
Financial Results for the Six Months Ended September 30, 2021

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results 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

(millions of yen except percentages)

| | As of March 31, 2021 | As of September 30, 2021 | |
|-------------------------------|----------------------|--------------------------|---------------------------|
| | | | % of March 31, 2021 total |
| Individual insurance | 418,614 | 430,328 | 102.8 |
| Individual annuities | 442,393 | 423,669 | 95.8 |
| Total | 861,007 | 853,997 | 99.2 |
| Medical and survival benefits | 1,581 | 2,234 | 141.3 |

New Policies

(millions of yen except percentages)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 | % of September 30, 2020 total |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| | | | |
| Individual insurance | 19,582 | 27,435 | 140.1 |
| Individual annuities | 10,419 | 30,355 | 291.3 |
| Total | 30,002 | 57,791 | 192.6 |
| Medical and survival benefits | 485 | 658 | 135.6 |

Note: 1. Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

2. "Medical and survival benefits" include annualized net premiums related to medical benefits (e.g. hospitalization and surgery benefits), survival benefits (e.g. specified illness and nursing care benefits), and premiums related to premium waiver benefits (e.g. excluding disability-related causes but including causes related to specified illness and nursing care).

(2) Policies in Force and New Policies

Policies in Force

| | As of March 31, 2021 | | As of September 30, 2021 | | | |
|----------------------|--------------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|---------------------------|
| | Number of Policies (thousands) | Amount (millions of yen) | Number of Policies (thousands) | | Amount (millions of yen) | |
| | | | | % of March 31, 2021 total | | % of March 31, 2021 total |
| Individual insurance | 734 | 5,154,172 | 750 | 102.2 | 5,243,528 | 101.7 |
| Individual annuities | 829 | 4,166,339 | 811 | 97.9 | 3,961,737 | 95.1 |
| Group insurance | - | - | - | - | - | - |
| Group annuities | - | - | - | - | - | - |

Note: Policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

New Policies

| | Number of Policies | | Amount | | | |
|--------------------------------------------|--------------------|-------------------------------|-------------------|-------------------------------|--------------|-------------------------------|
| | (thousands) | % of September 30, 2020 total | (millions of yen) | % of September 30, 2020 total | New Business | Net increase from conversions |
| Six months ended September 30, 2021 | | | | | | |
| Individual insurance | 36 | 133.5 | 270,127 | 135.9 | 270,127 | - |
| Individual annuities | 48 | 210.2 | 223,521 | 239.5 | 223,521 | - |
| Group insurance | - | - | - | - | - | - |
| Group annuities | - | - | - | - | - | - |
| Six months ended September 30, 2020 | | | | | | |
| Individual insurance | 27 | - | 198,836 | - | 198,836 | - |
| Individual annuities | 23 | - | 93,342 | - | 93,342 | - |
| Group insurance | - | - | - | - | - | - |
| Group annuities | - | - | - | - | - | - |

Note: Amount of new policies (new business) for individual annuities is equal to the amount required to fund annuity payments when they commence.

2. Investment of General Account Assets

(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 ten-year government bonds: | April 1, 2021 | 0.090% |
| | September 30, 2021 | 0.065% |

[U.S. Interest Rates and Foreign Currency]

The yield on the 10-year US Treasury note, while having increased to above 1.7% at the end of March due to expectations surrounding the reopening of the economy due to the additional economic stimulus packages and increasing COVID-19 vaccination rates, edged lower following the spread of delta mutant infections and unexpected disappointing job data. The US dollar against the Japanese yen hovered in a narrow band centered on USD/JPY 110 from the end of March. However, the dollar appreciated against the yen to nearly USD/JPY 112, as the September FOMC meeting favored QE tapering before the end of the year, and prospects for an early interest rate hike increased.

| | | |
|------------------------------------------|--------------------|---------|
| Yield on ten-year U.S. government bonds: | April 1, 2021 | 1.740% |
| | September 30, 2021 | 1.487% |
| yen/U.S. dollar: | April 1, 2021 | ¥110.71 |
| | September 30, 2021 | ¥111.92 |

[Australian Interest Rates and Foreign Currency]

The ten-year Australian government bond yield fell amid worries over the economic slowdown following extended lockdowns in major cities after the spread of delta mutant infections. The Australian dollar fell against the Japanese yen, due to the impact of the lockdowns and the Reserve Bank of Australia's indication that it will retain its accommodative guidance, with no rate rises foreseen until 2024.

| | | |
|------------------------------------------------|--------------------|--------|
| Yield on ten-year Australian government bonds: | April 1, 2021 | 1.781% |
| | September 30, 2021 | 1.490% |
| yen/Australian dollar: | April 1, 2021 | ¥84.36 |
| | September 30, 2021 | ¥80.46 |

(2) Investment Policies

In view of the liability characteristics of life insurance policies, assets in the general account are invested in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. As to the yen- and foreign currency-denominated fixed products, those assets are primarily invested in yen-denominated bonds and foreign currency-denominated bonds.

Also, trades are to be carried out for the purposes such as mitigating the guaranteed minimum benefit risk on individual variable annuities.

(3) Investment Results

〈 Assets 〉

The Company invested primarily in yen-denominated bonds. Foreign-currency denominated insurance were invested in foreign-currency denominated bonds. Also, derivative trades are to be carried out for the purposes such as mitigating the guaranteed minimum benefit risk on individual variable annuities.

〈 Investment Income and Expenses 〉

Investment income was 105,360 million yen mainly due to interest and dividends received (83,501 million yen), gains on sale of securities (20,861 million yen), and gains on money held in trust (531 million yen). Investment expenses were 48,528 million due mainly to foreign exchange losses (29,668 million yen), derivative transaction losses (17,875 million yen), and losses on sale of securities (654 million yen).

