

November 12, 2021

Financial Results for the Six Months Ended September 30, 2021

The Dai-ichi Life Insurance Company, Limited (the Company, President: Seiji Inagaki) announces its financial results for the six months ended September 30, 2021

[Contents]

Financial Summary for the Six Months Ended September 30, 2021

1. Business Highlights	-----	P.1
2. Unaudited Balance Sheet	-----	P.2
3. Unaudited Statement of Earnings	-----	P.3
4. Unaudited Statement of Changes in Net Assets	-----	P.4
5. Breakdown of Ordinary Profit (Fundamental Profit)	-----	P.13
6. Investment of General Account Assets	-----	P.14
7. Investment Results of General Account	-----	P.18
8. Disclosed Claims Based on Categories of Obligors	-----	P.21
9. Solvency Margin Ratio	-----	P.22
10. Status of Separate Account	-----	P.23
11. Consolidated Financial Summary	-----	P.24

Attached: Supplementary Materials for the Six Months Ended September 30, 2021

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Please note that this is an unofficial translation of the original disclosure in Japanese.

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(billions of yen)

	As of March 31, 2021	As of September 30, 2021	% of March 31, 2021 total
Individual insurance	1,538.2	1,528.3	99.4
Individual annuities	538.7	538.2	99.9
Total	2,076.9	2,066.5	99.5
Medical and survival benefits	696.8	705.1	101.2

New Policies

(billions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021	% of September 30, 2020 total
Individual insurance	14.6	33.7	231.2
Individual annuities	2.7	5.3	191.0
Total	17.3	39.0	224.8
Medical and survival benefits	9.0	26.2	289.5

Note: 1. Annualized net premium is calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized net premium for medical and survival benefits include (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.
3. New policies include net increase by conversion.

(2) Sum Insured of Policies in Force and New Policies

Policies in Force

	As of March 31, 2021		As of September 30, 2021			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies (thousands)	% of March 31, 2021 total	Amount (billions of yen)	% of March 31, 2021 total
Individual insurance	20,274	83,664.3	21,010	103.6	80,642.5	96.4
Individual annuities	2,093	11,012.6	2,101	100.4	10,939.4	99.3
Individual insurance and annuities	22,367	94,676.9	23,111	103.3	91,581.9	96.7
Group insurance	-	50,842.5	-	-	50,381.3	99.1
Group annuities	-	6,446.9	-	-	6,410.7	99.4

Note: 1. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
2. Policy amount in force of group annuities is equal to the amount of outstanding corresponding policy reserve.
3. For products covered by multiple insurance agreements after April 2018, the number of policies for each product is shown as one.

New Policies

	Number of policies		Amount			
	(thousands)	% of September 30, 2020 total	(billions of yen)	New Business	Net increase by conversion	% of September 30, 2020 total
Six months ended September 30, 2020						
Individual insurance	832		108.8	476.3	(367.4)	
Individual annuities	19		71.6	72.4	(0.8)	
Individual insurance and annuities	851		180.4	548.7	(368.2)	
Group insurance	-		117.4	117.4	-	
Group annuities	-		0.1	0.1	-	
Six months ended September 30, 2021						
Individual insurance	1,952	234.5	(142.0)	713.8	(855.9)	-
Individual annuities	43	229.7	141.5	143.8	(2.3)	197.6
Individual insurance and annuities	1,995	234.4	(0.5)	857.7	(858.2)	-
Group insurance	-	-	139.4	139.4	-	118.8
Group annuities	-	-	0.0	0.0	-	28.9

Note: 1. Number of new policies is the sum of new business and policies after conversion.
2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence.
3. Amount of new policies for group annuities is equal to the initial premium payment.
4. For products covered by multiple insurance agreements after April 2018, the number of policies for each product is shown as one.

2. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2021 (summarized)	As of September 30, 2021
(ASSETS)		
Cash and deposits	380,173	480,192
Call loans	403,700	309,700
Monetary claims bought	252,140	256,233
Money held in trust	7,716	11,703
Securities	33,467,036	34,177,196
[Government bonds]	[14,774,895]	[15,063,129]
[Local government bonds]	[108,035]	[105,617]
[Corporate bonds]	[2,000,852]	[2,028,049]
[Stocks]	[3,713,900]	[3,908,269]
[Foreign securities]	[11,763,263]	[11,808,476]
Loans	2,576,064	2,600,183
Policy loans	292,080	282,275
Ordinary loans	2,283,983	2,317,907
Tangible fixed assets	1,086,183	1,089,768
Intangible fixed assets	119,457	121,703
Reinsurance receivable	28,084	38,222
Other assets	553,949	754,879
Customers' liabilities for acceptances and guarantees	52,861	51,409
Reserve for possible loan losses	(2,358)	(2,056)
Reserve for possible investment losses	(627)	(552)
Total assets	38,924,381	39,888,583
(LIABILITIES)		
Policy reserves and others	30,844,443	30,530,324
Reserves for outstanding claims	148,070	160,509
Policy reserves	30,295,374	29,975,400
Reserve for policyholder dividends	400,999	394,415
Reinsurance payable	1,048	529
Subordinated bonds	476,277	368,715
Other liabilities	3,340,249	4,563,093
Payable under repurchase agreements	2,301,762	3,724,550
Corporate income tax payable	32,372	13,927
Lease liabilities	5,179	4,694
Asset retirement obligations	2,009	2,062
Other liabilities	998,925	817,857
Reserve for employees' retirement benefits	400,138	403,822
Reserve for retirement benefits of directors, executive officers and corporate auditors	998	933
Reserve for possible reimbursement of prescribed claims	800	654
Reserve for price fluctuations	233,453	242,453
Deferred tax liabilities	312,227	392,225
Deferred tax liabilities for land revaluation	71,606	70,819
Acceptances and guarantees	52,861	51,409
Total liabilities	35,734,105	36,624,981
(NET ASSETS)		
Capital stock	60,000	60,000
Capital surplus	370,000	320,000
Legal capital surplus	60,000	60,000
Other capital surplus	310,000	260,000
Retained earnings	249,195	185,951
Other retained earnings	249,195	185,951
Reserve for tax basis adjustments of real estate	8,355	8,358
Reserve for specified business investment	49	49
Retained earnings brought forward	240,789	177,543
Total shareholders' equity	679,195	565,952
Net unrealized gains (losses) on securities, net of tax	2,536,608	2,721,347
Deferred hedge gains (losses)	(3,501)	351
Reserve for land revaluation	(22,026)	(24,049)
Total of valuation and translation adjustments	2,511,080	2,697,649
Total net assets	3,190,276	3,263,602
Total liabilities and net assets	38,924,381	39,888,583

3. Unaudited Statement of Earnings

(millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
ORDINARY REVENUES	1,782,154	2,143,515
Premium and other income	1,086,541	1,098,328
[Premium income]	[1,082,160]	[1,088,400]
Investment income	623,160	651,501
[Interest and dividends]	[412,087]	[425,287]
[Gains on money held in trust]	[3,403]	[321]
[Gains on sale of securities]	[131,934]	[167,465]
[Gains on investments in separate accounts]	67,514	46,678
Other ordinary revenues	72,452	393,685
[Reversal of reserves for policy reserves]	[-]	[319,973]
ORDINARY EXPENSES	1,662,822	1,963,610
Benefits and claims	918,733	1,465,349
[Claims]	[295,538]	[312,788]
[Annuities]	[218,283]	[240,515]
[Benefits]	[191,879]	[215,935]
[Surrender values]	[179,230]	[227,772]
[Other refunds]	[32,861]	[90,952]
Provision for policy reserves and others	195,370	16,578
Provision for reserves for outstanding claims	10,843	12,438
Provision for policy reserves	180,412	-
Provision for interest on policyholder dividends	4,114	4,139
Investment expenses	241,470	160,452
[Interest expenses]	[6,135]	[5,796]
[Losses on sale of securities]	[43,036]	[75,700]
[Losses on valuation of securities]	[7,917]	[2,176]
[Derivative transaction losses]	[126,251]	[23,847]
Operating expenses	196,476	203,275
Other ordinary expenses	110,770	117,954
ORDINARY PROFIT	119,331	179,905
EXTRAORDINARY GAINS	433	148
Gains on disposal of fixed assets	433	148
EXTRAORDINARY LOSSES	10,630	13,439
Losses on disposal of fixed assets	1,542	4,204
Impairment losses on fixed assets	588	234
Provision for reserve for price fluctuations	8,500	9,000
Provision for reserve for policyholder dividends	36,812	35,708
Income before income taxes	72,322	130,906
Corporate income taxes-current	35,405	31,296
Corporate income taxes-deferred	(14,360)	6,159
Total of corporate income taxes	21,044	37,456
Net income	51,278	93,450

4. Unaudited Statement of Changes in Net Assets

Six months ended September 30, 2020

(millions of yen)

(millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings	
					Reserve for tax basis adjustments of real estate	Retained earnings brought forward		
Balance at the beginning of the year	60,000	60,000	310,000	370,000	4,947	195,207	200,155	630,155
Changes for the period								
Dividends						(151,084)	(151,084)	(151,084)
Net income						51,278	51,278	51,278
Transfer to reserve for tax basis adjustments of real estate					637	(637)	-	-
Transfer from reserve for tax basis adjustments of real estate					(8)	8	-	-
Transfer from reserve for land revaluation						768	768	768
Net changes of items other than shareholders' equity								
Total changes for the period	-	-	-	-	628	(99,666)	(99,037)	(99,037)
Balance at the end of the period	60,000	60,000	310,000	370,000	5,576	95,541	101,117	531,118

(millions of yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
Balance at the beginning of the year	1,916,417	21,312	(17,978)	1,919,752	2,549,907
Changes for the period					
Dividends					(151,084)
Net income					51,278
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					768
Net changes of items other than shareholders' equity	479,923	(7,920)	(768)	471,234	471,234
Total changes for the period	479,923	(7,920)	(768)	471,234	372,196
Balance at the end of the period	2,396,340	13,392	(18,746)	2,390,986	2,922,104

Six months ended September 30, 2021

(millions of yen)

(millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings	
					Reserve for tax basis adjustments of real estate	Reserve for specified business investment	Retained earnings brought forward		
Balance at the beginning of the year	60,000	60,000	310,000	370,000	8,355	49	240,789	249,195	679,195
Changes for the period									
Dividends			(49,999)	(49,999)			(158,716)	(158,716)	(208,716)
Net income							93,450	93,450	93,450
Transfer to reserve for tax basis adjustments of real estate					2		(2)	-	-
Transfer from reserve for land revaluation							2,022	2,022	2,022
Net changes of items other than shareholders' equity									
Total changes for the period	-	-	(49,999)	(49,999)	2	-	(63,246)	(63,243)	(113,243)
Balance at the end of the period	60,000	60,000	260,000	320,000	8,358	49	177,543	185,951	565,952

(millions of yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
Balance at the beginning of the year	2,536,608	(3,501)	(22,026)	2,511,080	3,190,276
Changes for the period					
Dividends					(208,716)
Net income					93,450
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					2,022
Net changes of items other than shareholders' equity	184,739	3,852	(2,022)	186,569	186,569
Total changes for the period	184,739	3,852	(2,022)	186,569	73,325
Balance at the end of the period	2,721,347	351	(24,049)	2,697,649	3,263,602

I. NOTES TO THE UNAUDITED BALANCE SHEET AS OF SEPTEMBER 30, 2021

1. Changes in Accounting Policies

Effective the six months ended September 30, 2021, the Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) and others.

In accordance with the transitional treatment set forth in Item 19 of "Accounting standards for Fair Value Measurement" and Item 44-2 of "Accounting standard for Financial Instrument," (ASBJ Statement No.10, July 4, 2019), the Company has applied new accounting policies since the beginning of the six months ended September 30, 2021. As a result, in principle, while fair value of domestic stocks was previously determined based on the average market price over the month preceding the quarterly balance sheet date, from the end of the six months ended September 30, 2021, fair value of domestic stocks is determined based on the market price as of the quarterly balance sheet date.

2. Valuation Methods of Securities

Securities held by the Company 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 other than stocks with no market price, etc.

Available-for-sale securities other than stocks with no market price, etc. are valued at fair value as of September 30, 2021 (for domestic stocks, the average value during September), with cost determined by the moving average method.

b) Stocks with no market price, etc.

Stocks with no market price, etc. 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.

3. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value and the market value of policy-reserve-matching bonds as of September 30, 2021 were ¥13,719,056 million and ¥15,863,154 million, respectively.

(2) Risk Management Policy

The Company 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

4. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

5. 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).

6. 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) and is computed by proportionally allocating the estimated depreciation for the fiscal year.

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

The Company 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.

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

The Company translates foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates as of September 30, 2021. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral 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 six months ended September 30, 2021 was ¥1 million.

9. 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 September 30, 2021.

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, 2022.

(2) Amortization of Actuarial Differences and Past Service Cost

Past Service Cost is amortized under the straight-line method over a certain period (seven years) within the employee's 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.

The accounting treatment of unrecognized actuarial differences related to the retirement benefits for the non-consolidated financial statements is different from that for the consolidated financial statements.

10. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses is established for Stocks with no market price, etc. and ownership stakes in partnerships, etc. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

11. 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.

12. 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.

13. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities as of September 30, 2021 in accordance with the provisions of Article 115 of the Insurance Business Act.

14. Hedge Accounting

(1) 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

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

(4) Assessment of Hedge Effectiveness

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

15. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as 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.

16. Policy Reserve

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in accordance with the methods stated in the statement of calculation procedures for policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance contracts under which the insurer's liability has started as of September 30, 2021, in preparation for the performance of future obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated as stated in 1) and 2) below:

- (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.

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

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

17. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of September 30, 2021 was ¥3,613,451 million.

18. Problem Loans

As of September 30, 2021, 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)
Credits to bankrupt borrowers (*1).....	81
Delinquent loans (*2).....	3,065
Loans past due for three months or more (*3).....	-
Restructured loans (*4).....	833
Total	3,981

- (*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 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 described in Note 8, the decreases in credits to bankrupt borrowers and delinquent loans were as follows:

Credits to bankrupt borrowers	¥ 1 million
Delinquent loans	¥ - million

19. 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 September 30, 2021 was ¥1,695,261 million. Separate account liabilities were the same amount as the separate account assets.

20. Contingent Liabilities

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

	(Unit: million yen)
Dai-ichi Life Holdings, Inc.	250,039

21. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year.....	400,999
Dividends paid	(46,431)
Interest accrual	4,139

Provision for reserve for policyholder dividends.....	35,708
Balance as of September 30, 2021.....	394,415

22. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies of the Company held as of September 30, 2021 was ¥183,973 million.

23. Organization Change Surplus

As of September 30, 2021, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

24. Assets Pledged as Collateral / Secured Liabilities

The amounts of assets pledged as collateral were as follows:

	(Unit: million yen)
Securities	3,464,968
Cash and deposits	86
Assets pledged as collateral	3,465,055

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements.....	2,509,020

"Securities" mentioned above included ¥3,346,893 million of Securities which were sold under repurchase agreements, as of September 30, 2021.

25. 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 ¥35 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance (hereinafter "policy reserves reinsured") was ¥ 885,499 million.

26. 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 September 30, 2021 was ¥17,928 million, among which none of the securities were pledged as collateral.

27. Commitment Line

As of September 30, 2021, there were unused commitment line agreements under which the Company was the lender of ¥42,713 million.

28. Subordinated Debt

As of September 30, 2021, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

29. Subordinated Bonds

As of September 30, 2021, bonds payable included foreign currency-denominated subordinated bonds of ¥396,715 million, whose repayment is subordinated to other obligations.

30. 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 September 30, 2021 were ¥47,066 million. These obligations will be recognized as operating expenses in the period in which they are paid.

II. NOTES TO THE UNAUDITED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

1. Accounting Policies for Premium and Other Income and Benefits and Claims for Life Insurance Business in Japan

(1) Premium and other income (excluding reinsurance income)

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

Of premium and other income (excluding reinsurance income), the portion corresponding to the period that has yet to pass as of September 30, 2021 is set aside as policy reserves in accordance with Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(2) Benefits and claims (excluding ceding reinsurance commissions)

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

In accordance with Article 117 of the Insurance Business Act, reserves for outstanding claims are set aside for claims, etc. for which the Company has a payment due but has not paid, or for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred, as of September 30, 2021.

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 ¥62,286 million, ¥44,048 million, ¥59,752 million and ¥1,378 million respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥4,522 million, ¥22,621 million ¥48,548 million and ¥8 million respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥2,045 million and ¥131 million, respectively.

3. Reinsurance

In calculating the provision of reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥3 million was subtracted. In calculating the reversal for policy reserves, a provision of reserves for policy reserves reinsured of ¥293,383 million was added.

