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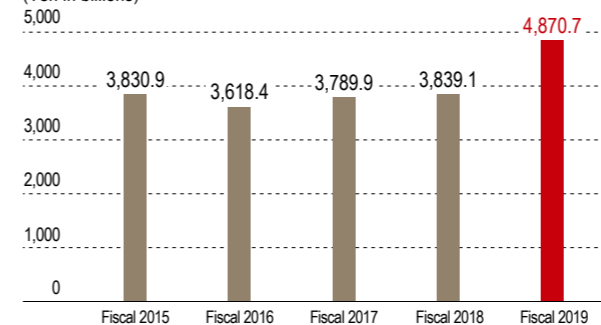
Sustainability Indicator Highlights

As an Insurer

Benefits and Claims Paid (for the Group)

¥4,870.7 billion

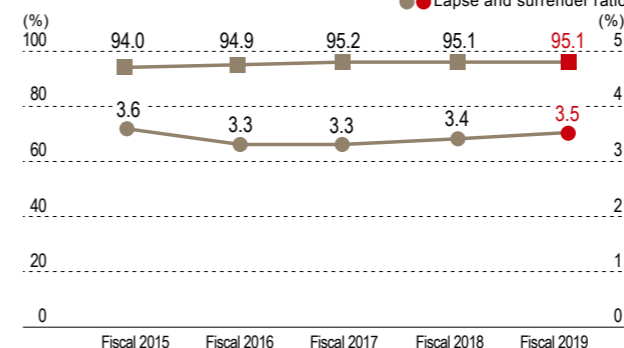
(Yen in billions)



(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%

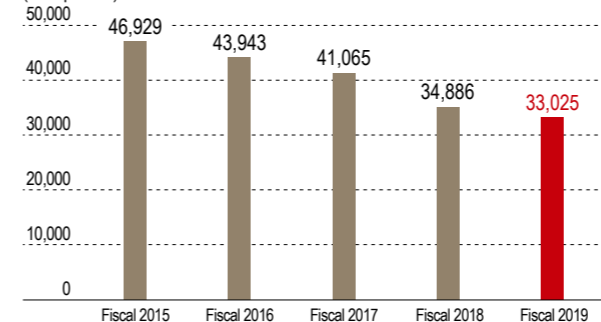


(Note) Figures for Dai-ichi Life

Number of Complaints

33,025

(Complaints)



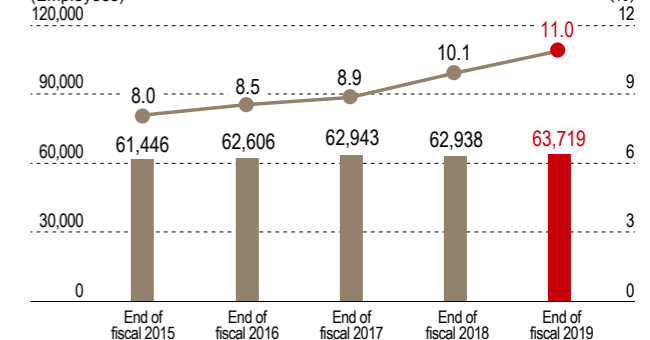
(Note) Figures for Dai-ichi Life

As an Employer

Consolidated Number of Employees/Overseas Ratio

63,719 / 11.0%

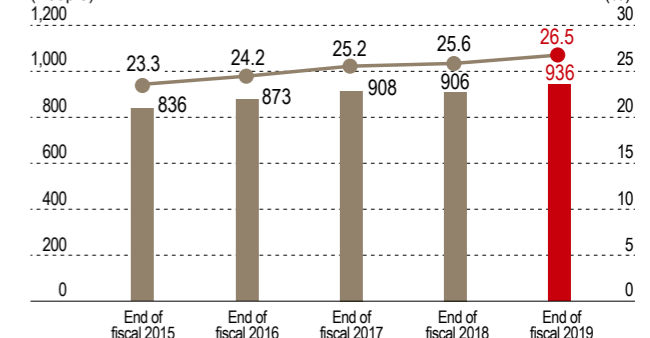
(Employees)



Number of Female Managers/Percentage of Female Managers

936 / 26.5%

(People)

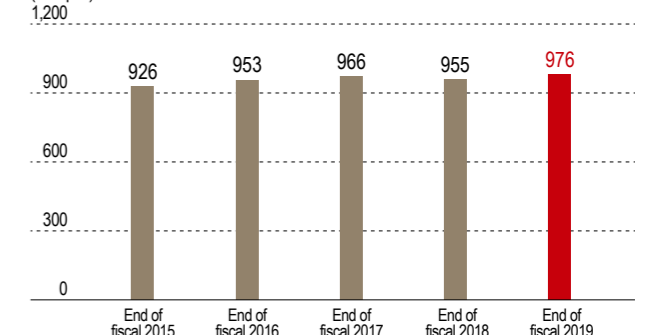


Dai-ichi Life Holdings, Dai-ichi Life, Dai-ichi Frontier Life and Neo-First Life, combined. Figures as of April 1 are represented as figures from end of previous fiscal year.