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

| | As of March 31, 2021 | | As of September 30, 2021 | |
|----------------------------------------------------|----------------------|-------|--------------------------|-------|
| | Carrying value | % | Carrying value | % |
| Cash, deposits, and call loans | 785,833 | 9.1 | 745,295 | 8.7 |
| Securities repurchased under resale agreements | - | - | - | - |
| Deposit paid for securities borrowing transactions | - | - | - | - |
| Monetary claims bought | - | - | 7,628 | 0.1 |
| Trading account securities | - | - | - | - |
| Money held in trust | 1,123,204 | 13.0 | 1,091,696 | 12.8 |
| Securities | 6,481,546 | 74.8 | 6,457,086 | 75.7 |
| Domestic bonds | 1,645,775 | 19.0 | 1,646,176 | 19.3 |
| Domestic stocks | - | - | - | - |
| Foreign securities | 4,650,664 | 53.7 | 4,629,244 | 54.3 |
| Foreign bonds | 4,650,664 | 53.7 | 4,629,244 | 54.3 |
| Foreign stocks and other securities | - | - | - | - |
| Other securities | 185,106 | 2.1 | 181,665 | 2.1 |
| Loans | - | - | - | - |
| Real estate | 95 | 0.0 | 89 | 0.0 |
| Deferred tax assets | - | - | - | - |
| Others | 270,224 | 3.1 | 225,830 | 2.6 |
| Reserve for possible loan losses | (14) | (0.0) | (6) | (0.0) |
| Total | 8,660,888 | 100.0 | 8,527,619 | 100.0 |
| Foreign currency-denominated assets | 5,213,036 | 60.2 | 5,082,952 | 59.6 |

Note: "Real estate" represents the value of buildings.

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|----------------------------------------------------|----------------------------------------|----------------------------------------|
| Cash, deposits, and call loans | 141,309 | (40,538) |
| Securities repurchased under resale agreements | - | - |
| Deposit paid for securities borrowing transactions | - | - |
| Monetary claims bought | - | 7,628 |
| Trading account securities | - | - |
| Money held in trust | 220,207 | (31,507) |
| Securities | 102,159 | (24,459) |
| Domestic bonds | 18,788 | 401 |
| Domestic stocks | - | - |
| Foreign securities | 81,077 | (21,419) |
| Foreign bonds | 81,077 | (21,419) |
| Foreign stocks and other securities | - | - |
| Other securities | 2,293 | (3,440) |
| Loans | - | - |
| Real estate | 12 | (5) |
| Deferred tax assets | - | - |
| Others | (64,244) | (44,394) |
| Reserve for possible loan losses | (16) | 8 |
| Total | 399,427 | (133,268) |
| Foreign currency-denominated assets | 40,108 | (130,084) |

(3) Investment Income

(millions of yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|----------------------------------------------|----------------------------------------|----------------------------------------|
| Interest and dividends | 90,047 | 83,501 |
| Interest from bank deposits | 16 | 11 |
| Interest and dividends from securities | 89,825 | 83,296 |
| Interest from loans | - | - |
| Rental income | - | - |
| Other interest and dividends | 205 | 193 |
| Gains on trading account securities | - | - |
| Gains on money held in trust | 16,594 | 531 |
| Gains on investment in trading securities | - | - |
| Gains on sale of securities | 53,074 | 20,861 |
| Gains on sale of domestic bonds | 1,791 | 1,728 |
| Gains on sale of domestic stocks | - | - |
| Gains on sale of foreign securities | 51,283 | 19,132 |
| Others | - | - |
| Gains on redemption of securities | 25 | 456 |
| Derivative transaction gains | 88,260 | - |
| Foreign exchange gains | 154,031 | - |
| Reversal of reserve for possible loan losses | - | 8 |
| Other investment income | - | 1 |
| Total | 402,033 | 105,360 |

(4) Investment Expenses

(millions of yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|------------------------------------------------|----------------------------------------|----------------------------------------|
| Interest expenses | 1 | 6 |
| Losses on trading account securities | - | - |
| Losses on money held in trust | - | - |
| Losses on investment in trading securities | - | - |
| Losses on sale of securities | 172 | 654 |
| Losses on sale of domestic bonds | 70 | 81 |
| Losses on sale of domestic stocks | - | - |
| Losses on sale of foreign securities | 101 | 572 |
| Others | - | - |
| Losses on valuation of securities | - | - |
| Losses on valuation of domestic bonds | - | - |
| Losses on valuation of domestic stocks | - | - |
| Losses on valuation of foreign securities | - | - |
| Others | - | - |
| Losses on redemption of securities | 138 | - |
| Derivative transaction losses | - | 17,875 |
| Foreign exchange losses | - | 29,668 |
| Provision for reserve for possible loan losses | 16 | - |
| Write-down of loans | - | - |
| Depreciation of rented real estate and others | - | - |
| Other investment expenses | 300 | 322 |
| Total | 629 | 48,528 |

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

| | As of March 31, 2021 | | As of September 30, 2021 | |
|--------------------|-------------------------------------|----------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------|
| | Carrying value on the balance sheet | Valuation gains (losses) included in the statement of earnings | Carrying value on the balance sheet | Valuation gains (losses) included in the statement of earnings |
| Trading securities | 1,123,204 | 23,330 | 1,091,696 | 531 |

Note: Figures in this table include money held in trust and other instruments classified as trading securities.

