,835	411,673	20,403	16,620	3,782
b. Local government bonds	29,060	27,487	1,573	267	252	14
c. Corporate bonds	1,343,637	1,283,285	60,352	12,346	11,791	554
(2) Domestic stocks	2,322,097	949,288	1,372,809	21,336	8,722	12,614
(3) Foreign securities	15,432,362	13,936,461	1,495,900	141,802	128,057	13,745
a. Foreign bonds	14,961,850	13,573,865	1,387,985	137,479	124,725	12,753
b. Other foreign securities	470,511	362,596	107,915	4,323	3,331	991
(4) Other securities	788,374	733,499	54,875	7,244	6,739	504
Subtotal	22,136,042	18,738,858	3,397,184	203,400	172,184	31,215
Available-for-sale securities with unrealized losses:						
(1) Bonds	540,029	546,342	(6,313)	4,962	5,020	(58)
a. Government bonds	7,340	7,484	(144)	67	68	(1)
b. Local government bonds	—	—	—	—	—	—
c. Corporate bonds	532,689	538,858	(6,169)	4,894	4,951	(56)
(2) Domestic stocks	416,863	528,593	(111,730)	3,830	4,857	(1,026)
(3) Foreign securities	4,197,544	4,446,022	(248,477)	38,569	40,852	(2,283)
a. Foreign bonds	3,548,774	3,748,225	(199,450)	32,608	34,441	(1,832)
b. Other foreign securities	648,769	697,796	(49,026)	5,961	6,411	(450)
(4) Other securities	468,105	485,842	(17,736)	4,301	4,464	(162)
Subtotal	5,622,543	6,006,800	(384,257)	51,663	55,194	(3,530)
Total	27,758,585	24,745,658	3,012,926	255,063	227,379	27,684

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 ¥111,000 million (US\$1,019 million) and ¥110,994 million (US\$1,019 million), respectively, as of March 31, 2020. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥212,889 million (US\$1,956 million) and ¥221,147 million (US\$2,032 million), respectively, as of March 31, 2020.

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, 2019 and 2020.

6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the fiscal years ended March 31, 2019 and 2020 were as follows:

Year ended March 31, 2019						
	Amounts sold	Realized gains	Realized losses			
	(Unit: million yen)					
(1) Bonds	848,310	126,480	3,844			
a. Government bonds	835,742	126,062	3,844			
b. Local government bonds	—	—	—			
c. Corporate bonds	12,568	417	—			
(2) Foreign securities	51,127	292	1,349			
a. Foreign bonds	51,127	292	1,349			
b. Other foreign securities	—	—	—			
Total	899,438	126,773	5,194			

Year ended March 31, 2020						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	507,657	72,346	6	4,664	664	0
a. Government bonds	495,224	71,648	—	4,550	658	—
b. Local government bonds	1,258	44	2	11	0	0
c. Corporate bonds	11,174	653	4	102	6	0
(2) Foreign securities	552,914	57,502	501	5,080	528	4
a. Foreign bonds	552,914	57,502	501	5,080	528	4
b. Other foreign securities	—	—	—	—	—	—
Total	1,060,572	129,848	507	9,745	1,193	4

7. Available-for-sale Securities Sold

Available-for-sale securities sold during the fiscal years ended March 31, 2019 and 2020 were as follows:

Year ended March 31, 2019			
	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			
(1) Bonds	255,444	4,067	4,817
a. Government bonds	44,927	2,378	—
b. Local government bonds	2,751	13	—
c. Corporate bonds	207,765	1,675	4,817
(2) Domestic stocks	197,606	66,489	6,127
(3) Foreign securities	4,399,564	78,531	122,319
a. Foreign bonds	3,831,640	30,190	104,102
b. Other foreign securities	567,924	48,340	18,217
(4) Other securities	125,523	3,359	3,303
Total	4,978,139	152,447	136,567

Year ended March 31, 2020						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			(Unit: million US dollars)			
(1) Bonds	208,431	2,121	437	1,915	19	4
a. Government bonds	62,972	1,015	—	578	9	—
b. Local government bonds	3,888	55	33	35	0	0
c. Corporate bonds	141,571	1,050	403	1,300	9	3
(2) Domestic Stocks	143,781	67,319	9,299	1,321	618	85
(3) Foreign securities	2,392,406	99,308	57,661	21,982	912	529
a. Foreign bonds	2,037,208	67,719	34,687	18,719	622	318
b. Other foreign securities	355,197	31,588	22,974	3,263	290	211
(4) Other securities	129,616	2,155	7,022	1,190	19	64
Total	2,874,236	170,904	74,421	26,410	1,570	683

8. Reclassification of Securities

Effective the fiscal year ended March 31, 2020, policy-reserve-matching bonds held in the sub-group of individual life insurance and annuities (Australian dollar-denominated) were reclassified into available-for-sale securities.

(*) Please refer to the notes in III. NOTES TO THE CONSOLIDATED BALANCE SHEET 3. for details.

9. 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, 2019 and 2020 were ¥10,314 million and ¥60,427 million (US\$555 million), respectively.

XI. MONEY HELD IN TRUST

1. Money Held in Trust for Trading

As of March 31,			
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet	559,474	1,039,062	9,547
Gains (losses) on valuation of money held in trust	(1,376)	(20,279)	(186)

XII. DERIVATIVE TRANSACTIONS

1. Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions				
As of March 31, 2019				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Exchange-traded transactions:				
Currency futures:				
Sold	22,504	—	(240)	(240)
Euro / U.S. dollar	10,771	—	(52)	(52)
British pound / U.S. dollar	6,982	—	(27)	(27)
Yen / U.S. dollar	4,751	—	(160)	(160)
Over-the-counter transactions:				
Foreign currency forward contracts:				
Sold	1,925,843	—	(1,557)	(1,557)
U.S. dollar	824,731	—	(5,038)	(5,038)
Euro	500,062	—	2,817	2,817
Australian dollar	208,363	—	430	430
British pound	65,322	—	(63)	(63)
Canadian dollar	31,166	—	63	63
Others	296,197	—	232	232
Bought	1,032,625	—	(1,146)	(1,146)
U.S. dollar	522,771	—	2,388	2,388
Euro	250,824	—	(3,400)	(3,400)
Australian dollar	14,002	—	(62)	(62)
Canadian dollar	3,697	—	(1)	(1)
British pound	2,473	—	(42)	(42)
Others	238,855	—	(28)	(28)
Currency swaps:				
Receipts foreign currency, payments yen	311,926	311,926	(1,658)	(1,658)
Australian dollar	310,926	310,926	(1,681)	(1,681)
U.S. dollar	1,000	1,000	22	22
Receipts foreign currency, payments foreign currency	43,665	43,665	(855)	(855)
Australian dollar / U.S. dollar	29,567	29,567	(851)	(851)
Australian dollar / Euro	14,097	14,097	(3)	(3)
Currency options:				
Sold:				
Put	100,900			
	[2,914]	—	276	2,638
U.S. dollar	100,900			
	[2,914]	—	276	2,638
Bought:				
Put	821,224			
	[16,676]	—	4,348	(12,327)
U.S. dollar	779,801			
	[16,223]	—	3,968	(12,255)
British pound	41,422			
	[452]	—	379	(72)
Total return swaps:				
Foreign currency index linked	171,388	171,388	(11,284)	(11,284)
Total	—	—	—	(26,432)

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
(3) Fair value of currency swaps is calculated by discounting expected cash flows.
(4) An option pricing model is used for fair value calculation of currency options or the prices quoted from counterparty financial institutions.
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March, 2019.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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, 2020								
	(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	29,022	—	(186)	(186)	266	—	(1)	(1)
Euro / U.S. dollar	12,828	—	(150)	(150)	117	—	(1)	(1)
British pound / U.S. dollar	8,240	—	(51)	(51)	75	—	(0)	(0)
Yen / U.S. dollar	7,953	—	14	14	73	—	0	0
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold	3,017,409	—	47,317	47,317	27,725	—	434	434
U.S. dollar	1,276,055	—	761	761	11,725	—	6	6
Euro	1,131,536	—	3,248	3,248	10,397	—	29	29
Australian dollar	251,215	—	21,878	21,878	2,308	—	201	201
British pound	119,241	—	6,240	6,240	1,095	—	57	57
Canadian dollar	52,885	—	3,263	3,263	485	—	29	29
Others	186,475	—	11,925	11,925	1,713	—	109	109
Bought	1,202,893	—	3,885	3,885	11,052	—	35	35
U.S. dollar	527,440	—	8,873	8,873	4,846	—	81	81
Euro	493,521	—	188	188	4,534	—	1	1
British pound	64,013	—	(2,524)	(2,524)	588	—	(23)	(23)
Australian dollar	49,030	—	(1,068)	(1,068)	450	—	(9)	(9)
Canadian dollar	24,060	—	(1,172)	(1,172)	221	—	(10)	(10)
Others	44,825	—	(410)	(410)	411	—	(3)	(3)
Currency swaps:								
Receipts foreign currency, payments yen								
Australian dollar	544,077	544,077	(31,308)	(31,308)	4,999	4,999	(287)	(287)
U.S. dollar	465,777	465,777	(38,102)	(38,102)	4,279	4,279	(350)	(350)
U.S. dollar	78,300	78,300	6,794	6,794	719	719	62	62
Receipts foreign currency, payments foreign currency								
Australian dollar / U.S. dollar	36,697	36,697	(3,567)	(3,567)	337	337	(32)	(32)
Australian dollar / U.S. dollar	24,849	24,849	(3,524)	(3,524)	228	228	(32)	(32)
Australian dollar / Euro	11,848	11,848	(42)	(42)	108	108	(0)	(0)
Currency options:								
Sold:								
Put	41,021				376			
	[39]	—	87	(48)	[0]	—	0	(0)
British pound	41,021				376			
	[39]	—	87	(48)	[0]	—	0	(0)
Bought:								
Put	648,053				5,954			
	[10,392]	—	13,800	3,407	[95]	—	126	31
U.S. dollar	607,032				5,577			
	[9,015]	—	13,675	4,660	[82]	—	125	42
British pound	41,021				376			
	[1,377]	—	125	(1,252)	[12]	—	1	(11)
Total return swaps:								
Foreign currency index linked	160,110	160,110	(32,244)	(32,244)	1,471	1,471	(296)	(296)
Total	—	—	—	(12,744)	—	—	—	(117)