4. Interest and Dividends

The breakdown of interest and dividends for the six months ended September 30, 2021 were as follows:

	(Unit: million yen)
Interest from bank deposits	493
Interest and dividends from securities ...	363,380
Interest from loans	19,635
Rental income	35,985
Other interest and dividends	5,792
<u>Total</u>	<u>425,287</u>

5. Net Income per Share

Net income per share for the six months ended September 30, 2021 was ¥15,575,060.27. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)		
	Six months ended September 30, 2020	Six months ended September 30, 2021
Fundamental revenues	1,647,731	1,713,618
Premium and other income	1,086,541	1,098,328
Investment income	487,822	483,657
[Interest and dividends]	412,087	425,287
Other ordinary revenues	72,452	131,632
Other fundamental revenues (a)	914	-
Fundamental expenses	1,417,499	1,468,571
Benefits and claims	918,733	1,088,757
Provision for policy reserves and others	154,545	16,578
Investment expenses	36,972	40,695
Operating expenses	196,476	203,275
Other ordinary expenses	110,770	117,954
Other fundamental expenses (b)	0	1,309
Fundamental profit	A 230,231	245,047
Capital gains	135,337	169,096
Gains on money held in trust	3,403	321
Gains on investments in trading securities	-	-
Gains on sale of securities	131,934	167,465
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others (c)	0	1309
Capital losses	204,577	119,752
Losses on money held in trust	-	-
Losses on investments in trading securities	-	-
Losses on sale of securities	43,036	75,700
Losses on valuation of securities	7,917	2,176
Derivative transaction losses	126,251	23,847
Foreign exchange losses	26,457	18,028
Others (d)	914	-
Net capital gains (losses)	B (69,239)	49,343
Fundamental profit plus net capital gains (losses)	A + B 160,992	294,390
Other one-time gains	-	296,790
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	-	31
Others ^(Note1)	-	296,758
Other one-time losses	41,660	411,275
Ceding reinsurance commissions	-	-
Provision for contingency reserve	3,200	-
Provision for specific reserve for possible loan losses	326	-
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	4	3
Others ^(Note2)	38,128	411,271
Other one-time profits (losses)	C (41,660)	(114,485)
Ordinary profit	A + B + C 119,331	179,905

(Reference) Breakdown of other fundamental revenues, etc.

(millions of yen)		
	Six months ended September 30, 2020	Six months ended September 30, 2021
Other fundamental revenues (a)	914	-
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	-	-
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	914	-
Other fundamental expenses (b)	0	1,309
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	0	0
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	-	1,309
The impact on fundamental profit (a) - (b)	914	(1,309)
Other capital gains (c)	0	1,309
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	0	0
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	-	1,309
Other capital losses (d)	914	-
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	-	-
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	914	-
The impact on net capital gains (losses) (c) - (d)	(914)	1,309

Note 1 : "Others" in "Other one-time gains" represents the sum of the amount of reversal of reserve for possible investment losses (For the six months ended September 30, 2021: 25 million yen) and the amount of reversal of policy reserves due to whole life insurance reinsured after payment expiration (For the six months ended September 30, 2021: 296,733 million yen)

Note 2 : "Others" in "Other one-time losses" represents the sum of the amount of provision for reserve for possible investment losses (For the six months ended September 30, 2020: 503 million yen), the amount of the additional policy reserves provided (For the six months ended September 30, 2020: 37,625 million yen, For the six months ended September 30, 2021: 34,680 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act, and the amount of reinsurance premiums related to whole life insurance reinsured after payment expiration (For the six months ended September 30, 2021: 376,591 million yen)

6. Investment of General Account Assets for the Six Months Ended September 30, 2021

(1) Investment Environment

- During the six months ended September 30, 2021, the global economy continued to recover. Developed countries in Europe and the United States, which had advanced vaccination, showed a rapid recovery. On the other hand, in emerging countries where vaccination was relatively delayed, recovery was delayed due to the spread of delta mutant infections.
- As for the Japanese economy, the recovery of the overseas economy led to a recovery in exports, while the declaration of a state of emergency in Tokyo and other areas limited the recovery of the economy. During most of the first half of the fiscal year, regulations on sales to the interpersonal service industry continued, resulting in a gap in the pace of economic recovery compared with the advanced economies of Europe and the United States.
- Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

As for the yield on 10-year JGBs, the BOJ's Yield Curve Control continued. As the short-term interest rate was minus 0.1% and the 10-year interest rate target of 0% continued, the 10-year interest rate remained near 0%.

Yield on 10-year government bonds:	April 1, 2021	0.090%
	September 30, 2021	0.065%

[Domestic Stocks]

- While the Nikkei 225 Stock Average was supported by accommodative fiscal and monetary policies, and there were expectations that economic activity would resume in line with the progress of vaccination, the state of emergency was declared mainly by the Tokyo Metropolitan Government in response to the spread of the novel coronavirus delta strain and other factors, and the high price was held down. However, in the run-up to the Liberal Democratic Party presidential election in September, the Nikkei exceeded 30,000 yen temporarily from the expectations for the next prime minister, setting a new high for the first time in 31 years.

Nikkei 225 Stock Average:	April 1, 2021	29,178
	September 30, 2021	29,452
TOPIX:	April 1, 2021	1,954
	September 30, 2021	2,030

[Foreign Currency]

- With regard to the yen/U.S. dollar, the yen depreciated against the U.S. dollar due to the speculation about a rate hike by the U.S. Federal Reserve Board (FRB) against job recovery and high inflation, while concerns about the expansion of the U.S. fiscal deficit and other factors affected the depreciation of the U.S. dollar.
- With regard to the yen/euro, the yen temporarily depreciated against the euro due to the progress of vaccination and the resumption of economic activities in Europe, but remained almost unchanged due to the progress of vaccination in Japan.

yen /U.S. dollar:	April 1, 2021	¥110.71
	September 30, 2021	¥111.92
yen/euro:	April 1, 2021	¥129.80
	September 30, 2021	¥129.86

(2) Investment Results

[Asset Composition]

- In asset management in the first half of fiscal 2021, we continued to invest primarily in fixed-income assets such as bonds and debentures in accordance with our risk-taking policy and medium- to long-term asset management policy. In particular, from the perspective of ensuring financial soundness in response to fluctuations in the financial market and improving capital efficiency, in order to promote the reduction of market-related risks such as interest rate risk and stock risk, we increased the amount of policy reserve-matching bonds, mainly super-long-term JGBs, and sold stocks.
- With regard to risk assets, such as foreign securities, the Company conducted a flexible allocation of funds while paying attention to market trends and promoted investments in infrastructure fields and alternative assets in order to improve the profitability of its portfolio and diversify investments.

- The table below summarizes the investment results of the Company's general account by asset class:

Assets	Investment results
Domestic bonds	<p><u>Increase</u></p> <p>In order to promote interest rate risk reduction, we increased the number of policy reserve-matching bonds, mainly super-long-term government bonds. With respect to credit risk assets such as corporate bonds and securitized products, the balance of total assets increased as a result of enhanced selection and stock diversification based on credit spreads commensurate with risk.</p>
Loans	<p><u>Increase</u></p> <p>The amount increased due to new loans. The Company provided new loans in order to get excess returns based on analysis of credit risk and credit spreads in the corporate bond market.</p>
Domestic stocks	<p><u>Increase</u></p> <p>In order to improve the profitability of our portfolio, the Company have invested in fields and companies that are expected to grow in medium-to long-term, based on our-in house analysts' corporate research.</p> <p>On the other hand, the Company sold shares for the reduction of stock risk, but the total amount increased due to an increase in market value caused by a rise in stock prices.</p>
Foreign bonds	<p><u>Decrease</u></p> <p>In order to improve the profitability of the portfolio and diversify investments, the Company conducted trading taking into account the diversification of the types of bonds and currencies to improve investment efficiency. In addition, the balance decreased due to sales and maturities in accordance with the asset management policy.</p>
Foreign stocks	<p><u>Increase</u></p> <p>The amount increased as a result of conducting a flexible allocation of funds while paying attention to market trends.</p> <p>In addition, the Company endeavored to diversify its manager and investment styles by utilizing in-house investment management and external investment management companies, as well as to strengthen regional diversification.</p>
Real estate	<p><u>Increase</u></p> <p>The balance increased due to new acquisitions of properties.</p> <p>The Company invested in offices expected to have high investment return and in order to diversify the purpose of use of real estate, the Company endeavored to improve the profitability and soundness of its portfolio by promoting investment in new properties such as housing and commerce, and by replacing properties based on occupancy status, geographical characteristics, and age.</p>

Note: Underlined changes in assets above are described on a balance sheet amount basis.

[Investment Income and Expenditure]

Investment income increased by ¥49.1 billion year on year to ¥604.8 billion due to an increase in interest and dividend income and gains on sales of securities. Investment expenditure decreased by ¥81.0 billion year on year to ¥160.4 billion due to improvements in expenditure on derivatives and foreign exchange losses, which exceeded the increase in loss on sales of securities.

As a result, net investment income in the general account increased by ¥130.1 billion year on year to ¥444.3 billion.

(3) Investment Environment Outlook for the Six Months Ending March 31, 2022

- For the Six Months Ending March 31, 2022, the Japanese economy is expected to recover, mainly in service consumption, due to further progress in vaccination and the resumption of economic activities associated with infection control. As a result, the economy is expected to show a clear recovery, but depending on the trend of the novel coronavirus infection, there is a risk that the recovery time may be delayed. On the other hand, in the United States, high economic growth is expected to be maintained due to continued improvement in the employment environment and steady personal consumption as a result of progress in vaccination. As a result, monetary policy is expected to move in the direction of tapering, and we continue to pay attention to the highly variable investment environment.
- In addition, we believe it is necessary to continue to pay attention to risk factors such as the continued rise in prices, the rapid slowdown of the Chinese economy, political events in various countries, and geopolitical risks.