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%**

Fiscal 2019

(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.

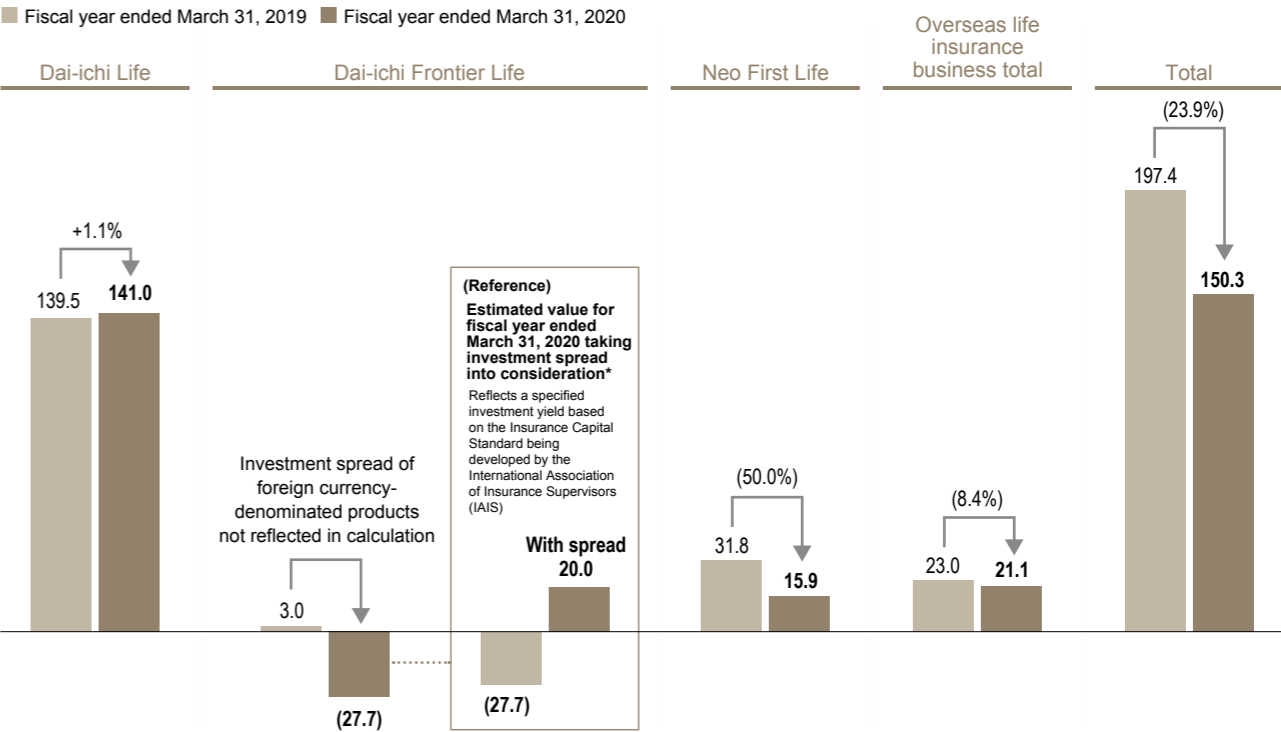
The value of new business, which is the present value of future anticipated profit at the time of acquisition of the policy, given the long-term profit structure of the life insurance business, decreased 23.9% year-on-year to 150.3 billion yen for the Group.

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.