(6) Fair Value Information on Securities (Other than trading securities)

(millions of yen)

| | Book value | Fair value | Gains (losses) | | |
|---------------------------------------|------------|------------|----------------|---------|--------|
| | | | Gains | Losses | |
| As of September 30, 2021 | | | | | |
| Bonds held to maturity | - | - | - | - | - |
| Policy-reserve-matching bonds | 3,435,745 | 3,683,557 | 247,812 | 257,655 | 9,843 |
| Stocks of subsidiaries and affiliates | - | - | - | - | - |
| Securities available for sale | 2,846,273 | 3,028,969 | 182,696 | 188,470 | 5,773 |
| Domestic bonds | 459,985 | 475,453 | 15,468 | 15,615 | 146 |
| Domestic stocks | - | - | - | - | - |
| Foreign securities | 2,208,244 | 2,364,222 | 155,978 | 161,599 | 5,621 |
| Foreign bonds | 2,208,244 | 2,364,222 | 155,978 | 161,599 | 5,621 |
| Foreign stocks and other securities | - | - | - | - | - |
| Other securities | 170,409 | 181,665 | 11,255 | 11,255 | - |
| Monetary claims bought | 7,633 | 7,628 | (5) | - | 5 |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 6,282,018 | 6,712,527 | 430,508 | 446,125 | 15,617 |
| Domestic bonds | 1,630,708 | 1,720,812 | 90,104 | 91,319 | 1,215 |
| Domestic stocks | - | - | - | - | - |
| Foreign securities | 4,473,266 | 4,802,421 | 329,154 | 343,550 | 14,396 |
| Foreign bonds | 4,473,266 | 4,802,421 | 329,154 | 343,550 | 14,396 |
| Foreign stocks and other securities | - | - | - | - | - |
| Other securities | 170,409 | 181,665 | 11,255 | 11,255 | - |
| Monetary claims bought | 7,633 | 7,628 | (5) | - | 5 |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| As of March 31, 2021 | | | | | |
| Bonds held to maturity | - | - | - | - | - |
| Policy-reserve-matching bonds | 3,402,501 | 3,609,308 | 206,807 | 227,336 | 20,529 |
| Stocks of subsidiaries and affiliates | - | - | - | - | - |
| Securities available for sale | 2,876,582 | 3,079,044 | 202,462 | 211,777 | 9,315 |
| Domestic bonds | 460,427 | 476,511 | 16,084 | 16,402 | 318 |
| Domestic stocks | - | - | - | - | - |
| Foreign securities | 2,245,655 | 2,417,427 | 171,771 | 180,768 | 8,997 |
| Foreign bonds | 2,245,655 | 2,417,427 | 171,771 | 180,768 | 8,997 |
| Foreign stocks and other securities | - | - | - | - | - |
| Other securities | 170,500 | 185,106 | 14,606 | 14,606 | - |
| Monetary claims bought | - | - | - | - | - |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 6,279,083 | 6,688,353 | 409,269 | 439,113 | 29,844 |
| Domestic bonds | 1,629,691 | 1,716,011 | 86,320 | 89,056 | 2,736 |
| Domestic stocks | - | - | - | - | - |
| Foreign securities | 4,478,892 | 4,787,235 | 308,342 | 335,451 | 27,108 |
| Foreign bonds | 4,478,892 | 4,787,235 | 308,342 | 335,451 | 27,108 |
| Foreign stocks and other securities | - | - | - | - | - |
| Other securities | 170,500 | 185,106 | 14,606 | 14,606 | - |
| Monetary claims bought | - | - | - | - | - |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.

*The book value of stocks and other securities without market value and of investment partnerships etc. are as follows:

Not applicable.

(7) Fair Value Information on Money Held in Trust

(millions of yen)

| | Carrying value on the balance sheet | Fair value | Gains (losses) | |
|--------------------------|-------------------------------------------|------------|----------------|--------|
| | | | Gains | Losses |
| As of September 30, 2021 | 1,091,696 | 1,091,696 | 531 | 2,044 |
| As of March 31, 2021 | 1,123,204 | 1,123,204 | 23,330 | 2,443 |

Note: 1. Fair value equivalents appearing in this table are based on prices calculated using a reasonable method by trustees of money held in trust.

2. Gains (losses) are valuation gains (losses) that were included in the statement of earnings.

*Information on money held in trust for investment purposes is as follows:

(millions of yen)

| | As of March 31, 2021 | | As of September 30, 2021 | |
|---------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------|
| | Carrying value on the balance sheet | Valuation gains (losses) included in the statements of earnings | Carrying value on the balance sheet | Valuation gains (losses) included in the statements of earnings |
| Money held in trust for investment purposes | 1,123,204 | 23,330 | 1,091,696 | 531 |

*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, or other money held in trust are as follows:

Not applicable.

4. Unaudited Balance Sheet

(millions of yen)

| | As of March 31, 2021 (Summarized) | As of September 30, 2021 (Summarized) |
|----------------------------------|--------------------------------------|------------------------------------------|
| | Amount | Amount |
| (ASSETS) | | |
| Cash and deposits | 790,120 | 749,568 |
| Monetary claims bought | - | 7,628 |
| Money held in trust | 1,123,204 | 1,091,696 |
| Securities | 7,514,371 | 7,423,295 |
| [Government bonds] | [516,321] | [514,557] |
| [Local government bonds] | [46,254] | [45,699] |
| [Corporate bonds] | [1,083,199] | [1,085,919] |
| [Foreign securities] | [4,662,647] | [4,640,978] |
| Tangible fixed assets | 591 | 684 |
| Intangible fixed assets | 12,171 | 13,787 |
| Reinsurance receivables | 94,021 | 61,992 |
| Other assets | 164,478 | 150,729 |
| Reserve for possible loan losses | (14) | (6) |
| Total assets | 9,698,942 | 9,499,374 |