[Domestic interest rates]

The Company assumes that domestic interest rates will remain at low levels, as the BOJ's stance on monetary easing is expected to continue even as the recovery of the domestic economy becomes clear.

[Domestic stocks]

The Company assumes that domestic stocks will remain at high levels supported by the BOJ's continued monetary easing policy and the government's economic stimulus measures. In addition, stock prices are expected to remain at high levels as economic activity is expected to resume. On the other hand, we need to pay attention to the possibility that volatility will increase due to the reexpansion of infections, global price increases, and the risk of economic slowdown in China.

[Foreign currency]

- With regard to the yen/U.S.dollar, the U.S. dollar is expected to be affected by developments in U.S. monetary policy and fiscal expansion. While the large-scale fiscal policy of the United States is likely to cause the dollar to depreciate in the medium term, real interest rates in the United States are likely to rise due to speculation about an interest rate hike in the United States, and as a result, the dollar is likely to appreciate. In addition, we believe it is necessary to pay attention to the possibility that geopolitical risks may increase volatility.
- The yen/euro is expected to remain more or less unchanged, because the ECB is expected to continue its accommodative monetary policy even as the economy continues to recover against the backdrop of the resumption of economic activity in Europe. However, we believe it is necessary to pay attention to the possibility that volatility will increase due to changes in expectations regarding the European political situation.

(4) Investment Policies for the Six Months Ending March 31, 2021

As for the management policy for the second half of fiscal 2021, based on the risk-taking policy and the medium- to long-term asset management policy, we will continue portfolio management mainly on fixed income assets such as bonds and debentures. We will also continue risk reduction efforts to ensure financial soundness and improve capital efficiency in response to changes in financial markets. We will also actively engage in selective credit investments, investments and loans in the infrastructure sector, and investments in alternative and real assets, in order to secure profitability and strengthen portfolio risk diversification.

Assets	Investment policies
Domestic bonds	<u>Increase</u> The Company will continue stable asset management as a core asset of ALM. The Company will reduce interest rate risk by adding policy reserve-matching bonds and implementing asset duration adjustments. Taking the current low interest rate environment into account, the Company will actively invest in infrastructure-related fields in order to improve investment efficiency within fixed-income assets.
Loans	<u>Increase</u> While there will be a decrease in the balance due to redemption, etc., the balance is expected to increase by continuing to actively respond to capital demand in growth fields. In addition, the Company will undertake new lending by setting appropriate lending rates while taking into account the credit risk of borrowers and the credit spread in corporate bond markets.
Domestic stocks	<u>Decrease</u> The balance is expected to decrease due to the sale of shares for the purpose of reducing stock risk. However, we will switch to other industries and stocks and make venture investments based on growth potential, and will flexibly control the balance depending on the stock price level.
Foreign bonds	<u>Depend on the interest rate and exchange rate level</u> Open foreign exchange bonds will be flexibly allocated according to risk tolerance and exchange rate trends. The Company will also flexibly adjust the amount of foreign currency hedged foreign bonds, taking into account interest rate differences between yen and foreign currencies.
Foreign stocks	<u>Depend on the foreign stock price level</u> The Company will accumulate alternative assets in order to ensure profitability and to diversify the risk of its portfolios. Depending on the level of stock prices, the Company will flexibly control the amount of foreign stocks. The Company will also endeavor to improve and stabilize the profitability of our portfolio while diversifying our investment style and geographical distribution.
Real estate	<u>Increase</u> The balance is expected to increase due to the acquisition of new properties. In order to diversify usage, we will promote investment in new properties such as housing, commerce, and logistics, and improve the profitability and soundness of our portfolio by replacing properties based on the operating status, regionality, age of building, etc.

7. Investment Results of General Account

(1) Asset Composition

(millions of yen)

	As of March 31, 2021		As of September 30, 2021	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	768,352	2.0	772,704	2.0
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	252,140	0.7	256,233	0.7
Trading account securities	-	-	-	-
Money held in trust	7,716	0.0	11,703	0.0
Securities	32,530,293	85.9	33,161,624	85.7
Domestic bonds	16,740,113	44.2	17,069,286	44.1
Domestic stocks	3,569,109	9.4	3,751,024	9.7
Foreign securities	11,402,677	30.1	11,384,510	29.4
Foreign bonds	9,811,240	25.9	9,677,538	25.0
Foreign stocks and other securities	1,591,436	4.2	1,706,972	4.4
Other securities	818,392	2.2	956,802	2.5
Loans	2,576,064	6.8	2,600,183	6.7
Policy loans	292,080	0.8	282,275	0.7
Ordinary loans	2,283,983	6.0	2,317,907	6.0
Real estate	1,076,494	2.8	1,081,473	2.8
Real estate for rent	766,269	2.0	784,595	2.0
Deferred tax assets	-	-	-	-
Others	642,315	1.7	822,653	2.1
Reserve for possible loan losses	(2,358)	(0.0)	(2,056)	(0.0)
Total	37,851,018	100.0	38,704,519	100.0
Foreign currency-denominated assets	10,428,868	27.6	10,385,080	26.8

Note: "Real estate" represents total amount of land, buildings and construction in progress.

(2) Investment Income

(millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Interest and dividends	412,087	425,287
Interest from bank deposits	1,109	493
Interest and dividends from securities	350,425	363,380
Interest from loans	19,176	19,635
Rental income	36,802	35,985
Other interest and dividends	4,572	5,792
Gains on trading account securities	-	-
Gains on money held in trust	3,403	321
Gains on investments in trading securities	-	-
Gains on sale of securities	131,934	167,465
Gains on sale of domestic bonds	42,660	62,286
Gains on sale of domestic stocks	23,650	44,048
Gains on sale of foreign securities	64,753	59,752
Others	870	1,378
Gains on redemption of securities	7,698	10,710
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Reversal of reserve for possible loan losses	-	55
Reversal of reserve for possible investment losses	-	25
Other investment income	521	957
Total	555,645	604,823

(3) Investment Expense

(millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Interest expenses	6,135	5,796
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on investments in trading securities	-	-
Losses on sale of securities	43,036	75,700
Losses on sale of domestic bonds	325	4,522
Losses on sale of domestic stocks	10,926	22,621
Losses on sale of foreign securities	27,975	48,548
Others	3,808	8
Losses on valuation of securities	7,917	2,176
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	4,646	2,045
Losses on valuation of foreign securities	3,270	131
Others	-	-
Losses on redemption of securities	2,281	1,321
Derivative transaction losses	126,251	23,847
Foreign exchange losses	26,457	18,028
Provision for reserve for possible loan losses	487	-
Provision for reserve for possible investment losses	503	-
Write-down of loans	4	3
Depreciation of real estate for rent and others	6,655	6,807
Other investment expenses	21,740	26,770
Total	241,470	160,452

(4) Valuation gains and losses on trading securities

(millions of yen)

	As of March 31, 2021		As of September 30, 2021	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	7,716	2,997	11,703	244
Trading account securities	-	-	-	-
Money held in trust	7,716	2,997	11,703	244

(5) Fair value information on securities (except for trading securities)

(millions of yen)