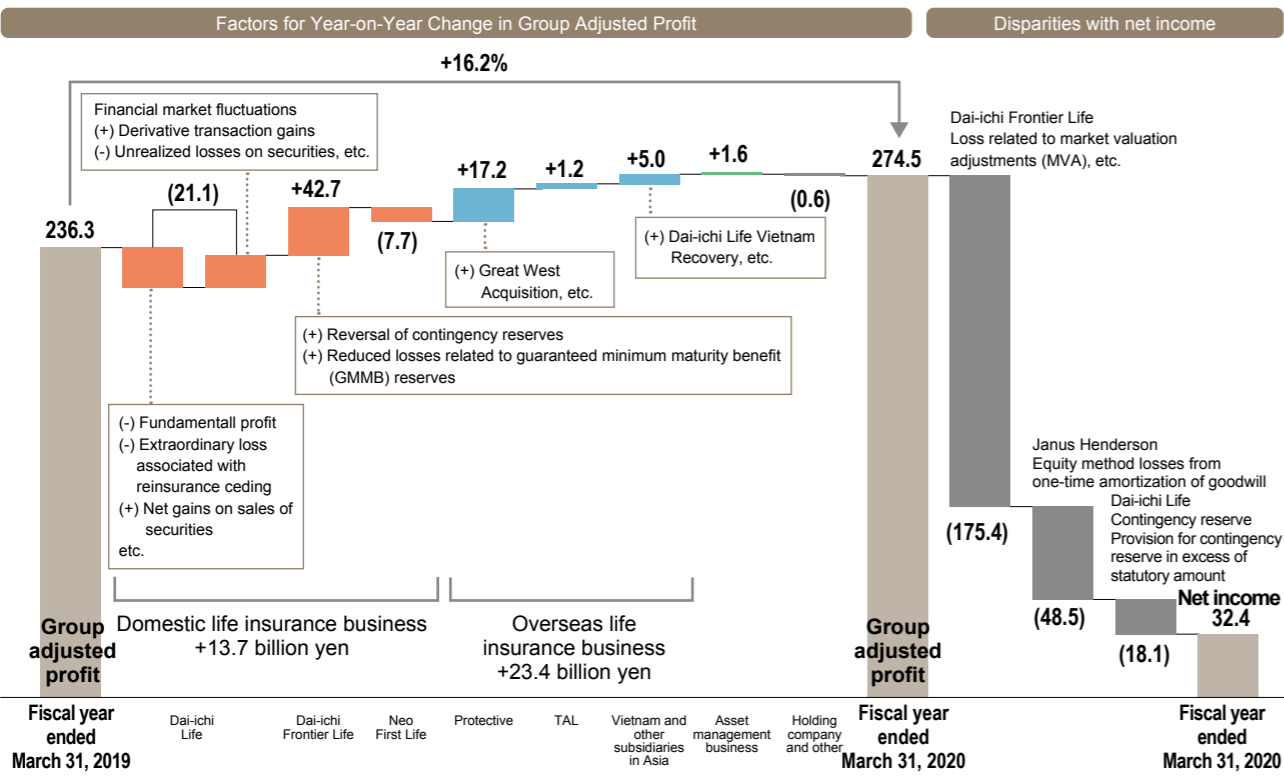
In Japan, Dai-ichi Life's adjusted profit decreased 21.1 billion yen, or 12.3%, year-on-year to 150.2 billion yen. This was due to a decline in fundamental profit and an increase in extraordinary loss from strategic risk reduction through reinsurance ceding of closed blocks of business, which was approximately 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 (Yen in billions)



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%

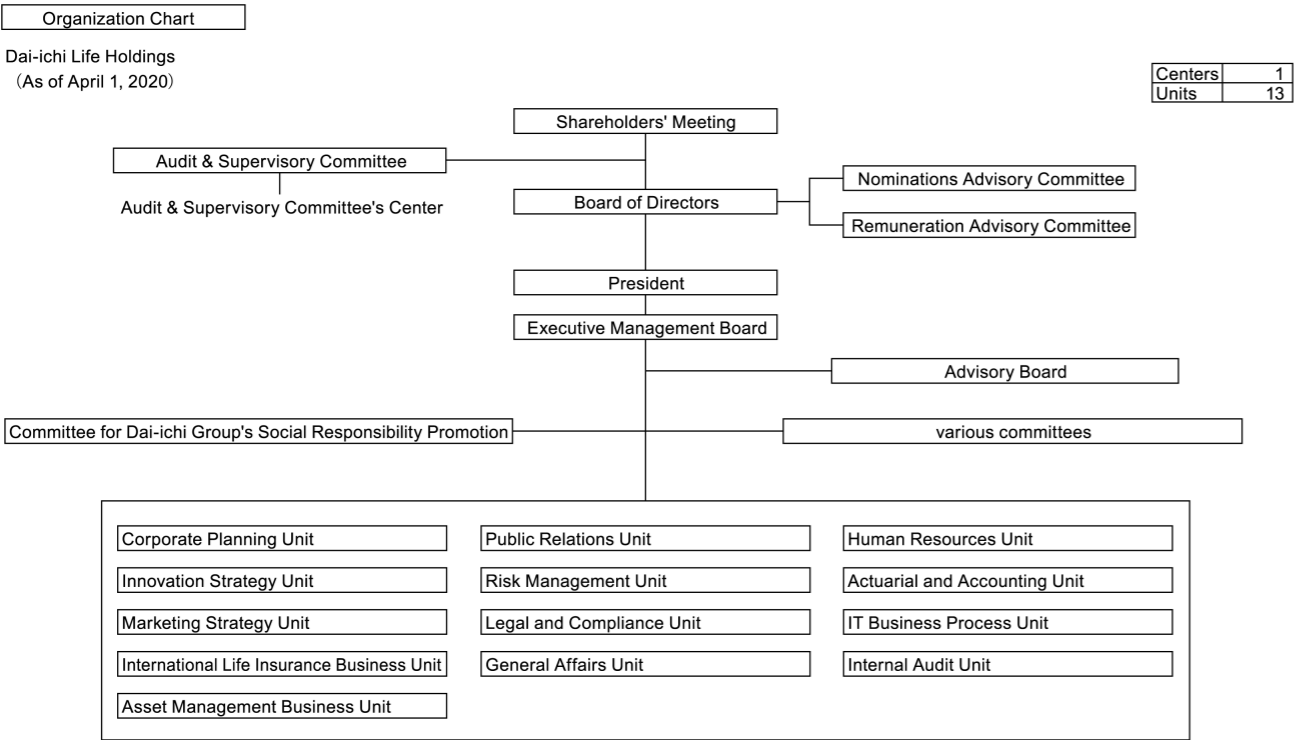
1. Measurement standards for values from March 31, 2020 have been upgraded based on development of the Insurance Capital Standard (ICS) and economic value regulations in Japan. Value for March 31, 2019 (170%) is a preliminary value.