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
(3) Fair value of currency swaps is calculated by discounting expected cash flows.
(4) An option pricing model is used for fair value calculation of currency options or the prices quoted from counterparty financial institutions.
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March, 2020.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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, 2019				
	(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	282,054	257,357	2,730	2,730
Receipts floating, payments fixed	181,869	110,374	(2,399)	(2,399)
Yen interest rate swaptions:				
Bought:				
Receipts floating, payments fixed	1,430,000	1,270,000		
	[7,285]	[6,064]	761	(6,524)
Total	—	—	—	(6,193)

Note: 1. (1) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year or the prices quoted from counterparty financial institutions.
(2) An option pricing model is used for fair value calculation of yen interest rate swaptions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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, 2020								
	(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	256,082	256,082	12,386	12,386	2,353	2,353	113	113
Receipts floating, payments fixed	45,728	45,728	(1,035)	(1,035)	420	420	(9)	(9)
Yen interest rate swaptions:								
Bought:								
Receipts fixed, payments floating	830,000	460,000			7,626	4,226		
	[18,202]	[11,993]	27,507	9,305	[167]	[110]	252	85
Receipts floating, payments fixed	1,560,000	1,110,000			14,334	10,199		
	[6,316]	[3,454]	312	(6,003)	[58]	[31]	2	(55)
Total	—	—	—	14,653	—	—	—	134

Note: 1. (1) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year or the prices quoted from counterparty financial institutions.
(2) An option pricing model is used for fair value calculation of yen interest rate swaptions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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, 2020								
	(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	256,082	256,082	12,386	12,386	2,353	2,353	113	113
Receipts floating, payments fixed	45,728	45,728	(1,035)	(1,035)	420	420	(9)	(9)
Yen interest rate swaptions:								
Bought:								
Receipts fixed, payments floating	830,000 [18,202]	460,000 [11,993]	27,507	9,305	7,626 [167]	4,226 [110]	252	85
Receipts floating, payments fixed	1,560,000 [6,316]	1,110,000 [3,454]	312	(6,003)	14,334 [58]	10,199 [31]	2	(55)
Total	—	—	—	14,653	—	—	—	134

Note: 1. (1) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year or the prices quoted from counterparty financial institutions.
(2) An option pricing model is used for fair value calculation of yen interest rate swaptions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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, 2019				
	(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	22,595	—	63	63
Bought	8,830	—	(218)	(218)
Foreign currency-denominated stock index futures:				
Sold	28,894	—	(793)	(793)
Bought	76,676	—	(3,390)	(3,390)
Yen stock index options:				
Bought:				
Put	154,009	394		
	[6,840]	[60]	2,072	(4,768)
Foreign currency-denominated stock index options:				
Sold:				
Call	287,979			
	[11,712]	—	2,322	9,390
Bought:				
Call	279,994			
	[15,972]	—	3,654	(12,318)
Put	117,129	22,493		
	[6,859]	[1,641]	7,823	963
Others:				
Bought:				
Call	17			
	[14]	—	15	1
Over-the-counter transactions:				
Yen stock index options:				
Bought:				
Put	8,463	5,295		
	[2,086]	[1,410]	1,011	(1,075)
Foreign currency-denominated stock index options:				
Sold:				
Call	178,492			
	[7,029]	—	1,471	5,557
Bought:				
Call	189,819	13,692		
	[10,990]	[623]	2,648	(8,342)
Put	83,579	54,099		
	[11,125]	[7,482]	9,022	(2,102)
Total return swaps:				
Foreign currency-denominated stock index linked	100,593	38,199	(2,118)	(2,118)
Total	—	—	—	(19,152)

Note: 1. (1) Yen stock index futures, foreign currency-denominated stock index futures, yen stock index options, foreign currency-denominated stock index options and Others
Fair value is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.
(2) Total return swaps
Fair value is based on the prices quoted from counterparty financial institutions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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, 2020								
	(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	43,843	—	(3,418)	(3,418)	402	—	(31)	(31)
Bought	3,264	—	46	46	29	—	0	0
Foreign currency-denominated stock index futures:								
Sold	164,254	—	(12,167)	(12,167)	1,509	—	(111)	(111)
Bought	16,071	—	560	560	147	—	5	5
Yen stock index options:								
Bought:								
Put	156,667	4,449			1,439	40		
	[4,917]	[562]	24,221	19,303	[45]	[5]	222	177
Foreign currency-denominated stock index options:								
Sold:								
Call	314,676	1,018			2,891	9		
	[15,400]	[67]	30,251	(14,850)	[141]	[0]	277	(136)
Put	982				9			
	[33]	—	14	19	[0]	—	0	0
Bought:								
Call	304,339	977			2,796	8		
	[20,899]	[90]	37,833	16,933	[192]	[0]	347	155
Put	80,363	25,548			738	234		
	[6,155]	[2,492]	5,494	(660)	[56]	[22]	50	(6)
Over-the-counter transactions:								
Yen stock index options:								
Bought:								
Put	5,226	1,825			48	16		
	[1,392]	[600]	331	(1,060)	[12]	[5]	3	(9)
Foreign currency-denominated stock index options:								
Sold:								
Call	208,869				1,919			
	[8,664]	—	16,716	(8,051)	[79]	—	153	(73)
Put	4,396				40			
	[149]	—	67	82	[1]	—	0	0
Bought:								
Call	218,868	8,285			2,011	76		
	[13,561]	[401]	22,860	9,299	[124]	[3]	210	85
Put	137,723	94,367			1,265	867		
	[15,375]	[11,449]	9,101	(6,274)	[141]	[105]	83	(57)
Total return swaps:								
Foreign currency-denominated stock index linked	93,065	29,870	(250)	(250)	855	274	(2)	(2)
Total	—	—	—	(489)	—	—	—	(4)

Note: 1. (1) Yen stock index futures, foreign currency-denominated stock index futures, yen stock index options and foreign currency-denominated stock index options
Fair value is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.
(2) Total return swaps
Fair value is based on the prices quoted from counterparty financial institutions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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, 2019			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold	48,974	(74)	(74)
Bought	48,573	169	169
Foreign currency-denominated bond futures:			
Sold	392,526	(6,308)	(6,308)
Bought	665,185	14,147	14,147
Over-the-counter transactions:			
Foreign currency-denominated bond forward contracts			
Sold	5,814	(51)	(51)
Bought	26,979	209	209
Yen bond OTC options:			
Sold:			
Call	40,490		
	[34]	58	(24)
Put	173,973		
	[252]	59	193
Bought:			
Call	173,973		
	[192]	519	326
Put	40,490		
	[43]	1	(41)
Total	—	—	8,545

Note: 1. (1) Fair value of yen bond futures is based on the closing exchange-traded prices.
(2) Fair value of foreign currency-denominated bond futures is based on the closing exchange-traded prices or the price presented by counterparty financial institutions.
(3) Fair value of foreign currency-denominated bond forward contracts is based on the price quoted by information vendors.
(4) Fair value of yen bond OTC options is based on the price calculated by the option pricing model.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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)".
4. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2020						
	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	928	13	13	8	0	0
Bought	67,814	(988)	(988)	623	(9)	(9)
Foreign currency-denominated bond futures:						
Sold	551,634	(5,761)	(5,761)	5,068	(52)	(52)
Bought	1,061,366	5,867	5,867	9,752	53	53
Over-the-counter transactions:						
Foreign currency-denominated bond forward contracts						
Sold	88,387	(1,146)	(1,146)	812	(10)	(10)
Bought	83,442	1,466	1,466	766	13	13
Yen bond OTC options:						
Sold:						
Put	37,350			343		
	[218]	329	(110)	[2]	3	(1)
Bought:						
Call	37,350			343		
	[205]	98	(107)	[1]	0	(0)
Total	—	—	(767)	—	—	(7)

Note: 1. (1) Fair value of yen bond futures is based on the closing exchange-traded prices.
(2) Fair value of foreign currency-denominated bond futures is based on the closing exchange-traded prices or the price presented by counterparty financial institutions.
(3) Fair value of foreign currency-denominated bond forward contracts is based on the price quoted by information vendors.
(4) Fair value of yen bond OTC options is based on the price calculated by the option pricing model.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. 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)".
4. There were no transactions with maturity of more than one year in the table above.

(5) Others

a) Credit Default Swaps and Embedded Derivatives

As of March 31, 2019								
	(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	57,650	45,150	942	942				
Bought protection	5,800	5,800	(130)	(130)				
Others:								
Embedded derivatives	1,958,433	1,958,433	(57,453)	(57,453)				
Total	—	—	—	(56,641)				

As of March 31, 2020								
	(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	50,739	40,239	416	416	466	369	3	3
Bought protection	40,066	40,066	44	44	368	368	0	0
Others:								
Embedded derivatives	1,839,326	1,839,326	(126,599)	(126,599)	16,900	16,900	(1,163)	(1,163)
Total	—	—	—	(126,138)	—	—	—	(1,159)

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 listed above is based on the present value of estimated future cash flows.
3. Fair value is shown in "Gains (losses)".

b) DFLI utilizes derivative transactions within its money held in trust for trading purposes and foreign securities (investment trust). Details of the derivative transactions are as follows:

i) Currency-related transactions

As of March 31, 2019			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Currency futures:			
Sold	21,886	55	55
Euro / U.S. dollar	15,656	64	64
British pound / U.S. dollar	6,230	(9)	(9)
Bought	47,993	113	113
Yen / U.S. dollar	47,993	113	113
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	82,648	281	281
U.S. dollar	53,995	24	24
Euro	18,300	217	217
British pound	4,366	21	21
Canadian dollar	1,624	2	2
Australian dollar	1,483	(2)	(2)
Others	2,877	18	18
Total	—	—	449

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices.
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2020

Not applicable

ii) Stock-related transactions

As of March 31, 2019			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold	47,251	446	446
Foreign currency-denominated stock index futures:			
Sold	46,291	(889)	(889)
Total	—	—	(443)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2020
Not applicable

iii) Bond-related transactions

As of March 31, 2019			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold	53,457	(190)	(190)
Foreign currency-denominated bond futures:			
Sold	126,803	(1,961)	(1,961)
Total	—	—	(2,151)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2020
Not applicable