(millions of yen)

| | As of March 31, 2021 (Summarized) | As of September 30, 2021 (Summarized) |
|------------------------------------------------|--------------------------------------|------------------------------------------|
| | Amount | Amount |
| (LIABILITIES) | | |
| Policy reserves and others | 8,213,333 | 8,092,113 |
| Reserves for outstanding claims | 23,899 | 22,484 |
| Policy reserves | 8,189,434 | 8,069,628 |
| Reinsurance payable | 719,586 | 647,933 |
| Other liabilities | 396,180 | 360,828 |
| Corporate income tax payable | 8,390 | 2,017 |
| Lease liabilities | 38 | 201 |
| Other liabilities | 387,751 | 358,609 |
| Reserve for price fluctuations | 30,994 | 33,784 |
| Deferred tax liabilities | 56,689 | 51,155 |
| Total liabilities | 9,416,783 | 9,185,814 |
| (NET ASSETS) | | |
| Capital stock | 117,500 | 117,500 |
| Capital surplus | 67,500 | 67,500 |
| Legal capital surplus | 67,500 | 67,500 |
| Retained earnings | (48,613) | (2,981) |
| Other retained earnings | (48,613) | (2,981) |
| Retained earnings brought forward | (48,613) | (2,981) |
| Total shareholders' equity | 136,386 | 182,018 |
| Net unrealized gains on securities, net of tax | 145,772 | 131,541 |
| Total of valuation and translation adjustments | 145,772 | 131,541 |
| Total net assets | 282,158 | 313,560 |
| Total liabilities and net assets | 9,698,942 | 9,499,374 |

5. Unaudited Statement of Earnings

(millions of yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|-----------------------------------------------|----------------------------------------|----------------------------------------|
| | Amount | Amount |
| ORDINARY REVENUES | 858,991 | 871,044 |
| Premium and other income | 396,882 | 627,925 |
| [Premium income] | [287,651] | [480,914] |
| Investment income | 462,080 | 121,885 |
| [Interest and dividends] | [90,047] | [83,501] |
| [Gains on money held in trust] | [16,594] | [531] |
| [Gains on sale of securities] | [53,074] | [20,861] |
| [Derivative transaction gains] | [88,260] | [-] |
| [Foreign exchange gains] | [154,031] | [-] |
| [Gains on investment in separate accounts] | [60,047] | [16,525] |
| Other ordinary revenues | 27 | 121,233 |
| [Reversal of reserves for outstanding claims] | [-] | [1,414] |
| [Reversal of policy reserve] | [-] | [119,805] |
| ORDINARY EXPENSES | 828,915 | 814,476 |
| Benefits and claims | 755,570 | 737,562 |
| [Claims] | [51,069] | [65,242] |
| [Annuities] | [143,882] | [99,489] |
| [Benefits] | [49,181] | [59,501] |
| [Surrender values] | [199,593] | [349,224] |
| [Other refunds] | [1,659] | [1,996] |
| Provision for policy reserves and others | 49,359 | - |
| Provision for reserves for outstanding claims | 209 | - |
| Provision for policy reserve | 49,149 | - |
| Investment expenses | 629 | 48,528 |
| [Interest expenses] | [1] | [6] |
| [Losses on sale of securities] | [172] | [654] |
| [Derivative transaction losses] | [-] | [17,875] |
| [Foreign exchange losses] | [-] | [29,668] |
| Operating expenses | 19,702 | 23,621 |
| Other ordinary expenses | 3,655 | 4,763 |
| ORDINARY PROFIT | 30,075 | 56,568 |
| EXTRAORDINARY LOSSES | 2,806 | 2,790 |
| Income before income taxes | 27,269 | 53,778 |
| Corporate income taxes - current | 4,109 | 8,146 |
| Total of corporate income taxes | 4,109 | 8,146 |
| Net income for the period | 23,159 | 45,632 |

6. Unaudited Statement of Changes in Net Assets

Six months ended September 30, 2021

(millions of yen)

| | Shareholders' equity | | | |
|------------------------------------------------------|----------------------|-----------------------|--------------------------------------------------------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Total shareholders' equity |
| | | Legal capital surplus | Other retained earnings Retained earnings brought forward | |
| Balance at the beginning of the year | 117,500 | 67,500 | (48,613) | |
| Changes for the period | | | | |
| Net income for the period | | | 45,632 | 45,632 |
| Net changes of items other than shareholders' equity | | | | |
| Total changes for the period | - | - | 45,632 | 45,632 |
| Balance at the end of the period | 117,500 | 67,500 | (2,981) | 182,018 |

| | Valuation and translation adjustments | | Total net assets |
|------------------------------------------------------|------------------------------------------------|---------------------------------------------|------------------|
| | Net unrealized gains on securities, net of tax | Total valuation and translation adjustments | |
| Balance at the beginning of the year | 145,772 | 145,772 | 282,158 |
| Changes for the period | | | |
| Net income for the period | | | 45,632 |
| Net changes of items other than shareholders' equity | (14,231) | (14,231) | (14,231) |
| Total changes for the period | (14,231) | (14,231) | 31,401 |
| Balance at the end of the period | 131,541 | 131,541 | 313,560 |