		Book value	Fair value	Gains (losses)			
					Gains	Losses	
As of March 31, 2021							
	Held-to-maturity bonds	47,221	48,896	1,675	1,675	-	
	Domestic bonds	47,221	48,896	1,675	1,675	-	
	Foreign bonds	-	-	-	-	-	
	Policy-reserve-matching bonds	13,332,171	15,520,087	2,187,915	2,270,211	82,295	
	Domestic bonds	13,251,166	15,437,984	2,186,818	2,269,054	82,235	
	Foreign bonds	81,005	82,102	1,097	1,156	59	
	Stocks of subsidiaries and affiliates companies	343	451	108	108	-	
	Available-for-sale securities	15,646,364	19,167,461	3,521,097	3,740,863	219,766	
	Domestic bonds	3,034,148	3,441,726	407,577	409,876	2,298	
	Domestic stocks	1,407,166	3,518,531	2,111,365	2,155,407	44,042	
	Foreign securities	10,321,085	11,290,708	969,622	1,122,671	153,048	
	Foreign bonds	8,991,581	9,730,234	738,653	877,549	138,895	
	Foreign stocks and other securities	1,329,504	1,560,473	230,969	245,121	14,152	
	Other securities	566,586	593,357	26,770	46,839	20,068	
	Monetary claims bought	246,377	252,140	5,762	6,068	306	
	Certificates of deposit	71,000	70,997	(2)	0	2	
	Total	29,026,100	34,736,897	5,710,796	6,012,858	302,061	
	Domestic bonds	16,332,535	18,928,607	2,596,071	2,680,605	84,533	
	Domestic stocks	1,407,166	3,518,531	2,111,365	2,155,407	44,042	
	Foreign securities	10,402,434	11,373,262	970,828	1,123,936	153,108	
	Foreign bonds	9,072,587	9,812,337	739,750	878,706	138,955	
	Foreign stocks and other securities	1,329,847	1,560,924	231,077	245,230	14,152	
	Other securities	566,586	593,357	26,770	46,839	20,068	
	Monetary claims bought	246,377	252,140	5,762	6,068	306	
	Certificates of deposit	71,000	70,997	(2)	0	2	
	As of September 30, 2021						
		Held-to-maturity bonds	47,372	48,652	1,279	1,279	-
		Domestic bonds	47,372	48,652	1,279	1,279	-
Foreign bonds		-	-	-	-	-	
Policy-reserve-matching bonds		13,719,056	15,863,154	2,144,098	2,220,393	76,294	
Domestic bonds		13,638,050	15,780,692	2,142,641	2,218,935	76,294	
Foreign bonds		81,005	82,462	1,457	1,457	-	
Stocks of subsidiaries and affiliates		343	525	182	182	-	
Available-for-sale securities		15,403,243	19,165,547	3,762,304	3,910,103	147,799	
Domestic bonds		2,983,701	3,383,863	400,162	402,102	1,940	
Domestic stocks		1,369,841	3,708,425	2,338,584	2,379,528	40,943	
Foreign securities		10,026,741	11,017,176	990,434	1,086,616	96,181	
Foreign bonds		8,811,840	9,596,533	784,692	860,646	75,954	
Foreign stocks and other securities		1,214,900	1,420,643	205,742	225,969	20,226	
Other securities		670,822	696,852	26,029	34,278	8,248	
Monetary claims bought		249,136	256,233	7,096	7,578	481	
Certificates of deposit		103,000	102,995	(4)	0	4	
Total		29,170,014	35,077,879	5,907,865	6,131,959	224,093	
Domestic bonds		16,669,124	19,213,208	2,544,083	2,622,318	78,234	
Domestic stocks		1,369,841	3,708,425	2,338,584	2,379,528	40,943	
Foreign securities		10,108,089	11,100,164	992,074	1,088,255	96,181	
Foreign bonds		8,892,845	9,678,995	786,149	862,104	75,954	
Foreign stocks and other securities		1,215,243	1,421,168	205,924	226,151	20,226	
Other securities		670,822	696,852	26,029	34,278	8,248	
Monetary claims bought		249,136	256,233	7,096	7,578	481	
Certificates of deposit		103,000	102,995	(4)	0		

Note:

- The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
- Stocks and partnerships that do not have market value are excluded from this table. Partnerships are mainly anonymous partnership, investment partnerships, etc. They are not subject to market value disclosure of "Accounting Standards Application Guidelines for Market Value Calculation" (Corporate Accounting Standards Application Guideline No. 31, July 4, 2019)

* Carrying amounts of securities without quoted market prices are as follows:

(millions of yen)		
	As of March 31, 2021	As of September 30, 2021
Stocks of subsidiaries and affiliated companies	176,772	183,630
Available-for-sale securities	131,401	391,753
Domestic stocks	44,993	36,894
Foreign stocks	27,174	4,828
Others	59,232	350,031
Total	308,173	575,384

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
2. The amounts of foreign exchange valuation gains (losses) on foreign securities without quoted market prices and which are listed in the table above are as follows:
loss of 1,841 million yen as of March 31, 2021 and gain of 7,129 million yen as of September 30, 2021.
3. Partnerships are mainly anonymous partnership, investment partnerships, etc. They are not subject to market value disclosure of "Accounting Standards Application Guidelines for Market Value Calculation" (Corporate Accounting Standards Application Guideline No. 31, July 4, 2019).

(6) Fair Value Information on Money Held in Trust

(millions of yen)					
	Carrying amount on the balance sheet	Fair value	Gains (losses)	Gains	Losses
As of March 31, 2021	7,716	7,716	3,235	4,677	1,442
As of September 30, 2021	11,703	11,703	677	1,608	930

Note: 1. Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
2. "Gains (losses)" include gains (losses) from derivative transactions within the trusts.
• The ending balance was zero for held-to-maturity bonds, policy-reserve-matching bonds and other money held in trust as of March 31, 2021 and September 30, 2021.

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)			
	As of March 31, 2021	As of September 30, 2021	
Claims against bankrupt and quasi-bankrupt obligors	67	81	
Claims with collection risk	3,216	3,065	
Claims for special attention	833	833	
Subtotal	4,117	3,981	
[Percentage]	[0.08%]	[0.06%]	
Claims against normal obligors	4,885,696	6,285,114	
Total	4,889,814	6,289,095	

Note: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

9. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2021	As of September 30, 2021
Total solvency margin (A)	6,990,487	7,365,661
Common stock, etc. ^{*1}	468,500	561,142
Reserve for price fluctuations	233,453	242,453
Contingency reserve	599,893	599,893
General reserve for possible loan losses	311	288
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% ^{*2}	3,154,539	3,385,254
Net unrealized gains (losses) on real estate × 85% ^{*2}	255,652	268,398
Policy reserves in excess of surrender values	2,164,644	2,088,130
Qualifying subordinated debt	866,877	759,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(825,614)	(647,102)
Excluded items	-	(500)
Others	72,228	108,387
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,491,653	1,583,511
Insurance risk R ₁	67,454	67,634
3rd sector insurance risk R ₈	166,267	162,923
Assumed investment yield risk R ₂	179,312	172,915
Guaranteed minimum benefit risk R ₇ ^{*3}	2,910	2,907
Investment risk R ₃	1,257,115	1,355,194
Business risk R ₄	33,461	35,231
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	937.2%	930.2%

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The above figures are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

10. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2021	As of September 30, 2021
Individual variable insurance	60,788	62,667
Individual variable annuities	34,213	34,462
Group annuities	1,480,098	1,598,131
Separate account total	1,575,100	1,695,261

(2) Sum Insured of Policies in Force of Individual Variable Insurance and Annuities (Separate Account)

A. Individual variable insurance

(millions of yen except number of policies)

	As of March 31, 2021		As of September 30, 2021	
	Number of policies	Amount	Number of policies	Amount
Individual variable insurance (term life)	8	56	5	32
Individual variable insurance (whole life)	39,539	242,920	39,119	240,840
Total	39,547	242,977	39,124	240,872

Note: Policies in force include term life riders.

B. Individual variable annuities

(millions of yen except number of policies)

	As of March 31, 2021		As of September 30, 2021	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	5,318	25,252	4,843	23,289

Note: Sum insured of policies in force includes that of annuities for which payments have commenced.

11. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Ordinary revenues	1,782,183	2,143,532
Ordinary profit	118,732	179,726
Net income attributable to shareholders of parent company	50,695	93,289
Comprehensive income	525,250	282,714

(millions of yen)

	As of March 31, 2021	As of September 30, 2021
Total assets	38,923,206	39,886,617
Solvency margin ratio	947.7%	940.6%

(2) Scope of Consolidation and Application of Equity Method

	As of September 30, 2021
Number of consolidated subsidiaries	1
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	2

For information regarding changes in subsidiaries and affiliates, please refer to "I. Guidelines for Preparation of Unaudited Consolidated Financial Statements"

(3) Unaudited Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2021 (summarized)	As of September 30, 2021
ASSETS		
Cash and deposits	383,214	482,882
Call loans	403,700	309,700
Monetary claims bought	252,140	256,233
Money held in trust	7,716	11,703
Securities	33,462,279	34,172,035
Loans	2,576,064	2,600,183
Tangible fixed assets	1,086,447	1,090,043
Intangible fixed assets	119,638	121,890
Reinsurance receivable	28,084	38,222
Other assets	554,045	754,921
Customers' liabilities for acceptances and guarantees	52,861	51,409
Reserve for possible loan losses	(2,358)	(2,056)
Reserve for possible investment losses	(627)	(552)
Total assets	38,923,206	39,886,617
LIABILITIES		
Policy reserves and others	30,844,451	30,530,343
Reserves for outstanding claims	148,071	160,510
Policy reserves	30,295,380	29,975,417
Reserve for policyholder dividends	400,999	394,415
Reinsurance payable	1,048	529
Bonds payable	476,277	368,715
Other liabilities	3,340,298	4,563,232
Payables under repurchase agreements	2,301,762	3,724,550
Other liabilities	1,038,536	838,681
Net defined benefit liabilities	406,894	408,435
Reserve for retirement benefits of directors, executive officers and corporate auditors	998	933
Reserve for possible reimbursement of prescribed claims	800	654
Reserve for price fluctuations	233,453	242,453
Deferred tax liabilities	310,360	390,937
Deferred tax liabilities for land revaluation	71,606	70,819
Acceptances and guarantees	52,861	51,409
Total liabilities	35,739,051	36,628,464
NET ASSETS		
Capital stock	60,000	60,000
Capital surplus	370,000	320,000
Retained earnings	247,446	184,042
Total shareholders' equity	677,446	564,042
Net unrealized gains (losses) on securities, net of tax	2,536,608	2,721,347
Deferred hedge gains (losses)	(3,501)	351
Reserve for land revaluation	(22,026)	(24,049)
Foreign currency translation adjustments	497	(214)
Accumulated remeasurements of defined benefit plans	(4,869)	(3,324)
Total accumulated other comprehensive income	2,506,708	2,694,110
Total net assets	3,184,154	3,258,152
Total liabilities and net assets	38,923,206	39,886,617