2. Derivative Transactions (Hedge Accounting Applied)

(1) Currency-related transactions

As of March 31, 2019			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Deferral hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated stocks (forecasted transactions):			
Bought	27,248	—	499
U.S. dollar	27,248	—	499
Currency swaps to hedge foreign currency-denominated bonds:			
Receipts yen, payments foreign currency	256,613	212,995	7,701
U.S. dollar	181,959	149,098	5,178
Euro	62,543	51,786	1,720
British pound	12,110	12,110	803
Currency swaps to hedge foreign currency risks associated with funding agreement:			
Receipts foreign currency, payments foreign currency	13,006	13,006	(100)
Norway krone / U.S. dollar	13,006	13,006	(100)
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold	4,970,497	—	(12,710)
U.S. dollar	2,408,422	—	(34,423)
Euro	1,591,097	—	26,561
Australian dollar	341,336	—	(1,842)
British pound	141,192	—	(3,380)
Canadian dollar	62,405	—	(36)
Others	426,043	—	409
Bought	16,165	—	(59)
U.S. dollar	15,458	—	(53)
Euro	341	—	(5)
Australian dollar	291	—	(0)
Others	73	—	(0)
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	252,646	—	(*1)
U.S. dollar	103,525	—	(*1)
Australian dollar	79,522	—	(*1)
Others	69,597	—	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:			
Receipts foreign currency, payments yen	476,277	476,277	(*2)
Foreign currency-denominated bonds payable:			
U.S. dollar	476,277	476,277	(*2)
Receipts yen, payments foreign currency	37,142	33,598	(*2)
Foreign currency-denominated loans:			
U.S. dollar	31,178	27,633	(*2)
Euro	5,964	5,964	(*2)

Note: (1) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
(*1) As foreign currency forward contracts which apply the currency allotment method are accounted for as combined with foreign currency-denominated term deposits as hedged items, their fair value is included in the fair value of such foreign currency-denominated term deposits.
(2) Fair value of currency swaps is calculated by discounting expected cash flows or the price presented by counterparty financial institutions.
(*2) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

As of March 31, 2020						
	(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:						
Currency swaps to hedge foreign currency-denominated bonds:						
Receipts yen, payments foreign						
currency	230,320	212,466	4,725	2,116	1,952	43
U.S. dollar	148,990	133,183	59	1,369	1,223	0
Euro	69,227	67,181	3,376	636	617	31
British pound	12,101	12,101	1,289	111	111	11
Currency swaps to hedge foreign currency risks associated with funding agreement:						
Receipts foreign currency, payments						
foreign currency	12,838	12,838	(1,246)	117	117	(11)
Norway krone / U.S. dollar	12,838	12,838	(1,246)	117	117	(11)
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold	5,430,501	—	31,536	49,898	—	289
U.S. dollar	2,599,200	—	(63,756)	23,883	—	(585)
Euro	1,559,276	—	(2,621)	14,327	—	(24)
Australian dollar	374,676	—	36,802	3,442	—	338
British pound	286,852	—	15,306	2,635	—	140
Canadian dollar	91,583	—	6,221	841	—	57
Others	518,912	—	39,582	4,768	—	363
Bought	226,362	—	(9,507)	2,079	—	(87)
British pound	136,055	—	(5,176)	1,250	—	(47)
U.S. dollar	3,316	—	9	30	—	0
Euro	718	—	2	6	—	0
Others	86,272	—	(4,342)	792	—	(39)
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	239,165	—	(*1)	2,197	—	(*1)
U.S. dollar	89,727	—	(*1)	824	—	(*1)
Others	149,437	—	(*1)	1,373	—	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:						
Receipts foreign currency, payments yen	476,277	476,277	(*2)	4,376	4,376	(*2)
Foreign currency-denominated bonds payable:						
U.S. dollar	476,277	476,277	(*2)	4,376	4,376	(*2)
Receipts yen, payments foreign currency	32,605	32,605	(*2)	299	299	(*2)
Foreign currency-denominated loans:						
U.S. dollar	26,641	26,641	(*2)	244	244	(*2)
Euro	5,964	5,964	(*2)	54	54	(*2)

Note: (1) Fair value of currency swaps is calculated by discounting expected cash flows or the price presented by counterparty financial institutions.
(*2) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
(*1) As foreign currency forward contracts which apply the currency allotment method are accounted for as combined with foreign currency-denominated term deposits as hedged items, their fair value is included in the fair value of such foreign currency-denominated term deposits.

(2) Interest-related transactions

As of March 31, 2019			
	(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	714,450	714,450	15,789
Yen interest rate swaps to hedge foreign currency risks associated with funding agreement:			
Receipts floating, payments fixed	38,850	38,850	—
Special hedge accounting:			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating	15,300	15,300	203
Yen interest rate swaps to hedge loans payable:			
Receipts floating, payments fixed	283,000	283,000	(2,703)

Note: Fair value listed above is present values of expected cash flows, discounted by the interest rates at the end of the fiscal year or the prices quoted from counterparty financial institutions.

As of March 31, 2020						
	(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	714,350	714,350	42,388	6,563	6,563	389
Yen interest rate swaps to hedge foreign currency risks associated with funding agreement:						
Receipts floating, payments fixed	38,346	—	—	352	—	—
Special hedge accounting:						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	15,300	12,300	167	140	113	1
Yen interest rate swaps to hedge loans payable:						
Receipts floating, payments fixed	283,000	144,000	(1,708)	2,600	1,323	(15)

Note: Fair value listed above is present values of expected cash flows, discounted by the interest rates at the end of the fiscal year or the prices quoted from counterparty financial institutions.

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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of the projected benefit obligations	733,207	728,569	6,694
Service cost	29,785	28,709	263
Interest cost	3,326	3,490	32
Accruals of actuarial (gains) and losses	228	3,816	35
Payment of retirement benefits	(36,145)	(34,678)	(318)
Accruals of past service cost	—	(958)	(8)
Others	(1,832)	(1,556)	(14)
Ending balance of the projected benefit obligation	728,569	727,391	6,683

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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of pension assets	320,017	306,222	2,813
Estimated return on assets	2,283	3,806	34
Accruals of actuarial (gains) and losses	(2,078)	(19,009)	(174)
Contributions from the employer	10,044	8,962	82
Payment of retirement benefits	(23,522)	(13,098)	(120)
Others	(521)	(365)	(3)
Ending balance of pension assets	306,222	286,517	2,632

(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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Projected benefit obligation for funded pensions	404,910	404,390	3,715
Pension assets	(306,222)	(286,517)	(2,632)
	98,687	117,873	1,083
Projected benefit obligation for unfunded pensions	323,659	323,001	2,967
Net of assets and liabilities recorded in the consolidated balance sheet	422,346	440,874	4,051
Net defined benefit liabilities	422,346	440,874	4,051
Net defined benefit assets	—	—	—
Net of assets and liabilities recorded in the consolidated balance sheet	422,346	440,874	4,051

(4) Amount of the components of retirement benefit expenses

	Year ended March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Service cost	29,785	28,709	263
Interest cost	3,326	3,490	32
Expected return on assets	(2,283)	(3,806)	(34)
Expense of actuarial (gains) and losses	(1,400)	(797)	(7)
Others	448	190	1
Retirement benefit expenses for defined benefit plans	29,876	27,787	255

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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Past service cost	—	958	8
Actuarial gains (losses)	(3,250)	(23,728)	(218)
Total	(3,250)	(22,770)	(209)

(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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Unrecognized past service cost	—	(958)	(8)
Unrecognized actuarial gains (losses)	14,818	38,540	354
Total	14,818	37,582	345

(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,	
	2019	2020
Stocks	59%	54%
Assets under joint management	18%	23%
Bonds	11%	12%
Life insurance general account	5%	4%
Others	7%	7%
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, 2019 and 2020 were 48% and 45%, 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,	
	2019	2020
Discount rate	0.30 to 4.21%	0.30 to 3.12%
Expected long-term rate of return		
Defined benefit corporate pension	0.30 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, 2019 and 2020 were ¥2,561 million and ¥2,552 million (US\$23 million), respectively.

XIV. STOCK OPTIONS

1. 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, 2020 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	54,600	126,000	92,100
Vested	—	—	—
Exercised	4,800	8,800	10,400
Forfeited	—	—	—
Outstanding at the end of the fiscal year	49,800	117,200	81,700

	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	99,200	77,100	207,100
Vested	—	—	—
Exercised	11,000	6,800	16,200
Forfeited	—	—	—
Outstanding at the end of the fiscal year	88,200	70,300	190,900

	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	194,800
Vested	—
Exercised	14,100
Forfeited	—
Outstanding at the end of the fiscal year	180,700

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	¥1,562 (US\$14)	¥1,562 (US\$14)	¥1,581 (US\$14)
Fair value at the grant date	¥885 (US\$8)	¥766(US\$7)	¥1,300 (US\$11)

	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	¥1,579 (US\$14)	¥1,581 (US\$14)	¥1,578 (US\$14)
Fair value at the grant date	¥1,366 (US\$12)	¥2,318 (US\$21)	¥1,344 (US\$12)

	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	¥1,575 (US\$14)
Fair value at the grant date	¥1,568 (US\$14)

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.

2. 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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others	525,235	501,246	4,605
Net defined benefits liabilities	150,063	155,080	1,424
Tax losses carried forward (*2)	20,961	68,621	630
Reserve for price fluctuations	60,953	67,250	617
Others	104,979	84,305	774
Subtotal of deferred tax assets	862,192	876,506	8,053
Valuation allowance on tax losses carried forward (*2)	(15,090)	(64,956)	(596)
Valuation allowance on total deductible temporary differences	(58,149)	(40,103)	(368)
Subtotal of valuation allowance (*1)	(73,239)	(105,060)	(965)
Total	788,953	771,445	7,088
Deferred tax liabilities:			
Net unrealized gains (losses) on securities, net of tax	(863,200)	(857,714)	(7,881)
Other intangible fixed assets	(61,043)	(71,488)	(656)
Evaluation difference related to business combination	(75,772)	(54,115)	(497)
Others	(82,841)	(72,410)	(665)
Total	(1,082,857)	(1,055,729)	(9,700)
Net deferred tax assets (liabilities)	(293,904)	(284,283)	(2,612)

Note: 1. Valuation allowance increased ¥31,820 million (US\$292 million) mainly due to the additional recognition of valuation allowance on tax losses carried forward in a subsidiary of the Company.

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

As of March 31, 2019

	(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)	18	309	22	381	27	20,201	20,961
Valuation allowance	(0)	(294)	(4)	(3)	(4)	(14,782)	(15,090)
Deferred tax assets	17	15	18	377	23	5,418	5,871

(*1) Tax loss carried forward is calculated by multiplying statutory effective tax rate.