Six months ended September 30, 2020

(millions of yen)

| | Shareholders' equity | | | |
|------------------------------------------------------|----------------------|-----------------------|--------------------------------------------------------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Total shareholders' equity |
| | | Legal capital surplus | Other retained earnings Retained earnings brought forward | |
| Balance at the beginning of the year | 117,500 | 67,500 | (135,006) | |
| Changes for the period | | | | |
| Net income for the period | | | 23,159 | 23,159 |
| Net changes of items other than shareholders' equity | | | | |
| Total changes for the period | - | - | 23,159 | 23,159 |
| Balance at the end of the period | 117,500 | 67,500 | (111,847) | 73,152 |

| | Valuation and translation adjustments | | Total net assets |
|------------------------------------------------------|------------------------------------------------|---------------------------------------------|------------------|
| | Net unrealized gains on securities, net of tax | Total valuation and translation adjustments | |
| Balance at the beginning of the year | 202,994 | 202,994 | 252,987 |
| Changes for the period | | | |
| Net income for the period | | | 23,159 |
| Net changes of items other than shareholders' equity | 33,738 | 33,738 | 33,738 |
| Total changes for the period | 33,738 | 33,738 | 56,898 |
| Balance at the end of the period | 236,732 | 236,732 | 309,885 |

- 1 “Accounting Standard for Fair Value Measurement, etc.” (ASBJ Statement No. 30, July 4, 2019, hereinafter “Accounting Standard for Fair Value Measurement”) has been adopted, effective from the beginning of the first half of the year. Pursuant to the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, revised on July 4, 2019), new accounting policies established by the Accounting Standard for Fair Value Measurement shall be implemented prospectively. Note that this has no impact on the interim financial statements.
- 2 Securities (including those monetary claims bought conforming to marketable securities, and also those marketable securities managed as trust assets in money held in trust) are valued as follows:
 - (a) Trading securities are valued at fair value (sales cost is calculated with the moving-average method).
 - (b) Policy-reserve-matching bonds (bonds defined by the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No.21 entitled Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry) are valued using the moving-average amortized cost (straight line) method.
 - (c) Other securities are valued at fair value using market prices as of the first half of the year (sales cost is calculated with the moving-average method).Valuation differences on other securities are reported as a component of net assets.
- 3 Risk management policies regarding policy-reserve matching bonds are as follows:

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, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:

 - (a) Individual insurance and annuities (JP yen-denominated)
 - (b) Individual insurance and annuities (US dollar-denominated)with the exception of certain types and policies.

(Additional information)

Effective from the first half of the current fiscal year, the sub-group of individual insurance and annuities (NZ dollar-denominated) has been abolished, and the policy-reserve-matching bonds formerly held in said sub-group have been reclassified to securities available for sale.

This is due to the fact that the recording of interest rate risk management utilizing asset-liability matching in financial statements has declined in importance, as the outstanding balance of policy reserves related to said sub-group has decreased and the duration has been shortened.

The impact of this change on the interim financial statements is immaterial.
- 4 Derivative transactions (including those attributable to money held in trust) are reported at fair value.
- 5 Depreciation of tangible fixed assets is as follows:
 - (a) Tangible fixed assets (excluding leased assets)

Annual amount of depreciation estimated by declining balance method (straight-line method being applied to buildings, with the exception of those buildings and accompanying facilities acquired prior to March 31, 2016), is reported pro rata in accordance with the life. Declining balance method is applied. However, other tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in an equal installment over three years.
 - (b) Leased assetsDepreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero residual value and with the lease period being deemed as useful life .
- 6 Amortization of intangible fixed assets is calculated by the straight-line method. Amortization of software for internal use is based on the estimated useful life.
- 7 Foreign currency-denominated assets and liabilities are translated into the yen at market exchange rates as of the book closing date. Changes in market values of bonds included in foreign currency-denominated other securities are divided into two, and the portion attributable to changes in the securities’ nominal market prices in their local currencies is included in “valuation difference” on other securities, and the rest in “foreign exchange gains/losses. ”
- 8 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based on the assessment results.
- 9 Reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.
- 10 National and local consumption taxes are recorded with the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accord with corporate taxation law, and such taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.

11 Policy reserves have been calculated and set aside for those insurance policies for which contractual obligations have commenced as of the end of the first half of the current fiscal year, so as to prepare for the future performance of obligations under those insurance policies, in accordance with the formula specified in the statement of calculation procedures (as set forth in Article 4, Paragraph 2, Item (iv) of the Insurance Business Act) and pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

Insurance premium reserves included in the policy reserves are calculated using the following formula:

(a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)

(b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method

Contingency reserves included in the policy reserves have been set aside pursuant to Article 69, Paragraph 1, Item (iii) of the Ordinance for Enforcement of the Insurance Business Act, for covering risks which may accrue in the future, so as to secure performance of future obligations under insurance contracts.

12 Amounts of financial instruments recorded on the balance sheet for the first half of the current fiscal year, their fair values, and differences between the two are as follows:

(millions of yen)

| | Carrying amount on the balance sheet for the first half of the current fiscal year | Fair value | Difference |
|----------------------------------------------------------------------|------------------------------------------------------------------------------------|------------|------------|
| (1) Monetary claims bought | 7,628 | 7,628 | - |
| (2) Money held in trust | 1,091,696 | 1,091,696 | - |
| (3) Securities | 7,423,295 | 7,671,107 | 247,812 |
| (a) Trading securities | 966,208 | 966,208 | - |
| (b) Policy-reserve-matching bonds | 3,435,745 | 3,683,557 | 247,812 |
| (c) Other securities | 3,021,341 | 3,021,341 | - |
| Assets total | 8,522,619 | 8,770,431 | 247,812 |
| Derivative transactions | | | |
| (a) Derivative transactions to which hedge accounting is not applied | 44,682 | 44,682 | - |
| Derivative transactions total | 44,682 | 44,682 | - |

(*1) Since cash and deposits are cash or are settled in a short period of time, their book values approximate their fair values, and notes are accordingly omitted.