(4) Unaudited Consolidated Statement of Earnings and Comprehensive Income
[Unaudited Consolidated Statement of Earnings]

(millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
ORDINARY REVENUES	1,782,183	2,143,532
Premium and other income	1,086,543	1,098,365
Investment income	623,186	651,492
[Interest and dividends]	[412,113]	[425,278]
[Gains on money held in trust]	[3,403]	[321]
[Gains on sale of securities]	[131,934]	[167,465]
[Gains on investments in separate accounts]	[67,514]	[46,678]
Other ordinary revenues	72,452	393,673
ORDINARY EXPENSES	1,663,450	1,963,806
Benefits and claims	918,733	1,465,349
[Claims]	[295,538]	[312,788]
[Annuities]	[218,283]	[240,515]
[Benefits]	[191,879]	[215,935]
[Surrender values]	[179,230]	[227,772]
Provision for policy reserves and others	195,370	16,578
Provision for reserves for outstanding claims	10,843	12,439
Provision for policy reserves	180,412	-
Provision for interest on policyholder dividends	4,114	4,139
Investment expenses	241,625	160,179
[Interest expenses]	[6,135]	[5,796]
[Losses on sale of securities]	[43,036]	[75,700]
[Losses on valuation of securities]	[7,917]	[2,176]
[Derivative transaction losses]	[126,251]	[23,847]
Operating expenses	196,791	203,526
Other ordinary expenses	110,928	118,171
Ordinary profit	118,732	179,726
EXTRAORDINARY GAINS	433	148
Gains on disposal of fixed assets	433	148
EXTRAORDINARY LOSSES	10,630	13,439
Losses on disposal of fixed assets	1,542	4,204
Impairment losses on fixed assets	588	234
Provision for reserve for price fluctuations	8,500	9,000
Provision for reserve for policyholder dividends	36,812	35,708
Income before income taxes	71,724	130,726
Corporate income taxes-current	35,405	31,296
Corporate income taxes-deferred	(14,376)	6,140
Total of corporate income taxes	21,028	37,437
Net income	50,695	93,289
Net income attributable to shareholders of parent company	50,695	93,289

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net income	50,695	93,289
Other comprehensive income	474,555	189,424
Net unrealized gains (losses) on securities, net of tax	479,923	184,739
Deferred hedge gains (losses)	(7,920)	3,852
Foreign currency translation adjustments	576	(712)
Remeasurements of defined benefit plans, net of tax	1,975	1,544
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(0)	0
Comprehensive income	525,250	282,714
Attributable to shareholders of parent company	525,250	282,714

(5) Unaudited Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes	71,724	130,726
Depreciation	17,909	19,738
Impairment losses on fixed assets	588	234
Increase (decrease) in reserves for outstanding claims	10,843	12,439
Increase (decrease) in policy reserves	180,412	(319,962)
Provision for interest on policyholder dividends	4,114	4,139
Provision for (reversal of) reserve for policyholder dividends	36,812	35,708
Increase (decrease) in reserve for possible loan losses	487	(302)
Increase (decrease) in reserve for possible investment losses	72	(74)
Write-down of loans	4	3
Increase (decrease) in net defined benefit liabilities	5,575	3,684
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(68)	(65)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(131)	(145)
Increase (decrease) in reserve for price fluctuations	8,500	9,000
Interest and dividends	(412,113)	(425,278)
Securities related losses (gains)	(153,912)	(145,656)
Interest expenses	6,135	5,796
Losses (gains) on disposal of fixed assets	1,023	4,018
Others, net	97,515	15,426
Subtotal	(124,508)	(650,568)
Interest and dividends received	440,603	450,486
Interest paid	(7,931)	(8,397)
Policyholder dividends paid	(45,348)	(46,431)
Others, net	(190,993)	(238,984)
Corporate income taxes (paid) refund	(35,152)	(49,725)
Net cash flows provided by (used in) operating activities	36,670	(543,621)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(33,135)	(19,423)
Proceeds from sale and redemption of monetary claims bought	7,514	16,650
Purchases of money held in trust	-	(5,000)
Proceeds from decrease in money held in trust	-	1,321
Purchases of securities	(4,663,173)	(3,685,702)
Proceeds from sale and redemption of securities	3,188,423	3,197,174
Origination of loans	(339,488)	(327,838)
Proceeds from collection of loans	289,775	302,452
Net increase (decrease) in short-term investing	1,667,854	1,422,788
Total of net cash provided by (used in) investment transactions	117,770	902,422
Total of net cash provided by (used in) operating activities and investment transactions	154,441	358,801
Acquisition of tangible fixed assets	(17,717)	(19,523)
Proceeds from sale of tangible fixed assets	1,168	687
Acquisition of intangible fixed assets	(13,397)	(16,769)
Acquisition of stock of subsidiaries and affiliates	(966)	-
Net cash flows provided by (used in) investing activities	86,857	866,817
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of bonds	-	(107,562)
Repayment of financial lease obligations	(910)	(941)
Cash dividends paid	(151,078)	(208,716)
Acquisitions of stock of subsidiaries and affiliates that do not result in change in scope of consolidation	-	(120)
Net cash flows provided by (used in) financing activities	(151,988)	(317,340)
Effect of exchange rate changes on cash and cash equivalents	346	(187)
Net increase (decrease) in cash and cash equivalents	(28,114)	5,668
Cash and cash equivalents at the beginning of the period	1,059,365	786,914
Cash and cash equivalents at the end of the period	1,031,250	792,582

(6) Unaudited Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2020

(millions of yen)

	Shareholders' equity				Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	60,000	370,000	199,422	629,422	1,916,417	21,312
Changes for the period						
Dividends			(151,084)	(151,084)		
Net income attributable to shareholders of parent company			50,695	50,695		
Transfer from reserve for land revaluation			768	768		
Others				-		
Net changes of items other than shareholders' equity					479,923	(7,920)
Total changes for the period	-	-	(99,620)	(99,620)	479,923	(7,920)
Balance at the end of the period	60,000	370,000	99,801	529,802	2,396,340	13,392

(millions of yen)

	Accumulated other comprehensive income				Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the year	(17,978)	(94)	(23,880)	1,895,776	2,525,199
Changes for the period					
Dividends					(151,084)
Net income attributable to shareholders of parent company					50,695
Transfer from reserve for land revaluation					768
Others					-
Net changes of items other than shareholders' equity	(768)	576	1,975	473,786	473,786
Total changes for the period	(768)	576	1,975	473,786	374,166
Balance at the end of the period	(18,746)	481	(21,905)	2,369,563	2,899,365

Six months ended September 30, 2021

(millions of yen)

	Shareholders' equity				Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	60,000	370,000	247,446	677,446	2,536,608	(3,501)
Changes for the period						
Dividends		(49,999)	(158,716)	(208,716)		
Net income attributable to shareholders of parent company			93,289	93,289		
Transfer from reserve for land revaluation			2,022	2,022		
Others			0	0		
Net changes of items other than shareholders' equity					184,739	3,852
Total changes for the period	-	(49,999)	(63,404)	(113,403)	184,739	3,852
Balance at the end of the period	60,000	320,000	184,042	564,042	2,721,347	351

(millions of yen)

	Accumulated other comprehensive income				Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the year	(22,026)	497	(4,869)	2,506,708	3,184,154
Changes for the period					
Dividends					(208,716)
Net income attributable to shareholders of parent company					93,289
Transfer from reserve for land revaluation					2,022
Others					0
Net changes of items other than shareholders' equity	(2,022)	(712)	1,544	187,401	187,401
Total changes for the period	(2,022)	(712)	1,544	187,401	73,998
Balance at the end of the period	(24,049)	(214)	(3,324)	2,694,110	3,258,152

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

- (1) The number of consolidated subsidiaries as of September 30, 2021: 1

The subsidiary of The Dai-ichi Life Insurance Company, Limited (the “Company”) included:

- Dai-ichi Life Insurance Myanmar Ltd.

- (2) The number of non-consolidated subsidiaries as of September 30, 2021: 23

The main subsidiaries that are not consolidated for the purposes of financial reporting are The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Life Business Services Co., Ltd. and First U Anonymous Association.