As of March 31, 2020

	(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)	303	21	20	24	798	67,453	68,621
Valuation allowance	(294)	(4)	(3)	(3)	(791)	(63,859)	(64,956)
Deferred tax assets	9	17	16	21	6	3,594	(*2) 3,665

	(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)	2	0	0	0	7	619	630
Valuation allowance	(2)	(0)	(0)	(0)	(7)	(586)	(596)
Deferred tax assets	0	0	0	0	0	33	(*2) 33

(*1) Tax loss carried forward is calculated by multiplying statutory effective tax rate.

(*2) Deferred tax assets of ¥3,665 million (US\$33 million) are recorded for tax losses carried forward of ¥68,621 million (US\$630 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,	
	2019	2020
Statutory effective tax rate	–	30.62%
(Adjustments)		
Increase (decrease) in valuation allowance	–	31.92%
Equity in losses (income) of affiliates	–	11.57%
Difference in tax rate of subsidiaries	–	(8.57%)
Elimination of dividend income from subsidiaries and affiliated companies	–	2.85%
Others	–	(0.43%)
Actual effective tax rate after considering deferred taxes	–	67.97%

Note: The note of the fiscal year ended March 31, 2019 is omitted because the difference between the statutory effective tax rate and actual effective tax rate after considering deferred taxes was 5% or less than the statutory effective tax rate as of the end of the fiscal year.

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. BUSINESS COMBINATION AS A RESULT OF ACQUISITION

PLC, a consolidated subsidiary of the Company, acquired in-force blocks of individual insurance and annuities from Great-West Life & Annuity Insurance Company under a reinsurance agreement started from June 3, 2019.

PLC recognized this transaction as the acquisition of business in accordance with Business Combinations, an Accounting Standards Codification (ASC) Topic 805 issued by the Financial Accounting Standards Board.

a) Overview of the business combination

i) Name and business of the counterparty

Company name: Great-West Life & Annuity Insurance Company

Business: Individual insurance and annuities business

ii) Purpose of the business combination

Further enhancing the profitability of PLC, the Group aims for further growth and profit enhancement within North America.

b) Acquisition costs

Consideration for the acquisition of in-force blocks	815	million US dollars
Acquisition costs	815	million US dollars

Note: Consideration for the acquisition includes conditional consideration for the acquisition of 49 million US dollars, which has not been finalized at this point in time.

c) Major acquisition-related expenses

Advisory fees, etc.	12	million US dollars
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d) Assets received and liabilities assumed on the date of the business combination

Total assets	21,912	million US dollars
[Reinsurance receivable	11,103	million US dollars]
[Securities	8,697	million US dollars]
Total liabilities	21,099	million US dollars
[Policy reserves and others	20,806	million US dollars]

e) Details of the contingent consideration for the acquisition included in the business combination agreement and policies for accounting treatment in and after the fiscal year ended March 31, 2020

The agreement provides for a payment of contingent consideration for the acquisition according to the business results, etc., after the date of business combination. The variable portion of the contingent consideration for the acquisition is recognized in accordance with US GAAP.

XVIII. 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, 2019 and 2020 were ¥34,259 million and ¥36,821 million (US\$338 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, 2019 and 2020 were ¥1,751 million and ¥2,481 million (US\$22 million), respectively. Losses on sale of rental real estate as extraordinary losses was ¥7,386 million (US\$67 million) for the fiscal year ended March 31, 2020.

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

	Year ended March 31,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount:			
Beginning balance	804,603	814,908	7,487
Net change during year	10,305	(26,707)	(245)
Ending balance	814,908	788,201	7,242
Market value	1,015,543	1,040,527	9,561

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 ¥43,151 million, sale of the real estate of ¥20,901 million, depreciation expense of ¥13,231 million, impairment loss of ¥1,751 million, during the fiscal year ended March 31, 2019.

Net change in carrying amount included cost of acquisition of the real estate of ¥29,412 million (US\$270 million), sale of the real estate of ¥45,125 million (US\$414 million), depreciation expense of ¥13,049 million (US\$119 million), impairment loss of ¥2,481 million (US\$22 million), during the fiscal year ended March 31, 2020.

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.

XIX. 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 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, 2019:

	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)	5,931,313	1,341,382	11,207	7,283,903	(99,809)	7,184,093
Intersegment transfers	1,963	482	148,877	151,323	(151,323)	–
Total	5,933,276	1,341,864	160,085	7,435,226	(251,132)	7,184,093
Segment income (loss)	375,758	52,770	144,525	573,054	(140,109)	432,945
Segment assets	44,863,905	10,872,663	1,793,066	57,529,636	(1,588,375)	55,941,261
Segment liabilities	41,770,825	10,056,099	453,451	52,280,376	(52,707)	52,227,668
Other relevant information						
Depreciation of real estate for rent and others	13,240	14	–	13,254	–	13,254
Depreciation	30,640	20,231	42	50,914	–	50,914
Amortization of goodwill	–	4,390	–	4,390	–	4,390
Interest and dividend income	959,560	286,163	139,906	1,385,630	(141,374)	1,244,255
Interest expenses	12,858	29,877	1,719	44,455	(1,148)	43,306
Equity in income (loss) of affiliates	–	2,295	7,771	10,067	–	10,067
Extraordinary gains	2,472	39	–	2,512	–	2,512
Extraordinary losses	28,516	90	–	28,607	–	28,607
(Impairment losses)	(1,766)	(35)	(–)	(1,801)	(–)	(1,801)
Taxes	79,382	12,312	2,619	94,313	–	94,313
Investments in affiliated companies	–	49,524	141,599	191,123	–	191,123
Increase in tangible fixed assets and intangible fixed assets	82,337	10,562	60	92,961	–	92,961

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Adjusted amounts were as follows.

a) Adjustment for ordinary revenues of ¥(99,809) million was mainly related to ordinary revenues including other ordinary revenues of ¥73,367 million reconciled to provision for policy reserves and provision for reserves for outstanding claims in the Consolidated Statement of Earnings, respectively.

b) Adjustment for segment income (loss) of ¥(140,109) million was mainly related to elimination of dividend income from subsidiaries and affiliated companies.

c) Adjustment for segment assets of ¥(1,588,375) million was mainly related to elimination of stocks of subsidiaries and affiliated companies.

d) Adjustment for segment liabilities of ¥(52,707) 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, 2020:

	Reportable Segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 4)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
	(Unit: million yen)					
Ordinary revenues (Note 1)	5,866,619	1,853,592	12,579	7,732,791	(618,692)	7,114,099
Intersegment transfers	6,698	824	177,306	184,830	(184,830)	–
Total	5,873,318	1,854,416	189,886	7,917,622	(803,523)	7,114,099
Segment income (loss)	179,927	82,222	123,448	385,598	(167,217)	218,380
Segment assets	45,699,222	14,073,268	1,814,524	61,587,015	(1,575,016)	60,011,999
Segment liabilities	42,912,187	12,932,048	451,377	56,295,613	(60,532)	56,235,081
Other relevant information						
Depreciation of real estate for rent and others	13,059	15	–	13,074	–	13,074
Depreciation	35,078	12,524	150	47,753	–	47,753
Amortization of goodwill	–	3,459	–	3,459	–	3,459
Interest and dividend income	963,422	340,575	167,386	1,471,384	(168,576)	1,302,807
Interest expenses	12,536	30,402	2,653	45,592	(1,257)	44,335
Equity in income (loss) of affiliates (Note 3)	–	2,079	(39,959)	(37,880)	–	(37,880)
Extraordinary gains	4,906	34	–	4,941	–	4,941
Extraordinary losses	39,453	103	–	39,557	–	39,557
(Impairment losses)	(3,556)	(–)	(–)	(3,556)	(–)	(3,556)
Taxes	50,576	17,272	982	68,831	–	68,831
Investments in affiliated companies	–	52,260	88,966	141,226	–	141,226
Increase in tangible fixed assets and intangible fixed assets	81,042	5,172	25	86,241	–	86,241

	Reportable Segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 4)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
	(Unit: million US dollars)					
Ordinary revenues (Note 1)	53,906	17,031	115	71,053	(5,684)	65,368
Intersegment transfers	61	7	1,629	1,698	(1,698)	–
Total	53,967	17,039	1,744	72,752	(7,383)	65,368
Segment income (loss)	1,653	755	1,134	3,543	(1,536)	2,006
Segment assets	419,913	129,314	16,673	565,901	(14,472)	551,428
Segment liabilities	394,304	118,827	4,147	517,280	(556)	516,724

Other relevant information

Depreciation of real estate for rent and others	119	0	–	120	–	120
Depreciation	322	115	1	438	–	438
Amortization of goodwill	–	31	–	31	–	31
Interest and dividend income	8,852	3,129	1,538	13,520	(1,548)	11,971
Interest expenses	115	279	24	418	(11)	407
Equity in income (loss) of affiliates (Note 3)	–	19	(367)	(348)	–	(348)
Extraordinary gains	45	0	–	45	–	45
Extraordinary losses	362	0	–	363	–	363
(Impairment losses)	(32)	(–)	(–)	(32)	(–)	(32)
Taxes	464	158	9	632	–	632
Investments in affiliated companies	–	480	817	1,297	–	1,297
Increase in tangible fixed assets and intangible fixed assets	744	47	0	792	–	792

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Adjusted amounts were as follows.

a) Adjustment for ordinary revenues of ¥(618,692) million (US\$(5,684) million) was mainly related to ordinary revenues including other ordinary revenues of ¥541,163 million (US\$4,972 million) and derivative transaction gains of ¥51,944 million (US\$477 million) reconciled to provision for policy reserves and derivative transaction losses in the Consolidated Statement of Earnings.

b) Adjustment for segment income (loss) of ¥(167,217) million (US\$(1,536) million) was mainly related to elimination of dividend income from subsidiaries and affiliated companies.

c) Adjustment for segment assets of ¥(1,575,016) million (US\$(14,472) million) was mainly related to elimination of stocks of subsidiaries and affiliated companies.

d) Adjustment for segment liabilities of ¥(60,532) million (US\$ (556) million) was mainly related to elimination of intersegment receivables and payables.

- e) Adjustment for others was mainly related to elimination of intersegment transactions.
3. Equity in income (loss) of affiliates included one-time amortization of goodwill of ¥(48,545) million (US\$(446) million) on affiliated company under the equity method.
4. Segment income is reconciled with Ordinary profit booked in the Consolidated Statement of Earnings.