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.

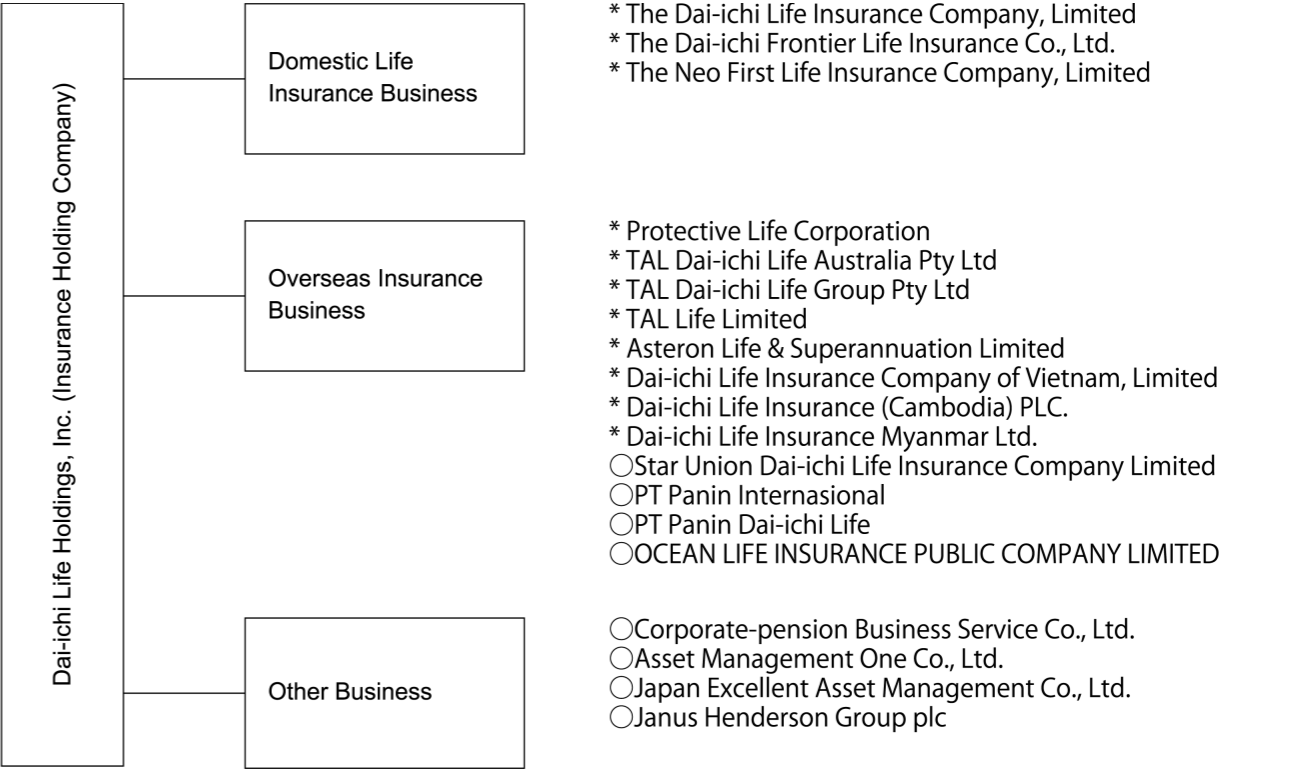
5. Independent Auditor
KPMG AZSA LLC

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
EXTRAORDINARY LOSSES	28,607	39,557	363
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 ^{(*)1}	(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 ^{(*)2}			
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)

(*)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.

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 ^{(*)1}	(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 ^{(*)2}						
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)

(*)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

(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 $\sqrt{R_1^2+R_5^2+R_6^2+R_8^2+(R_2+R_3+R_7)^2+R_4+R_9}$ (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.