(*2) Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

13 Details of the fair values of financial instruments are described by level below.

The fair value of financial instruments is classified into the following three levels in accordance with the observability and materiality of inputs used in calculations:

Level 1 fair value: Fair value calculated using those quoted prices of the measured assets or liabilities that are formed in active markets from among observable valuation inputs.

Level 2 fair value: Fair value calculated using inputs other than inputs included within Level 1 from among observable valuation inputs.

Level 3 fair value: Fair values calculated using important unobservable valuation inputs.

Where there are multiple inputs that have a material impact on the calculation of fair value, the Company classifies fair value in accordance with the level that is lowest in the order of priority in the calculation of fair value selecting from among the respective levels of each of the inputs involved.

(1) Financial instruments reported at fair value in the balance sheet for the first half of the current fiscal year

(millions of yen)

| | Fair value | | | Total |
|------------------------------------|------------|-----------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | |
| Monetary claims bought | - | - | 7,628 | 7,628 |
| Money held in trust | 926,850 | 164,845 | - | 1,091,696 |
| Securities | | | | |
| Other securities | 444,051 | 2,390,330 | 5,293 | 2,839,676 |
| Government bonds | 103,040 | - | - | 103,040 |
| Local government bonds | - | 13,281 | - | 13,281 |
| Corporate bonds | - | 359,131 | - | 359,131 |
| Foreign public and corporate bonds | 341,010 | 2,017,917 | 5,293 | 2,364,222 |
| Derivative transactions | | | | |
| Currency-related | - | 53,438 | - | 53,438 |
| Interest-rate-related | - | 367 | - | 367 |
| Stock-related | 336 | - | - | 336 |
| Others | - | 370 | - | 370 |
| Assets total | 1,371,238 | 2,609,353 | 12,921 | 3,993,513 |
| Derivative transactions | | | | |
| Currency-related | - | 9,646 | - | 9,646 |
| Interest-rate-related | - | 183 | - | 183 |
| Total liabilities | - | 9,829 | - | 9,829 |

*The investment funds to which transitional treatment has been applied in accordance with paragraph 26 of “Implementation Guidance on Accounting Standard for Fair Value Measurement,” (ASBJ Guidance No. 3, July 4, 2019), are not reported as such in the abovementioned balance sheet. The amount of the said investment funds, in the balance sheet for the first half, stands at 1,147,873 million yen and is recorded under securities.

(2) Financial instruments other than those reported at fair value in the balance sheet for the first half of the current fiscal year

(millions of yen)

| | Fair value | | | Total |
|------------------------------------|------------|-----------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | |
| Securities | | | | |
| Policy-reserve-matching bonds | 504,584 | 3,178,972 | - | 3,683,557 |
| Government bonds | 453,632 | - | - | 453,632 |
| Local government bonds | - | 33,485 | - | 33,485 |
| Corporate bonds | - | 758,240 | - | 758,240 |
| Foreign public and corporate bonds | 50,951 | 2,387,246 | - | 2,438,198 |
| Assets total | 504,584 | 3,178,972 | - | 3,683,557 |

Note 1. Explanation of methodologies and inputs employed in fair value calculation

Asset

Monetary claims bought

The fair value of monetary claims bought are determined using the prices obtained from financial institutions. The inputs used for those prices thus obtained include material non-observable inputs and therefore monetary claims bought are classified as Level 3.

Money held in trust

For money held in trust, fair value is classified as Level 1 in cases where unadjusted quoted prices in active markets can be used. This includes Japanese Government bonds. If the market is not active, fair value is classified as Level 2, irrespective of whether publicly disclosed quoted prices are used.

For money held in trust where fair value is not based on quoted market prices, fair value is measured based on prices obtained from external brokers and financial institutions, and is classified as Level 2.

Securities

For securities, fair value is classified as Level 1 in cases where unadjusted quoted prices in active markets can be used. This includes Japanese Government Bonds. If the market is not active then fair value is classified as Level 2, regardless of whether publicly disclosed quoted prices are used.

For bonds where fair value is not based on quoted market prices, fair value is measured based mainly on prices obtained from external brokers and financial institutions, and is classified as Level 2. For these prices, present values are calculated by discounting their future cash flows at a risk-free rate adjusted to their credit spreads. When measuring, fair value is classified as Level 2 in cases where observable inputs are used, and classified as Level 3 where material non-observable inputs are used.

For investment funds, fair value is determined based on prices obtained from financial institutions. They are not classified into levels due to application of the transitional measures provided for in item 26 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance, July 4, 2019).

Derivative transactions

For exchange-traded derivative transactions, fair value is classified as Level 1 in cases where unadjusted quoted prices in active markets can be used. This includes stock-related derivative transactions.

For OTC (over-the-counter) derivatives, fair value is determined using amounts discounted to present value obtained from external brokers and financial institutions as well as prices calculated using evaluation techniques such as the discounted cash flow method in accordance with the type of transaction and the maturity period. Since inputs used for evaluation techniques for calculating OTC derivative prices are mainly interest rates, exchange rates, and the like, and material non-observable inputs are not used or their impacts are not material, OTC derivatives are classified as Level 2.

Note 2. Information on the financial instruments classified as Level 3, from among those reported at fair value in the balance sheet for the first half of the fiscal year.

(1) Table on the adjustment from the outstanding balance as of the beginning of the fiscal year to the balance as of the end of the first half of the fiscal year, and valuation gains or losses recognized in the current fiscal year.

| (millions of yen) | | | | | |
|------------------------------------|--------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------|
| | Balance at the beginning of the year | Profit (losses) or net unrealized gains on securities, net of tax | | (Net) changes for the year due to purchases, sales, issuance, and settlement | Balance as of September 30, 2021 |
| | | Recorded under profit (losses) * | Recorded under net unrealized gains (losses) on securities, net of tax | | |
| Monetary claims bought | - | - | (5) | 7,633 | 7,628 |
| Securities | | | | | |
| Other securities | - | 132 | (22) | 5,183 | 5,293 |
| Foreign public and corporate bonds | - | 132 | (22) | 5,183 | 5,293 |

*Included in “Investment income” and “Investment expenses” of the Statement of Earnings for the first half of the current fiscal year.