2. Other Related Information

For the fiscal year ended March 31, 2019:

(1) Product (Service) Segment Information

	Year ended March 31, 2019	
	(Unit: million yen)	
Premium and other income		
Domestic Life Insurance Business	4,372,090	
Overseas Insurance Business	971,925	
Other Business	—	
Total	5,344,016	

(2) Geographic Segment Information

a) Ordinary Revenues

	Year ended March 31, 2019	
	(Unit: million yen)	
Ordinary revenues		
Japan	5,682,437	
United States of America	971,261	
Other Areas	530,394	
Total	7,184,093	

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, 2020:

(1) Product (Service) Segment Information

	Year ended March 31, 2020	
	(Unit: million yen)	(Unit: million US dollars)
Premium and other income		
Domestic Life Insurance Business	3,844,945	35,329
Overseas Insurance Business	1,040,461	9,560
Other Business	—	—
Total	4,885,407	44,890

(2) Geographic Segment Information

a) Ordinary Revenues

	Year ended March 31, 2020	
	(Unit: million yen)	(Unit: million US dollars)
Ordinary revenues		
Japan	5,096,081	46,826
United States of America	1,399,839	12,862
Other Areas	618,178	5,680
Total	7,114,099	65,368

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, 2019 and 2020

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, 2019:

Year ended March 31, 2019		
	(Unit: million yen)	
	Amortization of goodwill	Unamortized amount of goodwill
Domestic Life Insurance Business	—	—
Overseas Insurance Business	4,390	48,926
Other Business	—	—
Total	4,390	48,926

For the fiscal year ended March 31, 2020:

Year ended March 31, 2020				
	(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	3,459	39,497	31	362
Other Business	—	—	—	—
Total	3,459	39,497	31	362

5. Gain on Negative Goodwill by Reporting Segment

For the fiscal years ended March 31, 2019 and 2020

Not applicable

6. Related Party Transactions

For the fiscal years ended March 31, 2019 and 2020

There are no significant transactions to be disclosed.

XX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2019	2020	2020
	(Unit: yen)		(Unit: US dollars)
Net assets per share	3,240.72	3,344.23	30.72
Net income per share	194.43	28.53	0.26
Diluted net income per share	194.29	28.51	0.26

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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income attributable to shareholders of parent company	225,035	32,433	298
Net income attributable to other than shareholders of common stock	—	—	—
Net income attributable to shareholders of common stock	225,035	32,433	298
Average number of common stock outstanding	1,157,398 thousand shares	1,136,702 thousand shares	1,136,702 thousand shares
Diluted net income per share			
Adjustments to net income	—	—	—
Increase in the number of common stock	850 thousand shares	782 thousand shares	782 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[850 thousand shares]	[782 thousand shares]	782 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,		
	2019	2020	2020
	(Unit: million yen)		(Unit: million US dollars)
Net assets	3,713,592	3,776,918	34,704
Adjustments	(1,162)	(1,063)	(9)
Subscription rights to shares	(1,162)	(1,063)	(9)
Net assets attributable to common stock	3,712,430	3,775,854	34,694
Number of outstanding common stock	1,145,557 thousand shares	1,129,064 thousand shares	1,129,064 thousand shares

Note: 3. As described in the "Changes in Accounting Policies", ASU No. 2017-08 - Premium Amortization on Purchased Callable Debt Securities was adopted from the fiscal year ended March 31, 2020 and this update applied on a modified retrospective basis.

As a result, net assets per share was decreased ¥5.00 (US\$0.04) during the fiscal year ended March 31, 2020. There was no significant impact on the figures in net income per share and diluted net income per share during the fiscal year ended March 31, 2020.

4. 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, 2019 and 2020 was 4,203 thousand shares and 4,097 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, 2019 and 2020 was 4,161 thousand shares and 4,068 thousand shares, respectively.

XXI. SUBSEQUENT EVENTS

The board of directors of the Company has resolved, at its meeting held on June 9, 2020, the establishment of an intermediate holding company and the transfer of some shares of overseas life insurance subsidiaries and affiliates (hereinafter "overseas life companies") owned by the Company to the intermediate holding company.

(1) Purpose of Establishing an Intermediate Holding Company

The overseas life insurance business is one of the Dai-ichi Life Group's growth strategy pillars, with presence in eight overseas countries.

The intermediate holding company in Japan would provide management support to overseas life companies in cooperation with overseas regional headquarters. By incorporating overseas management capabilities at intermediate holding company, the Company aims to accelerate growth of the overseas life insurance business and enhance further the global governance system.

The intermediate holding company was established as a subsidiary of the Company, and a portion of the overseas life companies' shares held by the Company will be transferred to the intermediate holding company(*1).

(*1) Transfer is subject to an approval by the supervisory authority of each country.

(2) Company Profile

a) Company name

Dai-ichi Life International Holdings LLC (hereinafter "DLIHD")

b) Business

Preparatory activities related with management of overseas life companies(*2)

(*2) It is subject to an approval by the supervisory authority of each country.

c) Company size

Capital: ¥5 million (US\$0 million)

(3) Timing of the establishment

June 2020

(4) Schedule

From October 2020 (plan): Completion of transfer of shares of overseas life companies to DLIHD

(*3) The schedule is subject to change depending on the timing of obtaining regulatory approval.

XXII. (Unaudited) QUARTERLY INFORMATION

	Three months ended June 30, 2019	Six months ended September 30, 2019	Nine months ended December 31, 2019	Year ended March 31, 2020
Ordinary revenues (million yen)	1,830,202	3,656,188	5,366,611	7,114,099
Income before income taxes (million yen)	80,487	141,245	182,356	101,264
Net income attributable to shareholders of parent company(million yen)	51,772	91,794	127,436	32,433
Net income attributable to shareholders of parent company per share (yen)	45.26	80.39	111.87	28.53

	Three months ended June 30, 2019	Three months ended September 30, 2019	Three months ended December 31, 2019	Three months ended March 31, 2020
Net income attributable to shareholders of parent company per share (yen)	45.26	35.11	31.44	(84.12)

	Three months ended June 30, 2019	Six months ended September 30, 2019	Nine months ended December 31, 2019	Year ended March 31, 2020
Ordinary revenues (million US dollars)	16,817	33,595	49,311	65,368
Income before income taxes (million US dollars)	739	1,297	1,675	930
Net income attributable to shareholders of parent company (million US dollars)	475	843	1,170	298
Net income attributable to shareholders of parent company per share (US dollars)	0.41	0.73	1.02	0.26

	Three months ended June 30, 2019	Three months ended September 30, 2019	Three months ended December 31, 2019	Three months ended March 31, 2020
Net income attributable to shareholders of parent company per share (US dollars)	0.41	0.32	0.28	(0.77)

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, 2020, and 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, 2020, and its consolidated financial performance and 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.

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 including 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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 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

Kenji Seki
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 7, 2020

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.

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

	(Unit: million yen)	(Unit: million US dollars)
	As of March 31,	
	2020	2020
(ASSETS)		
Cash and deposits	543,121	4,990
Cash	160	1
Bank deposits	542,960	4,989
Call loans	513,800	4,721
Monetary claims bought	221,147	2,032
Money held in trust	34,274	314
Securities	30,283,786	278,266
Government bonds	13,809,257	126,888
Local government bonds	129,433	1,189
Corporate bonds	2,078,289	19,096
Stocks	2,900,518	26,651
Foreign securities	10,308,387	94,720
Other securities	1,057,900	9,720
Loans	2,542,025	23,357
Policy loans	323,486	2,972
Ordinary loans	2,218,538	20,385
Tangible fixed assets	1,097,493	10,084
Land	761,993	7,001
Buildings	323,539	2,972
Leased assets	6,740	61
Construction in progress	182	1
Other tangible fixed assets	5,036	46
Intangible fixed assets	114,309	1,050
Software	92,337	848
Other intangible fixed assets	21,971	201
Reinsurance receivable	6,720	61
Other assets	1,091,187	10,026
Accounts receivable	310,854	2,856
Prepaid expenses	14,705	135
Accrued revenue	157,971	1,451
Deposits	53,027	487
Margin money for futures trading	196,215	1,802
Derivatives	300,742	2,763
Suspense payment	2,799	25
Other assets	54,871	504
Customers' liabilities for acceptances and guarantees	47,065	432
Reserve for possible loan losses	(560)	(5)
Reserve for possible investment losses	(807)	(7)
Total assets	36,493,562	353,326

Balance Sheet of The Dai-ichi Life Insurance Company, Limited (Continued)

	(Unit: million yen)	(Unit: million US dollars)
	As of March 31,	
	2020	2020
(LIABILITIES)		
Policy reserves and others	30,823,423	283,225
Reserves for outstanding claims	127,391	1,170
Policy reserves	30,296,289	278,381
Reserve for policyholder dividends	399,742	3,673
Reinsurance payable	135,490	1,244
Subordinated bonds	476,277	4,376
Other liabilities	1,693,171	15,557
Payables under repurchase agreements	841,166	7,729
Long-term debt and other borrowings	283,000	2,600
Corporate income tax payable	20,306	186
Accounts payable	128,590	1,181
Accrued expenses	45,970	422
Unearned revenue	271	2
Deposits received	58,573	538
Guarantee deposits received	53,059	487
Differential account for futures trading	18	0
Derivatives	139,464	1,281
Collateral for financial instruments	82,314	756
Lease liabilities	6,837	62
Asset retirement obligations	2,096	19
Suspense receipt	2,801	25
Other liabilities	28,701	263
Reserve for employees' retirement benefits	398,004	3,657
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,188	10
Reserve for possible reimbursement of prescribed claims	800	7
Reserve for price fluctuations	215,453	1,979
Deferred tax liabilities	79,585	731
Deferred tax liabilities for land revaluation	73,195	672
Acceptances and guarantees	47,065	432
Total liabilities	33,943,654	311,896
(NET ASSETS)		
Capital stock	60,000	551
Capital surplus	370,000	3,399
Legal capital surplus	60,000	551
Other capital surplus	310,000	2,848
Retained earnings	200,155	1,839
Other retained earnings	200,155	1,839
Reserve for tax basis adjustments of real estate	4,947	45
Retained earnings brought forward	195,207	1,793
Total shareholders' equity	630,155	5,790
Net unrealized gains (losses) on securities, net of tax	1,916,417	17,609
Deferred hedge gains (losses)	21,312	195
Reserve for land revaluation	(17,978)	(165)
Total of valuation and translation adjustments	1,919,752	17,639
Total net assets	2,549,907	23,430
Total liabilities and net assets	36,493,562	335,326