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

2. Application of the Equity Method

- (1) The number of non-consolidated subsidiaries under the equity method as of September 30, 2021: 0

- (2) The number of affiliated companies under the equity method as of September 30, 2021: 2

The affiliated companies of the Company included:

- Corporate-pension Business Service Co., Ltd.,
- Japan Excellent Asset Management Co., Ltd.,

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

3. Interim Closing Dates of a Consolidated Subsidiaries

The interim closing date of a consolidated subsidiary is March 31. Financial information as of June 30 is used to prepare the consolidated financial statements, although 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.

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2021

1. Valuation Methods of Securities

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

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

(1) Trading Securities

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

(2) Held-to-maturity Bonds

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

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

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

(4) Stocks of Non-Consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method

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

(5) Available-for-sale Securities

(a) Available-for-sale Securities other than stocks with no market price, etc.

Available-for-sale Securities other than stocks with no market price, etc. are valued at fair value at the end of September 30, 2021 with cost determined by the moving average method.

(b) Stocks with no market price, etc.

Stocks with no market price, etc. are valued at cost determined by the moving average method.

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

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

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

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

The sub-groups of insurance products of the Company are:

- individual life insurance and annuities,
 - non-participating single premium whole life insurance (without duty of medical disclosure),
 - financial insurance and annuities, and
 - group annuities,
- with the exception of certain types.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

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

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

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

(3) Depreciation of Leased Assets

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

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

The Company translates foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates as of September 30, 2021. Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method are translated into yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Company’s consolidated overseas subsidiary are translated into yen at the exchange rates at the end of their interim periods. Translation adjustments associated with the consolidated overseas subsidiary are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 2021 was ¥1 million.

8. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses is established for stocks with no market price, etc. and ownership stakes in partnerships, etc. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

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

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

10. Reserve for Possible Reimbursement of Prescribed Claims

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

11. Net Defined Benefit Liabilities

For the net defined benefit liabilities, the amount is considered to have been rationally incurred during the interim period provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2022. The accounting treatment for retirement benefits is as follows.

(1) Allocation of Estimated Retirement Benefits

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

(2) Amortization of Actuarial Differences and Past Service Cost

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

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

12. Reserve for Price Fluctuations

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

13. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

As for the Company, hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10 issued on March 10, 2008). Primarily, (a) special hedge accounting and

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

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policies

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

(4) Assessment of Hedge Effectiveness

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

14. Calculation of National and Local Consumption Tax

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

15. Accounting Policies for Policy Reserves

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

September 30, 2021, in preparation for the performance of future obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated as stated in a) and b) below:

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

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

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

16. Changes in Accounting Policies

Effective the six months ended September 30, 2021, the Company and its domestic consolidated subsidiaries have applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) and others.

In accordance with the transitional treatment set forth in Item 19 of "Accounting Standards for Fair Value Measurement" and Item 44-2 of "Accounting Standard for Financial Instruments," (ASBJ Statement No.10, July 4,2019), the Company and its domestic consolidated subsidiaries have applied new accounting policies since the beginning of the six months ended September 30, 2021. As a result, in principle, while fair value of domestic stocks was previously determined based on the average market price over the month preceding the quarterly consolidated balance sheet date, from the end of the six months ended September 30, 2021, fair value of domestic stocks is determined based on the market price as of the quarterly consolidated balance sheet date.

Also, the Company has disclosed matters concerning fair value of financial instruments and breakdown by input level in 17. Fair Value of Financial Instruments and Matters concerning Fair Value of Financial Instruments and breakdown by input level

17. Fair Value of Financial Instruments and Matters concerning Fair Value of Financial Instruments and breakdown by input level

(1) Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of September 30, 2021 were as follows.

As of September 30, 2021	Carrying amount	Fair value	Gains (Losses)
(Unit: million yen)			
(1) Monetary claims bought	256,233	256,233	-
(2) Money held in trust	11,703	11,703	-
(3) Securities (*2)			
a. Trading securities	1,015,571	1,015,571	-
b. Held-to-maturity bonds	48,599	49,879	1,279
c. Policy-reserve-matching bonds	13,719,056	15,863,154	2,144,098
d. Available-for-sale securities	18,806,318	18,806,318	-
(4) Loans	2,600,183		
Reserve for possible loan losses (*3)	(510)		
	2,599,672	2,665,438	65,765
Total assets	36,457,155	38,668,299	2,211,144
(1) Bonds payable	368,715	401,733	33,018
(2) Long-term borrowings	390,600	392,093	1,493
Total liabilities	759,315	793,827	34,512
Derivative transactions (* 4)			
a. Hedge accounting not applied	[2,285]	[2,285]	-
b. Hedge accounting applied	[76,773]	[77,085]	(312)
Total derivative transactions	[79,058]	[79,370]	(312)

(*1) Cash and deposits, call loans, and payable under repurchase agreements are not included in the above tables since they are mostly short-term or without maturity, and their fair values approximate their carrying amounts.

(*2) Stocks with no market prices, etc. and ownership stakes in partnerships, etc. are as follows and are not included in the fair value of (3) Securities.

As of September 30, 2021	Carrying amount (Unit: million yen)
Stocks with no market prices, etc. *a.....	46,640
Ownership stakes in partnerships, etc. *b.....	535,849

(*a) Stocks with no market prices, etc. include unlisted stocks, etc. In accordance with Item 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020), these amounts are not included in disclosures of fair value

(*b) Stake in the partnership, etc. are mainly anonymous associations and investment partnerships, etc. In accordance with Item 26 and 27 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019) , these amounts are not included in disclosures of fair value.

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

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

(2) Matters concerning Fair Value of Financial Instruments and breakdown by input level

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

As of September 30, 2021	Level 1	Level 2	Level 3	Total
(Unit: million yen)				
Monetary claims bought.....	-	-	256,233	256,233
Money held in trust(*1)	7,958	1,834	-	9,792
Securities(*1)				
Trading securities.....	552,634	130,782	-	683,416
Available-for-sale securities				
Government bonds.....	1,958,790	-	-	1,958,790
Local government bonds.....	-	14,783	-	14,783
Corporate bonds.....	-	1,402,502	7,786	1,410,289
Domestic stocks.....	3,708,425	-	-	3,708,425
Foreign bonds.....	2,450,158	6,317,454	146,511	8,914,124
Other foreign securities.....	350,968	146,277	17,927	515,173
Other securities.....	2,997	-	-	2,997
Derivative transactions				
Currency-related transactions.....	-	38,128	-	38,128
Interest-related transactions.....	-	30,299	-	30,299
Stock-related transactions.....	7,417	-	-	7,417
Bond-related transactions.....	6,040	427	-	6,468
Others.....	-	376	-	376
Total assets.....	9,045,391	8,082,867	428,458	17,556,717
Derivative transactions				
Currency-related transactions.....	-	140,647	-	140,647
Interest-related transactions.....	-	1,544	-	1,544
Stock-related transactions.....	2,333	108	-	2,442
Bond-related transactions.....	13,657	3,331	-	16,988
Others.....	-	124	-	124
Total liabilities.....	15,991	145,757	-	161,748

(*1) Mutual funds for which transitional measures are applied in accordance with Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019) are not included in the table above. The amount of such mutual funds on the interim consolidated balance sheet includes Money held in trust of ¥1,910 million and Securities of ¥2,613,888 million.

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

As of September 30, 2021	Level 1	Level 2	Level 3	Total
(Unit: million yen)				
Securities				
Held-to-maturity Bonds				
Government bonds.....	48,652	-	-	48,652
Foreign bonds.....	-	-	1,227	1,227
Policy-reserve-matching Bonds				
Government bonds.....	15,081,025	-	-	15,081,025
Local government bonds.....	-	103,872	-	103,872
Corporate bonds.....	-	595,794	-	595,794
Foreign bonds.....	-	82,462	-	82,462
Loans	-	-	2,665,438	2,665,438
Total assets.....	15,129,677	782,129	2,666,666	18,578,473
Bonds payable.....	-	401,733	-	401,733
Long-term borrowings.....	-	-	392,093	392,093
Total liabilities.....	-	401,733	392,093	793,827

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

- **Assets**

- Monetary claims bought

- The fair value of monetary claims bought is based on the price presented by third parties and counterparty financial institutions. Important unobservable inputs are used for the presented price. Monetary claims bought are classified into Level 3.

- Money held in trust

- The fair value of money held in trust is based on the price presented by counterparty financial institutions. Money held in trust is classified into either Level 1 or Level 2, mainly based on constituents held in trust. Mutual funds for which transitional measures are applied in accordance with Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019) are not classified into any Level.

- Securities

- Securities of which the fair value is based on the quoted prices in active markets with no adjustment is classified into Level 1. That includes mainly stocks and government bonds. Securities that are based on the presented quoted prices in inactive markets are classified into Level 2.