(2) Explanation of fair value valuation process

The Company determines the policies and processes for fair value calculations and fair value level classifications at its business unit in charge of the preparing financial statements. In accordance with the said policies and processes, the Company’s operational and administrative divisions select the fair value valuation model and thereby calculate fair values and classify them into the relevant levels. When the Company obtains a market quoted price from a third party, and uses this as a fair value, the Company verifies the appropriateness of the valuation methodology and inputs employed, through appropriate means involving comparative analyses of the fair values of similar financial products.

- 14 Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of September 30, 2021 is 455,518 million yen.
- 15 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 971,755 million yen. Liabilities in separate accounts, total the same amount.
- 16 The amount of assets pledged as collateral is securities of 256,170 million yen, the amounts of secured liabilities are 242,414 million yen.

- 17 The assets, which the Company has the right to dispose of freely by means of sale or collateralization, are marketable securities held as collateral for reinsurance dealings and derivative transactions. The current market value of these assets still held by the Company as of the end of the first half of the current fiscal year is 110,750 million yen. None of these assets are re-pledged as collateral.
- 18 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3, of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 158 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1, of said Ordinance ("ceding reinsurance policy reserves") amount to 807,752 million yen.
- 19 As of September 30, 2021, the Company estimated that it would be required to contribute 13,459 million yen to the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act. Contributions are expensed as an operating expense in the first half of the year in which they are incurred.
- 20 As of September 30, 2021, undepreciated balance of the fee of the reinsurance contract, which is defined in announcement No.50, 1-5, Ministry of Finance, 1996, is 53,120 million yen.

Notes to the Unaudited Statement of Earnings for the six months ended September 30, 2021

- 1 The accounting standards for reporting premium and other income, and for benefits and claims, are as follows:
 - a) Premium and Other Income (Excluding Reinsurance Income)
 Premium and other income (excluding reinsurance income) that has been received and for which contractual obligations have commenced, are recorded in accordance with the amounts received.
 Of the premium and other income (excluding reinsurance income) received, however, the portion corresponding to the unexpired period as of the end of the first half of the current fiscal year, has been transferred to policy reserves, pursuant to Article 69, Paragraph 1, Item (ii) of the Ordinance for Enforcement of the Insurance Business Act.
 - b) Reinsurance Income
 Of the amount paid as insurance benefits and claims related to the primary insurance contract, the amount reinsured is, pursuant to the reinsurance agreement, recorded as reinsurance income at the time of payment of said insurance benefits and claims.
 In some modified coinsurance transactions involving no cash transfer, pursuant to the reinsurance agreement, the amount to be received as a portion of the amount equivalent to new contract expenses of the primary insurance contract, is recorded as reinsurance income. In addition, the same amount is recorded under reinsurance receivables as the undepreciated balance of the fee of the reinsurance contract, and is to be amortized over the period of the reinsurance contract.
 - c) Benefits and Claims (Excluding Ceding Reinsurance Commissions)
 Benefits and claims (excluding ceding reinsurance commissions), the amount of which is calculated and paid in accordance with the insurance contract, are recorded in cases when reasons for payment provided for in insurance contracts have arisen.
 Pursuant to Article 117 of the Insurance Business Act, the Company has set aside, as reserves for outstanding claims, insurance proceeds that are due and payable as of the end of the first half of the current fiscal year, but payment is yet to have been made, and insurance proceeds in cases where reasons for payment are deemed to have arisen but reports concerning the reasons for payment are yet to be received.
 - d) Ceding Reinsurance Commissions
 Ceding reinsurance commissions are recorded, upon receipt of the insurance premium related to the primary insurance contract as agreed upon pursuant to the reinsurance agreement or at the time of the conclusion of the reinsurance agreement concerned.
- 2 Gains on sale of securities included losses on sales of domestic bonds and foreign securities of 1,728 million yen and 19,132 million yen, respectively.
- 3 Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 81 million yen and 572 million yen, respectively.
- 4 In calculating the reversal of reserve for outstanding claims, 10 million yen was deducted from the reversal of reserve for outstanding claims reinsured. In calculating the reversal of policy reserves, 25,219 million yen was deducted from the reversal of ceding reinsurance policy reserves.
- 5 The details of Interest and dividends are as follows:

| | |
|------------------------------------------|--------------------|
| Interest on deposits : | 11 million yen |
| Interest and dividends from securities : | 83,296 million yen |
| Other interest and dividends : | 193 million yen |
| Total : | 83,501 million yen |
- 6 Net gain per share for the six months ended September 30, 2021 was 24,666,173.94 yen.
- 7 Premium and other income includes the increase of 2,474 million yen of the fee of the reinsurance contract which is defined in announcement No.50, 1-5, Ministry of Finance, 1996.
- 8 Benefits and claims includes the decrease of 6,589 million yen of the fee of the reinsurance contract which is defined in announcement No.50, 1-5, Ministry of Finance, 1996.