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

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2020	2020
Ordinary revenues	3,680,689	33,820
Premium and other income	2,350,198	21,595
Premium income	2,345,183	21,549
Reinsurance income	5,015	46
Investment income	1,074,327	9,871
Interest and dividends	786,512	7,226
Interest from bank deposits	4,979	45
Interest and dividends from securities	656,639	6,033
Interest from loans	40,893	375
Rental income	75,373	692
Other interest and dividends	8,626	79
Gains on sale of securities	223,240	2,051
Gains on redemption of securities	11,609	106
Derivative transaction gains	51,944	477
Reversal of reserve for possible loan losses	4	0
Other investment income	1,015	9
Other ordinary revenues	256,163	2,353
Fund receipt for annuity rider of group insurance	487	4
Fund receipt for claim deposit payment	156,231	1,435
Reversal of reserves for outstanding claims	3,258	29
Transfer from policy reserves	57,487	528
Reversal of reserve for employees' retirement benefits	2,818	25
Other ordinary revenues	35,879	329
Ordinary expenses	3,389,993	31,149
Benefits and claims	2,397,490	22,029
Claims	623,690	5,730
Annuities	519,868	4,776
Benefits	407,707	3,746
Surrender values	485,414	4,460
Other refunds	88,335	811
Ceding reinsurance commissions	272,474	2,503
Provision for policy reserves and others	8,245	75
Provision for interest on policyholder dividends	8,245	75
Investment expenses	309,488	2,843
Interest expenses	12,530	115
Losses on money held in trust	2,216	20
Losses on sale of securities	72,761	668
Losses on valuation of securities	57,153	525
Losses on redemption of securities	5,372	49
Foreign exchange losses	93,869	862
Provision for reserve for possible investment losses	504	4
Write-down of loans	40	0
Depreciation of real estate for rent and others	13,059	119
Other investment expenses	40,641	373
Losses on investments in separate accounts	11,339	104
Operating expenses	398,500	3,661
Other ordinary expenses	276,268	2,538
Claim deposit payments	197,776	1,817
National and local taxes	29,349	269
Depreciation	32,543	299
Other ordinary expenses	16,599	152
Ordinary profit	290,696	2,671

Statement of Earnings of The Dai-ichi Life Insurance Company, Limited (Continued)

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2020	2020
Extraordinary gains	4,905	45
Gains on disposal of fixed assets	4,905	45
Extraordinary losses	33,888	311
Losses on disposal of fixed assets	13,141	120
Impairment losses on fixed assets	3,556	32
Provision for reserve for price fluctuations	17,000	156
Other extraordinary losses	190	1
Provision for reserve for policyholder dividends	82,500	758
Income before income taxes	179,213	1,646
Corporate income taxes-current	67,696	622
Corporate income taxes-deferred	(17,152)	(157)
Total of corporate income taxes	50,544	464
Net income	128,669	1,182

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

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2020	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	179,213	1,646
Depreciation of real estate for rent and others	13,059	119
Depreciation	32,543	299
Impairment losses on fixed assets	3,556	32
Increase (decrease) in reserves for outstanding claims	(3,258)	(29)
Increase (decrease) in policy reserves	(57,487)	(528)
Provision for interest on policyholder dividends	8,245	75
Provision for (reversal of) reserve for policyholder dividends	82,500	758
Increase (decrease) in reserve for possible loan losses	(28)	(0)
Increase (decrease) in reserve for possible investment losses	417	3
Write-down of loans	40	0
Increase (decrease) in reserve for employees' retirement benefits	(2,627)	(24)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(109)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(100)	(0)
Increase (decrease) in reserve for price fluctuations	17,000	156
Interest and dividends	(786,512)	(7,226)
Securities related losses (gains)	(88,222)	(810)
Interest expenses	12,530	115
Foreign exchange losses (gains)	93,869	862
Losses (gains) on disposal of fixed assets	8,029	73
Decrease (increase) in reinsurance receivable	(3,958)	(36)
Decrease (increase) in other assets unrelated to investing and financing activities	(122,315)	(1,123)
Increase (decrease) in reinsurance payable	5,978	54
Increase (decrease) in other liabilities unrelated to investing and financing activities	80,384	738
Others, net	(9,867)	(90)
Subtotal	(537,120)	(4,935)
Interest and dividends received	826,766	7,596
Interest paid	(15,898)	(146)
Policyholder dividends paid	(89,181)	(819)
Others, net	35,738	328
Corporate income taxes paid	(61,998)	(569)
Net cash flows provided by (used in) operating activities	158,305	1,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(44,550)	(409)
Proceeds from sale and redemption of monetary claims bought	22,702	208
Purchases of money held in trust	(31,400)	(288)
Proceeds from decrease in money held in trust	19,557	179
Purchases of securities	(4,927,383)	(45,275)
Proceeds from sale and redemption of securities	4,670,990	42,920
Origination of loans	(867,281)	(7,969)
Proceeds from collection of loans	673,252	6,186
Total of net cash provided by (used in) investment transactions	(484,112)	(4,448)
Total of net cash provided by (used in) operating activities and investment transactions	(325,807)	(2,993)
Acquisition of tangible fixed assets	(39,340)	(361)
Proceeds from sale of tangible fixed assets	37,523	344
Acquisition of intangible fixed assets	(30,389)	(279)
Proceeds from sale of intangible fixed assets	33	0
Net cash flows provided by (used in) investing activities	(516,285)	(4,743)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of financial lease obligations	(1,590)	(14)
Net increase (decrease) in short-term financing	806,148	7,407
Cash dividends paid	(187,147)	(1,719)
Others, net	(95)	(0)
Net cash flows provided by (used in) financing activities	617,313	5,672
Effect of exchange rate changes on cash and cash equivalents	533	4
Net increase (decrease) in cash and cash equivalents	259,866	2,387
Cash and cash equivalents at the beginning of the year	797,054	7,323
Cash and cash equivalents at the end of the year	1,056,921	9,711

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

Year ended March 31, 2020

	(Unit: million yen)			
	Shareholders' equity			
	Capital surplus			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the year	60,000	60,000	360,000	420,000
Changes for the year				
Dividends			(49,999)	(49,999)
Net income				
Transfer to reserve for tax basis adjustments of real estate				
Transfer from reserve for tax basis adjustments of real estate				
Transfer from reserve for land revaluation				
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(49,999)	(49,999)
Balance at the end of the year	60,000	60,000	310,000	370,000

	(Unit: million yen)			
	Shareholders' equity			
	Retained earnings			
	Other retained earnings		Total retained earnings	Total shareholders' equity
	Reserve for tax basis adjustments of real estate	Retained earnings brought forward		
Balance at the beginning of the year	2,228	201,915	204,144	684,144
Changes for the year				
Dividends		(137,148)	(137,148)	(187,147)
Net income		128,669	128,669	128,669
Transfer to reserve for tax basis adjustments of real estate	2,741	(2,741)	-	-
Transfer from reserve for tax basis adjustments of real estate	(22)	22	-	-
Transfer from reserve for land revaluation		4,489	4,489	4,489
Net changes of items other than shareholders' equity				
Total changes for the year	2,718	(6,707)	(3,989)	(53,989)
Balance at the end of the year	4,947	195,207	200,155	630,155

	(Unit: million yen)				
	Valuation and translation adjustments				
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	Total net assets
Balance at the beginning of the year	2,211,147	3,457	(13,488)	2,201,117	2,885,261
Changes for the year					
Dividends					(187,147)
Net income					128,669
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					4,489
Net changes of items other than shareholders' equity	(294,730)	17,854	(4,489)	(281,365)	(281,365)
Total changes for the year	(294,730)	17,854	(4,489)	(281,365)	(335,354)
Balance at the end of the year	1,916,417	21,312	(17,978)	1,919,752	2,549,907

Statement of Changes in Net Assets of The Dai-ichi Life Insurance Company, Limited (Continued)

Year ended March 31, 2020

	(Unit: million US dollars)			
	Shareholders' equity			
	Capital surplus			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the year	551	551	3,307	3,859
Changes for the year				
Dividends			(459)	(459)
Net income				
Transfer to reserve for tax basis adjustments of real estate				
Transfer from reserve for tax basis adjustments of real estate				
Transfer from reserve for land revaluation				
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(459)	(459)
Balance at the end of the year	551	551	2,848	3,399

	(Unit: million US dollars)			
	Shareholders' equity			
	Retained earnings			
	Other retained earnings		Total retained earnings	Total shareholders' equity
	Reserve for tax basis adjustments of real estate	Retained earnings brought forward		
Balance at the beginning of the year	20	1,855	1,875	6,286
Changes for the year				
Dividends		(1,260)	(1,260)	(1,719)
Net income		1,182	1,182	1,182
Transfer to reserve for tax basis adjustments of real estate	25	(25)	-	-
Transfer from reserve for tax basis adjustments of real estate	(0)	0	-	-
Transfer from reserve for land revaluation		41	41	41
Net changes of items other than shareholders' equity				
Total changes for the year	24	(61)	(36)	(496)
Balance at the end of the year	45	1,793	1,839	5,790

	(Unit: million US dollars)				
	Valuation and translation adjustments				
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	Total net assets
Balance at the beginning of the year	20,317	31	(123)	20,225	26,511
Changes for the year					
Dividends					(1,719)
Net income					1,182
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					41
Net changes of items other than shareholders' equity	(2,708)	164	(41)	(2,585)	(2,585)
Total changes for the year	(2,708)	164	(41)	(2,585)	(3,081)
Balance at the end of the year	17,609	195	(165)	17,639	23,430

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

I . BASIS FOR PRESENTATION

The accompanying financial statements have been prepared from the accounts maintained by The Dai-ichi Life Insurance Company, Limited ("DL"). Certain items presented in the financial statements are reclassified for the convenience of readers outside Japan.