- The fair value of bonds other than bonds of which the fair values are based on the quoted prices is mainly based on the prices presented by third parties and counterparty financial institutions. These prices are the present value that is calculated by discounting future cash flows at a rate comprising a risk-free interest rate and a credit spread. In case that observable inputs are used in the calculation, the fair value is classified into Level 2. In case that unobservable inputs are used in the calculation, the fair value is classified into Level 3.

- The fair value of mutual funds is based on the price presented by third parties and counterparty financial institutions. Mutual funds for which transitional measures are applied in accordance with Paragraph 26 of "The Guidance for Application of Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019) are not classified into any Level.

- Loans

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

- Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value

of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses as of September 30, 2021. Therefore, that amount (the carrying amount on the interim consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

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

- **Liabilities**

- Bonds payable

- The fair value of bonds is based on the quoted price on the bond market. Bonds payable are classified into Level 2.

- Long-term borrowings

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

- **Derivative Transactions**

The fair value of listed derivative transactions based on the quoted prices with no adjustment in active markets is classified into Level 1. That includes mainly stock-related transactions and bond-related transactions. The fair value of listed derivative transactions based on the presented quoted prices in inactive markets are classified into Level 2.

The fair value of over-the-counter derivative transactions is based on the price presented by third parties and counterparty financial institutions. These prices are the discounted present value, and fair value based on option valuation models, etc., using input such as interest rate, foreign exchange rate, volatility, etc. The fair value of listed derivative transactions is mainly classified into Level 1. The fair value of over-the-counter derivative transactions is classified into Level 2, due to not using unobservable inputs or the immateriality of the effect of unobservable inputs.

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

(i) Quantitative information on significant unobservable inputs

	Valuation techniques	Significant unobservable input	Range
Securities			
Available-for-sale securities			
Other foreign securities	Discounted cash flow	Discount rate	3.97%

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

As of September 30, 2021	Beginning balance	Gain/Loss recorded in interim consolidated statement of earnings (*1)	Gain/Loss recorded in interim consolidated statement of comprehensive income (*2)	Variable amount (net amount) by purchase, sale, issue and settlement	Ending balance	Out of above "Gain/Loss recorded in profit and loss statement", valuation gain/loss resulting from financial instruments held at the end of period
(Unit: million yen)						
Monetary claims bought.....	252,140	(21)	1,334	2,780	256,233	-
Securities(*1)						
Available-for-sale securities						
Corporate bonds.....	8,182	90	1	(487)	7,786	(2)
Foreign bonds.....	145,943	(1,009)	166	1,410	146,511	3,788
Other foreign securities.....	20,248	-	(445)	(1,875)	17,927	-

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

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

(iii) Description of the fair value valuation process

The Company and its subsidiaries establish policies and procedures for calculating the fair value and classifying the fair value level in the accounting department. In accordance with these policies and procedures, investment management service department selects the fair value valuation method, and then calculates the fair value and classifies the fair value by level. The appropriateness of input, fair value valuation method and classification for this fair value are verified. In addition, when using the fair value obtained from a third party as the market price, the validity is verified by appropriate methods such as confirmation of the valuation method and inputs used and comparison with the market price of similar financial instruments.

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

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

18. Real Estate for Rent

The information on real estate for rent has been omitted as there was no significant change in carrying amount and fair value of real estate for rent as of September 30, 2021 compared to those at the end of the previous fiscal year.

19. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of September 30, 2021 was ¥3,613,451 million.

20. Problem Loans

As of September 30, 2021, 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:

	(Unit: million yen)
Credits to bankrupt borrowers.....	81
Delinquent loans.....	3,065
Loans past due for three months or more.....	-
Restructured loans.....	833
<u>Total.....</u>	<u>3,981</u>

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.

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.

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.

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)
Credits to bankrupt borrowers.....	1
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 was ¥1,695,261 million. Separate account liabilities were the same amount as the separate account assets.

22. Contingent Liabilities

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

	(Unit: million yen)
Dai-ichi Life Holdings, Inc.	250,039

23. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year.....	400,999
Dividends paid during the six months.....	46,431
Interest accrual during the six months.....	4,139
Provision for reserve for policyholder dividends.....	35,708
<u>Balance at the end of September 30.....</u>	<u>394,415</u>

24. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Company held as of September 30, 2021 were as follows:

	(Unit: million yen)
Stocks.....	4,701
Capital.....	172,883
Total.....	177,585

25. Organizational Change Surplus

As of September 30, 2021, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

26. Assets Pledged as Collateral / Secured Liabilities

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

	(Unit: million yen)
Securities.....	3,464,968
Cash and deposits.....	86
Total.....	3,465,055

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements.....	3,724,550

The amounts of “Securities” pledged as collateral under repurchase agreements as of September 30, 2021 was ¥3,346,893million.

27. Net Assets per Share

The amount of net assets per share of the Company as of September 30, 2021 was ¥543,025,479.06.

28. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of September 30, 2021, the market value of the securities which were not sold or pledged as collateral was ¥17,928 million. None of the securities were pledged as collateral as of September 30, 2021.

29. Commitment Line

As of September 30, 2021, there were unused commitment line agreements, under which the Company was the lenders, of ¥42,713 million.

30. Subordinated Debt and Other Liabilities

As of September 30, 2021, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

31. Bonds Payable

As of September 30, 2021, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million, whose repayment is subordinated to other obligations.

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

The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of September 30, 2021 were ¥47,066 million. These obligations will be recognized as operating expenses for the years in which they are paid.

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

1. Accounting Policies for Premium and Other Income and Benefits and Claims for the Company

(1) Premium and other income (excluding reinsurance income)

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

Of premium and other income (excluding reinsurance income), the portion corresponding to the period that has yet to pass as of September 30, 2021 is set aside as policy reserves in accordance with Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(2) Benefits and claims (excluding ceding reinsurance commissions)

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

In accordance with Article 117 of the Insurance Business Act, reserves for outstanding claims are set aside for claims, etc. for which the Company has a payment due but has not paid, or for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred, as of September 30, 2021.

Effective the six months ended September 30, 2021, the Company discloses "principles and procedures of the accounting treatment adopted in cases where the provisions of relevant accounting standards, etc. are unclear" with the adoption of the "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24 revised on March 31, 2020), in the consolidated financial statements.

2. Net Income per Share

Net income per share for the six months ended September 30, 2021 was ¥15,548,294.59. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the six months ended September 30, 2021 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the six months ended September 30, 2021 were as follows:

			Impairment Losses		
Asset Group	Place	Number	Land	Buildings	Total
(Unit: million yen)					
Real estate not in use	Hanamaki city, Iwate prefecture	4	118	116	234

(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 2.11% for the six months ended September 30, 2021 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 UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

1. Scope of Cash and Cash Equivalents

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

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

1. Type and Number of Shares Outstanding

	At the beginning of the year	Increase	Decrease	As of September 30,2021
(Unit: thousands shares)				
Common stock.....	6	-	-	6

2. Dividends on Common Stock

Cash Dividends

Date of resolution	June 16, 2021 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥158,716million
Dividends per share	¥26,452,800
Record date	March 31, 2021
Effective date	June 17, 2021
Dividend resource	Retained earnings

Date of resolution	June 16, 2021 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million
Dividends per share	¥8,333,300
Record date	March 31, 2021
Effective date	June 17, 2021
Dividend resource	Capital surplus

(7) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2021	As of September 30, 2021
Total solvency margin (A)	6,817,494	7,188,384
Common stock, etc. *1	470,534	562,778
Reserve for price fluctuations	233,453	242,453
Contingency reserve	599,893	599,893
Catastrophe loss reserve	-	-
General reserve for possible loan losses	333	310
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2	3,154,539	3,385,254
Net unrealized gains (losses) on real estate × 85% *2	255,652	268,398
Sum of unrecognized actuarial differences and unrecognized past service cost	(6,395)	(4,252)
Policy reserves in excess of surrender values	2,164,644	2,088,130
Qualifying subordinated debt	866,877	759,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(825,614)	(647,102)
Excluded items	(168,653)	(175,182)
Others	72,228	108,387
Total risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	1,438,710	1,528,357
Insurance risk R ₁	67,456	67,638
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
3rd sector insurance risk R ₈	166,267	162,923
Small amount and short-term insurance risk R ₉	-	-
Assumed investment yield risk R ₂	179,312	172,915
Guaranteed minimum benefit risk R ₇ *3	2,910	2,907
Investment risk R ₃	1,204,518	1,300,501
Business risk R ₄	32,409	34,137
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	947.7%	940.6%

*1: Expected disbursements from capital outside the Company and accumulated other comprehensive income, etc. are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Notes: The above 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.

(8) Segment Information

The Company on a consolidated basis did not operate any businesses categorized in segments other than its own core life insurance business, and therefore segment information was omitted.