Notes to Unaudited Non-Consolidated Statement of Changes in Net Assets for the six months ended September 30, 2021

- 1 Number of outstanding shares by class

(shares)

| | No. shares as of April 1, 2021 | Increase in number of shares | Decrease in number of shares | No. shares as of September 30, 2021 |
|--------------------|-----------------------------------|---------------------------------|---------------------------------|----------------------------------------|
| Outstanding shares | | | | |
| Common stock | 1,850 | - | - | 1,850 |

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|-------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Fundamental profit A | 28,399 | 21,344 |
| Capital gains | 311,960 | 94,188 |
| Gains on money held in trust | 16,594 | 531 |
| Gains on investment in trading securities | - | - |
| Gains on sale of securities | 53,074 | 20,861 |
| Derivative transaction gains | 88,260 | - |
| Foreign exchange gains | 154,031 | - |
| Others | - | 72,795 |
| Capital losses | 291,690 | 58,238 |
| Losses on money held in trust | - | - |
| Losses on investment in trading securities | - | - |
| Losses on sale of securities | 172 | 654 |
| Losses on valuation of securities | - | - |
| Derivative transaction losses | - | 17,875 |
| Foreign exchange losses | - | 29,668 |
| Others | 291,518 | 10,039 |
| Net capital gains (losses) B | 20,269 | 35,949 |
| Fundamental profit plus net capital gains (losses) A + B | 48,669 | 57,294 |
| Other one-time gains | 190,717 | 6 |
| Reinsurance income | - | - |
| Reversal of contingency reserve | 368 | - |
| Reversal of specific reserve for possible loan losses | - | 6 |
| Others | 190,348 | - |
| Other one-time losses | 209,310 | 732 |
| Ceding reinsurance commissions | - | - |
| Provision for contingency reserve | - | 732 |
| Provision for specific reserve for possible loan losses | 18 | - |
| Provision for specific reserve for loans to refinancing countries | - | - |
| Write-down of loans | - | - |
| Others | 209,292 | - |
| Other one-time profits (losses) C | (18,593) | (725) |
| Ordinary profit A + B + C | 30,075 | 56,568 |

(Reference)

Breakdown of Other Fundamental Income

(millions of yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Fundamental Income | 310,461 | (62,756) |
| Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA) | 39,807 | (12,116) |
| Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies | 236,232 | (60,679) |
| Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies | 6,676 | 7,245 |
| Impact from assets held in money trusts and others related to reinsurance dealings | 8,802 | 2,794 |
| Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act | (190,348) | - |
| Ceding reinsurance commissions for the reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act | 209,292 | - |
| Other Capital Gains | - | 72,795 |
| Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA) | - | 12,116 |
| Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies | - | 60,679 |
| Other Capital Losses | 291,518 | 10,039 |
| Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA) | 39,807 | - |
| Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies | 236,232 | - |
| Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies | 6,676 | 7,245 |
| Impact from assets held in money trusts and others related to reinsurance dealings | 8,802 | 2,794 |
| Other One-Time Gains | 190,348 | - |
| Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act | 190,348 | - |
| Other One-Time Gains | 209,292 | - |
| Ceding reinsurance commissions for the reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act | 209,292 | - |

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 | - | - |
| Claims with collection risk | - | - |
| Claims for special attention | - | - |
| Subtotal | - | - |
| [Percentage] | [-] | [-] |
| Claims against normal obligors | 397,999 | 455,566 |
| Total | 397,999 | 455,566 |

- 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. Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(millions of yen)

| | | As of March 31, 2021 | As of September 30, 2021 |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|----------------------|--------------------------|
| Total solvency margin | (A) | 570,750 | 586,655 |
| Common stock, etc | | 136,386 | 182,018 |
| Reserve for price fluctuations | | 30,994 | 33,784 |
| Contingency reserve | | 111,326 | 112,059 |
| General reserve for possible loan losses | | 7 | 6 |
| (Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% * | | 182,216 | 164,426 |
| Net unrealized gains (losses) on real estate × 85% * | | - | - |
| Policy reserves in excess of surrender values | | 109,819 | 94,360 |
| Qualifying subordinated debt | | - | - |
| Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt | | - | - |
| Excluded items | | - | - |
| Others | | - | - |
| Total Risk | $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B) | 200,614 | 196,663 |
| Insurance risk | R_1 | 135 | 160 |
| 3rd sector insurance risk | R_8 | - | 0 |
| Assumed investment yield risk | R_2 | 51,027 | 47,335 |
| Guaranteed minimum benefit risk | R_7 | 2,794 | 2,900 |
| Investment risk | R_3 | 140,946 | 140,694 |
| Business risk | R_4 | 5,847 | 5,732 |
| Solvency margin ratio | $\frac{(A)}{(1/2) \times (B)} \times 100$ | 569.0% | 596.6% |

* Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2021 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996.

The figures as of September 30, 2021 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

2. Guaranteed minimum benefit risk is calculated by the standard method.

11. Separate Account Status

(1) Separate Account Assets by Product

(millions of yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|-------------------------------|----------------------|--------------------------|
| Individual variable insurance | 39,537 | 31,281 |
| Individual variable annuities | 998,676 | 940,474 |
| Group annuities | - | - |
| Separate account total | 1,038,213 | 971,755 |

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

| | As of March 31, 2021 | | As of September 30, 2021 | |
|----------------------------------------|--------------------------------|---------|--------------------------------|---------|
| | Number of policies (thousands) | Amount | Number of policies (thousands) | Amount |
| Variable insurance (defined term type) | - | - | - | - |
| Variable insurance (whole life type) | 44 | 385,040 | 39 | 349,277 |
| Total | 44 | 385,040 | 39 | 349,277 |

Note: Policy amounts not placed into separate accounts as of the end of the fiscal period are included in policies in force.

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 | 471 | 2,639,398 | 443 | 2,392,756 |

Note: 1. Total policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

2. Policy amounts not placed into separate accounts as of the end of the fiscal period are included in policies in force.

12. Consolidated Financial Summary

Not applicable.