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 ¥108.83=US\$1.00, the foreign exchange rate on March 31, 2020, 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 . NOTES TO THE BALANCE SHEET AS OF MARCH 31, 2020

1. Valuation Methods of Securities

Securities held by DL 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 Subsidiaries and Affiliated Companies

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

a) Available-for-sale Securities with Fair Value

Available-for-sale securities which have market value are valued at fair value at the end of the fiscal year (for domestic stocks, the average value during March), with cost determined by the moving average method.

b) Available-for-sale Securities Whose Fair Values are Extremely Difficult to Recognize

i) Government/Corporate Bonds (including foreign bonds), Whose Premium or Discount Represents the Interest Adjustment

Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment are valued at the amortized cost determined by the moving average method.

ii) Others

All other securities 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 statement of earnings.

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

DL categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of the sub-groups. Moreover, it 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 are:

- a) individual life insurance and annuities,
 - b) non-participating single premium whole life insurance (without duty of medical disclosure),
 - c) financial insurance and annuities, and
 - d) 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.

(1) Date of revaluation: March 31, 2001

(2) 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 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

Tangible fixed assets other than land, buildings and leased 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.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

DL uses 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 amount of accumulated depreciation of tangible fixed assets as of March 31, 2020 was ¥612,565 million (US\$5,628 million).

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

DL translates foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates at the end of the year. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

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 (hereinafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereinafter, “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, 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 DL 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 or guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2020 was ¥1 million (US\$ 0 million).

8. Reserve for Employees' Retirement Benefits

For the reserve for employees’ retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of March 31, 2020.

Accounting treatment of retirement benefit obligations and retirement benefit expenses are 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, 2020.

(2) Amortization of Actuarial Differences

Past Service Cost is amortized under the straight-line method over a certain period (seven years) within the employees’ average remaining service period.

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.

9. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of DL is established for securities whose fair values are extremely difficult to recognize. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

10. 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 pursuant to the internal policies is provided.

11. 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.

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

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan (ASBJ) Statement No. 10). 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 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); 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 the 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

DL 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 the hedging instruments.

14. Calculation of National and Local Consumption Tax

DL 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 a prepaid expense 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 Reserve

Policy reserves of DL are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in (1) and (2) below. 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.

(1) 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).

(2) Reserves for other policies are established based on the net level premium method.

16. 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.

17. 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, DL engages in asset liability management, or ALM, which considers the long-term balance between assets and liabilities to ensure stable returns. With this strategy, DL holds fixed income investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, DL also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

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

With respect to financing, DL 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, DL 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 DL, mainly stocks and bonds, are categorized by its investment objectives such as held-to-maturity securities, 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.

DL 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.

DL 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, DL 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), DL 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 DL is as follows:

i) 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.

(a) 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.

(b) 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.

(c) Fluctuation in market values

DL defines risk management policies and management procedures for each component of its overall portfolio, including securities and specific risk management procedures, 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, DL 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, DL 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, 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 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 calculates current exposures.

d) Supplementary Explanation for Fair Value of Financial Instruments

As well as the values based on market prices, fair value of financial instruments includes values which are reasonably calculated in case market prices do not exist. 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 balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2020 were as follows. The following tables do not include financial instruments whose fair value is extremely difficult to recognize. (Please refer to (Note 2))

As of March 31, 2020	Carrying amount	Fair value	Gains (Losses)	Carrying amount	Fair value	Gains (Losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Cash and deposits	543,121	543,121	-	4,990	4,990	-
(2) Call loans	513,800	513,800	-	4,721	4,721	-
(3) Monetary claims bought	221,147	221,147	-	2,032	2,032	-
(4) Money held in trust	34,274	34,274	-	314	314	-
(5) Securities						
a. Trading securities	655,151	655,151	-	6,019	6,019	-
b. Held-to-maturity bonds	46,919	49,337	2,417	431	453	22
c. Policy-reserve-matching bonds	12,210,408	14,973,288	2,762,880	112,197	137,584	25,387
d. Stocks of subsidiaries and affiliate companies	343	241	(101)	3	2	(0)
e. Available-for-sale securities	17,138,986	17,138,986	-	157,484	157,484	-
(6) Loans	2,542,025			23,357		
Reserve for possible loan losses (*1)	(179)			(1)		
	2,541,846	2,596,424	54,578	23,356	23,857	501
Total assets	33,905,998	36,725,772	2,819,774	311,550	337,460	25,909
(1) Bonds payable	476,277	484,388	8,111	4,376	4,450	74
(2) Payable under repurchase agreement	841,166	841,166	-	7,729	7,729	-
(3) Long-term borrowing	283,000	275,824	(7,175)	2,600	2,534	(65)
Total liabilities	1,600,443	1,601,379	936	14,705	14,714	8
Derivative transactions (* 2)						
a. Hedge accounting not applied	92,134	92,134	-	846	846	-
b. Hedge accounting applied	69,143	67,602	(1,540)	635	621	(14)
Total derivative transactions	161,277	159,737	(1,540)	1,481	1,467	(14)

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

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

(Note 1) Notes to Methods for Calculating Fair Value of Financial Instruments, Securities and Derivative Transactions

Assets

(a) Cash and deposits

Since deposits are close to maturity or have no maturity and their fair value is close to the carrying amounts, fair value is based on the carrying amount.

(b) Call loans

Since all call loans are close to the due date and their fair value is close to their carrying amounts, fair value of call loans is based on their carrying amount.

(c) Monetary claims bought

The fair value of monetary claims bought is based on the reasonably calculated price.

(d) Money held in trust

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price.

(e) Securities

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership.

(f) 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 period which are assumed to be applied to new loans to the subject borrower.

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 balance sheet minus reserve for possible loan losses at the end of the fiscal year. Therefore, that amount (the carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as fair value of risk-monitored loans.

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.

Liabilities

(a) Bonds payable

The fair value of bonds is based on the price on the bond market.

(b) Payables under repurchase agreement

Since payables under repurchase agreements are close to the due date and their fair value is close to their carrying amounts, fair value of payables under repurchase agreements is based on their carrying amount.

(c) Long-term borrowings

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

Derivative Transactions

The breakdown of derivative transactions is a) currency-related transactions; b) interest-related transactions; c) stock-related transactions; and d) bond-related transactions, etc. The fair value of the instruments is based on the prices on derivatives markets and the prices quoted from financial institutions, etc.

(Note 2) Financial instruments whose fair value is extremely difficult to recognize were as follows and are not included in the fair value of e) Securities in (Note 1)

As of March 31, 2020	Carrying amount	
	(Unit: million yen)	(Unit: million US dollars)
1. Unlisted domestic stocks (*1)(*2)	48,917	449
2. Unlisted foreign stocks (*1)(*2)	26,202	240
3. Other foreign securities (*1)(*2)	23	0
4. Other securities (*1)(*2)	156,834	1,441
Total	231,977	2,131

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

(*2) DL recorded impairment charges of ¥500 million (US\$4 million) for the fiscal year ended March 31, 2020.

18. Real Estate for Rent

DL 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, 2020 was ¥36,821 million (US\$338 million). The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded losses on sale of ¥7,386 million (US\$67 million) and impairment loss of ¥2,481 million (US\$22 million) on rental real estate as extraordinary losses for the fiscal year ended March 31, 2020.

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

	(Unit: million yen)	(Unit: million US dollars)
Carrying amount		
Beginning balance	814,908	7,487
Net change for the year	(26,707)	(245)
Ending balance	788,201	7,242
Fair value	1,040,527	9,561

(*1) The carrying amount of rental real estate on the 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 ¥29,412 million (US\$270 million), sale of the real estate of ¥45,125 million (US\$414 million), depreciation expense of ¥13,049 million (US\$119 million) and impairment loss of ¥2,481 million (US\$22 million).

(*3) DL 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.

19. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of March 31, 2020 was ¥2,195,099 million (US\$20,169 million).

20. Problem Loans

As of March 31, 2020, the total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Credits to bankrupt borrowers (*1)	79	0
Delinquent loans (*2)	2,936	26
Loans past due for three months or more (*3)	-	-
Restructured loans (*4)	-	-
Total	3,015	27

(*1) Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3, (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order 97, 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected.

(*2) Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

(*3) Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

(*4) Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in Note 7, the decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Credits to bankrupt borrowers	1	0
Delinquent loans	-	-

21. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2020, was ¥1,362,925million (US\$12,523 million). Separate account liabilities were the same amount as the separate account assets.

22. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies as of March 31, 2020, were ¥46,325 million (US\$425 million) and ¥4,840 million (US\$44 million), respectively.

23. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2020

	(Unit: million yen)	(Unit: million US dollars)
Deferred tax assets:		
Policy reserves and others	467,643	4,297
Reserve for employees' retirement benefits	135,169	1,242
Reserve for price fluctuations	60,154	552
Losses on valuation of securities	16,240	149
Impairment losses	8,186	75
Others	17,721	162
Subtotal	705,115	6,479
Valuation allowances	(12,513)	(114)
Total	692,601	6,364
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax	(735,495)	(6,758)
Reserve for tax basis adjustments of real estate	(10,425)	(95)
Accrued dividend receivables	(8,468)	(77)
Others	(17,797)	(163)
Total	(772,186)	(7,095)
Net deferred tax liabilities	(79,585)	(731)

(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, 2020

The difference between the statutory effective tax rate and actual effective tax rate after considering deferred taxes was 5% or less than statutory effective tax rate, therefore the principle reason of the difference is omitted.

24. Contingent Liabilities

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

	(Unit: million yen)	(Unit: million US dollars)
Dai-ichi Life Holdings, Inc.	250,002	2,297

25. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Balance at the beginning of the fiscal year	398,178	3,658
Dividends paid during the fiscal year	89,181	819
Interest accrual during the fiscal year	8,245	75
Provision for reserve for policyholder dividends	82,500	758
Balance at the end of the fiscal year	399,742	3,673

26. Stocks of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies of DL held as of March 31, 2020 was ¥105,081million (US\$965 million).

27. Organization Change Surplus

As of March 31, 2020, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million (US\$1,082 million).

28. Assets Pledged as Collateral / Secured Liabilities

The amounts of assets pledged as collateral were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Securities	889,370	8,172
Cash and deposits	86	0
Aseets pledged as collateral	889,457	8,172

The amount of secured liabilities were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Payables under repurchase agreements	841,166	7,729

"Securities" mentioned above included ¥779,688 million (US\$7,164 million) of Securities which were sold under repurchase agreements, as of March 31, 2020

29. Reinsurance

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter "reserves for outstanding claims reinsured"), was ¥34 million (US\$0 million) The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance (hereinafter "policy reserves reinsured") was ¥296,731million (US\$2,726 million).

30. Net Assets per Share

The amount of net assets per share of DL as of March 31, 2020 was ¥424,984,643.02 (US\$3,905,032.10).

31. Employees' Retirement Benefits**(1) Overview of Employees' Retirement Benefit Plan**

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.

(2) Defined Benefit Plans**a) Reconciliations of beginning and ending balances of projected benefit obligations**

	(Unit: million yen)	(Unit: million US dollars)
a. Beginning balance of the projected benefit obligations	691,309	6,352
b. Service cost	27,128	249
c. Interest cost	2,071	19
d. Accruals of actuarial (gains) and losses	(1,933)	(17)
e. Payment of retirement benefits	(32,286)	(296)
f. Accruals of past service cost	(958)	(8)
g. Others	(1,073)	(9)
h. Ending balance of the projected benefit obligation (a + b + c + d + e + f + g)	684,256	6,287

b) Reconciliations of beginning and ending balances of pension assets

	(Unit: million yen)	(Unit: million US dollars)
a. Beginning balance of pension assets	278,033	2,554
b. Estimated return on assets	1,822	16
c. Accruals of actuarial (gains) and losses	(22,647)	(208)
d. Contribution from the employer	6,621	60
e. Payment of retirement benefits	(10,709)	(98)
f. Ending balance of pension assets (a + b + c + d + e)	253,121	2,325

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 balance sheet

	(Unit: million yen)	(Unit: million US dollars)
a. Projected benefit obligation of funded pensions	366,827	3,370
b. Pension assets	(253,121)	(2,325)
c. Subtotal (a + b)	113,705	1,044
d. Projected benefit obligation for unfunded pensions	317,429	2,916
e. Unrecognized actuarial differences	(34,089)	(313)
f. Unrecognized past service cost	958	8
g. Net of assets and liabilities recorded in the balance sheet (c + d + e + f)	398,004	3,657

d) Amount of the components of retirement benefit expenses

	(Unit: million yen)	(Unit: million US dollars)
a. Service cost	27,128	249
b. Interest cost	2,071	19
c. Expected return on assets	(1,822)	(16)
d. Amortization of unrecognized actuarial differences	(857)	(7)
e. Others	190	1
f. Retirement benefit expenses for defined benefit plans (a + b + c + d + e)	26,709	245

e) Pension assets

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

Stocks	53%
Asset under joint management	26%
Bonds	9%
Life insurance general account	4%
Others	8%
Total	100%

The proportion of retirement benefit trust to total pension assets that has been set for the retirement lump sum grants as of March 31, 2020 was 51%.

f) 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, DL 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.

g) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of March 31, 2020 were as follows:

Discount rate	0.30%
Expected long-term rate of return	
Defined benefit corporate pension	1.40%
Employee pension trust	0.00%

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans for the fiscal year ended March 31, 2020 was ¥1,533

million (US\$14 million).

32. Securities Borrowing

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of March 31, 2020 was ¥ 100,034 million (US\$919 million), among which none of the securities were pledged as collateral.

33. Commitment Line

As of March 31, 2020, there were unused commitment line agreements under which DL was the lender of ¥86,356 million (US\$793 million).

34. Subordinated Debt

As of March 31, 2020, other liabilities included subordinated debt of ¥283,000 million (US\$2,600 million), whose repayment is subordinated to other obligations.

35. Subordinated Bonds

As of March 31, 2020, bonds payable included foreign currency-denominated subordinated bonds of ¥476,277 million (US\$4,376 million), whose repayment is subordinated to other obligations.

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

The estimated future obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2020 were ¥45,077 million (US\$414 million). These obligations will be recognized as operating expenses in the period in which they are paid.

III. NOTES TO THE STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2020

1. Revenues and Expenses from Transactions with Subsidiaries and Affiliated Companies

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥5,828 million (US\$53 million) and ¥19,035 million (US\$174 million), respectively.

2. Gains/Losses on Sale of Securities, Losses on Valuation of Securities

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥72,896 million (US\$669 million), ¥68,198 million (US\$626 million), ¥80,868 million (US\$743 million) and ¥1,276 million (US\$11 million), respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥419 million (US\$3 million), ¥13,969 million (US\$128 million), ¥56,018 million (US\$514 million) and ¥2,353 million (US\$21 million), respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥36,441 million (US\$334 million) and ¥20,712 million (US\$190 million), respectively.

3. Reinsurance

In calculating the reversal of reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥7 million (US\$ 0 million) was added. In calculating the reversal of policy reserves, a provision for reserves for policy reserves reinsured of ¥198,076 million (US\$1,820 million) was added.

4. Gains/Losses on Money Held in Trust

Losses on money held in trust included losses on valuation of securities of ¥2,355 million (US\$21 million).

5. Derivative Transaction Gains/Losses

Derivative transaction gains included gains on valuation of ¥68,837 million (US\$632 million).

6. Net Income per Share

Net income per share for the fiscal year ended March 31, 2020 was ¥21,444,849.60 (US\$197,049.06). Diluted net income per share for the same period is not presented because there were no existing diluted shares.

7. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2020 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, DL 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, 2020 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	29	35	64	0	0	0
Real Estate not in use	Nishinomiya city, Hyogo Prefecture and others	22	2,238	1,253	3,491	20	11	32
Total		23	2,267	1,288	3,556	20	11	32

(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. A discount rate of 2.22% for the fiscal year ended March 31, 2020 was 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.

IV. NOTES TO THE STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED MARCH 31, 2020

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows consists 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.

2. Reconciliation of Cash and Cash Equivalents to Balance Sheet Accounts

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

As of March 31,		
	2020	2020
	(Unit: million yen)	(Unit: million US dollars)
Cash and deposits	543,121	4,990
Call loans	513,800	4,721
Cash and cash equivalents	1,056,921	9,711

V. NOTES TO THE STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2020

1. Number of Shares Outstanding

	At the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	At the end of the fiscal year
Common Stock	6,000	-	-	6,000

2. Dividends on Common Stock

(1) Dividends paid during the fiscal year ended March 31, 2020

Date of resolution	June 18, 2019 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥137,148 million (US\$1,260 million)
Dividends per share	¥22,858,000 (US\$210,033)
Record date	March 31, 2019
Effective date	June 19, 2019
Dividend resource	Retained earnings

Date of resolution	June 18, 2019 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million (US\$459 million)
Dividends per share	¥8,333,300 (US\$76,571)
Record date	March 31, 2019
Effective date	June 19, 2019
Dividend resource	Capital surplus

(2) Dividends in kind

Date of resolution	August 20, 2019 (at the Extraordinary Meeting of Shareholders)(*)
Type of shares	Common stock
Type of the distributed assets	Securities
Book value of the distributed assets	¥1 (US\$0)
Record date	-
Effective date	September 13, 2019
Dividend resource	Retained earnings

(*)At the Extraordinary Meeting of Shareholders on August 20, 2019, DL decided to transfer its securities to Dai-ichi life Holdings, Inc. as a qualified dividend in kind, and carried it out on September 13, 2019.

(3) Dividends, the record date of which was March 31, 2020, to be paid out in the year ending March 31, 2021

Date of resolution	June 17, 2020 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥101,079 million (US\$928 million)
Dividends per share	¥16,846,500 (US\$154,796)
Record date	March 31, 2020
Effective date	June 18, 2020
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 financial statements of The Dai-ichi Life Insurance Company, Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of earnings, the statement of cash flows and the 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 financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Responsibilities of Management and Audit and Supervisory Board Members and the Audit and Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company’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 Company’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 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 Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements with respect to the year ended March 31, 2020 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 financial statements.

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

We do not have any interest in the Company 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

Kenji Seki
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 7, 2020

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, 2019	As of March 31, 2020
Total solvency margin (A)	7,334,485	7,446,612
Common stock, etc. (*1)	1,314,711	1,226,073
Reserve for price fluctuations	218,259	240,796
Contingency reserve	730,962	693,191
Catastrophe loss reserve	—	—
General reserve for possible loan losses	100	125
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% (*2)	2,639,363	2,826,140
Net unrealized gains (losses) on real estate × 85% (*2)	199,850	243,896
Sum of unrecognized actuarial differences and unrecognized past service cost	(15,103)	(37,746)
Policy reserves in excess of surrender values	2,334,583	2,270,703
Qualifying subordinated debt	844,277	909,277
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(728,756)	(762,096)
Excluded items	(265,089)	(241,174)
Others	61,326	77,427
Total risk $\sqrt{(\sqrt{R_1^2+R_5^2+R_6^2+R_8^2}+(R_2+R_3+R_7))^2+R_4^2}+R_9$ (B)	1,686,480	1,684,405
Insurance risk R ₁	123,221	132,429
General insurance risk R ₅	5,906	4,893
Catastrophe risk R ₆	1,592	1,463
3rd sector insurance risk R ₈	194,479	192,382
Small amount and short-term insurance risk R ₉	—	—
Assumed investment yield risk R ₂	261,882	245,702
Guaranteed minimum benefit risk R ₇ (*3)	72,822	70,664
Investment risk R ₃	1,280,399	1,295,296
Business risk R ₄	38,806	38,856
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	869.7%	884.1%

*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, 2019	As of March 31, 2020
Total solvency margin (A)	6,397,977	6,251,174
Total risk (B)	1,318,040	1,270,019
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	970.8%	984.4%

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, 2019	As of March 31, 2020
Total solvency margin (A)	6,318,688	6,121,744
Total risk (B)	1,296,925	1,238,988
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	974.4%	988.1%

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, 2019	As of March 31, 2020
Total solvency margin (A)	520,279	476,465
Total risk (B)	205,244	197,263
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	506.9%	483.0%

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, 2019	As of March 31, 2020
Total solvency margin (A)	29,541	9,388
Total risk (B)	1,884	3,013
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	3,134.3%	623.1%

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.



Dai-ichi Life Holdings



**Dai-ichi Life
Group**

Dai-ichi Life Holdings

The logo depicts the form of a shield used in the middle ages on which a design expressing the earth is featured. This is an expression of the commitment of the Dai-ichi Life Group's companies to protect customers from disasters through concerted efforts in their global operations.

In addition, the upward curving latitudinal lines of the earth express the bright future of our customers and the Dai-ichi Life Group's determination to grow in order to continue standing by the side of our customers for life. Going forward, we will continue to stand by the side of our customers and their loved ones, for life, and make concerted efforts to deliver a secure future for every community we serve, using the best of our local and global capabilities.

