

June 20, 2022

[Correction] Partial Correction to Financial Results for Fiscal Year Ended March 31, 2022

The Dai-ichi Life Insurance Company, Limited (the "Company"; President: Seiji Inagaki) hereby announces that it has made partial corrections to "Financial Results for Fiscal Year Ended March 31, 2022" disclosed on May 12, 2022. We deeply apologize for the inconvenience and make the following corrections. There is no change in the consolidated solvency margin ratio due to this correction.

Details

1. Reason for the correction

Corrections have been made to errors that we found in the details of the abovementioned material after our submission.

2. Corrections (relevant parts are highlighted)

On page 73 of the material the table for **(8) Consolidated solvency margin ratio** in the **11. Consolidated Financial Summary**, the amount for the item **Others** of the **Total solvency margin (A)** had been corrected as highlighted below.

Before correction

(millions of yen)		
	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	6,817,494	6,310,480
Common stock, etc. ^{*1}	470,534	431,384
Reserve for price fluctuations	233,453	250,453
Contingency reserve	599,893	599,893
Catastrophe loss reserve	-	-
General reserve for possible loan losses	333	278
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% ^{*2}	3,154,539	2,642,604
Net unrealized gains (losses) on real estate × 85% ^{*2}	255,652	361,793
Sum of unrecognized actuarial differences and unrecognized past service cost	(6,395)	15,522
Policy reserves in excess of surrender values	2,164,644	2,079,201
Qualifying subordinated debt	866,877	839,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(825,614)	(769,078)
Excluded items	(168,653)	(190,520)
Others	72,228	49,616

After correction

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	6,817,494	6,310,480
Common stock, etc. *1	470,534	431,384
Reserve for price fluctuations	233,453	250,453
Contingency reserve	599,893	599,893
Catastrophe loss reserve	-	-
General reserve for possible loan losses	333	278
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) \times 90% *2	3,154,539	2,642,604
Net unrealized gains (losses) on real estate \times 85% *2	255,652	361,793
Sum of unrecognized actuarial differences and unrecognized past service cost	(6,395)	15,522
Policy reserves in excess of surrender values	2,164,644	2,079,201
Qualifying subordinated debt	866,877	839,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(825,614)	(769,078)
Excluded items	(168,653)	(190,520)
Others	72,228	49,631

End of correction notice.

Financial Results for the Fiscal Year Ended March 31, 2022

The Dai-ichi Life Insurance Company, Limited (the "Company"; President: Seiji Inagaki) announces its financial results for the fiscal year ended March 31, 2022.

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Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2022.

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

1. Business Highlights

(1) Annualized Net Premium

Policies in Force

(billions of yen)

	As of March 31, 2021		As of March 31, 2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Individual insurance	1,538.2	97.9	1,514.0	98.4
Individual annuities	538.7	99.9	538.6	100.0
Total	2,076.9	98.4	2,052.7	98.8
Medical and survival benefits	696.8	100.3	708.8	101.7

New Policies

(billions of yen)

	As of March 31, 2021		As of March 31, 2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Individual insurance	51.8	69.9	63.8	123.1
Individual annuities	9.7	63.1	10.7	110.1
Total	61.6	68.7	74.5	121.0
Medical and survival benefits	36.7	67.0	48.2	131.6

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 includes (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			
	Number of policies		Amount	
	(thousands)	% of March 31, 2020 total	(billions of yen)	% of March 31, 2020 total
Individual insurance	20,274	109.7	83,664.3	93.4
Individual annuities	2,093	100.1	11,012.6	98.3
Individual insurance and annuities	22,367	108.7	94,676.9	93.9
Group insurance	-	-	50,842.5	103.6
Group annuities	-	-	6,446.9	102.6

	As of March 31, 2022			
	Number of policies		Amount	
	(thousands)	% of March 31, 2021 total	(billions of yen)	% of March 31, 2021 total
Individual insurance	21,642	106.8	77,641.9	92.8
Individual annuities	2,103	100.5	10,833.9	98.4
Individual insurance and annuities	23,746	106.2	88,475.9	93.5
Group insurance	-	-	50,043.5	98.4
Group annuities	-	-	6,169.9	95.7

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

	Year ended March 31, 2021					
	Number of policies		Amount			
	(thousands)	% of March 31, 2020 total	(billions of yen)	New Business	Net increase by conversion	% of March 31, 2020 total
Individual insurance	3,242	70.1	126.3	1,509.0	(1,382.6)	14.9
Individual annuities	69	54.9	251.9	254.6	(2.7)	58.3
Individual insurance and annuities	3,311	69.7	378.3	1,763.6	(1,385.3)	29.5
Group insurance	-	-	190.8	190.8	-	60.2
Group annuities	-	-	0.1	0.1	-	285.8

	Year ended March 31, 2022					
	Number of policies		Amount			
	(thousands)	% of March 31, 2021 total	(billions of yen)	New Business	Net increase by conversion	% of March 31, 2021 total
Individual insurance	3,842	118.5	(257.1)	1,418.1	(1,675.2)	-
Individual annuities	84	123.0	280.3	284.7	(4.4)	111.3
Individual insurance and annuities	3,927	118.6	23.2	1,702.9	(1,679.7)	6.1
Group insurance	-	-	204.1	204.1	-	107.0
Group annuities	-	-	0.0	0.0	-	38.2

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. Policies in Force as of March 31, 2022 by Benefit

	Individual insurance (I)		Individual annuities (II)		Group insurance (III)		Total (I+II+III)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Death benefits								
general	20,738	67,957.2	—	0.0	24,614	50,038.6	45,353	117,995.8
accidental	[1,764]	[7,424.8]	[962]	[442.3]	[2,656]	[1,384.7]	[5,382]	[9,251.9]
others	[0]	[0.0]	—	—	[64]	[54.2]	[64]	[54.2]
Survival benefits	904	9,684.7	2,103	10,833.9	6	4.8	3,014	20,523.5
Hospitalization benefits								
accidental	[8,251]	[45.8]	[38]	[0.1]	[1,316]	[0.7]	[9,605]	[46.8]
illness	[8,238]	[45.8]	[38]	[0.1]	[0]	[0.0]	[8,278]	[46.0]
others	[2,983]	[17.0]	[29]	[0.1]	[74]	[0.1]	[3,088]	[17.3]
Injury benefits	[5,162]	—	[52]	—	[2,468]	—	[7,683]	—
Surgery benefits	[8,497]	—	[38]	—	—	—	[8,536]	—

	Group annuities (IV)		Financial insurance (V)		Financial annuities (VI)		Total (IV+V+VI)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Survival benefits	7,437	6,169.9	58	254.8	32	70.7	7,527	6,495.5

	Medical care insurance	
	Number (thousands)	Amount (billions of yen)
Hospitalization benefits	430	1.1

	Group disability	
	Number (thousands)	Amount (billions of yen)
Disability benefits	11	0.7

Note:

- Figures in [] show numbers and amounts of additional benefits and of benefits to be paid from riders.
- Numbers of group insurance, group annuities, financial insurance, financial annuities, medical care insurance and group disability show the numbers of insureds.
- Amounts in 'Survival benefits' show the sum of (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 for individual annuities, group insurance (annuity riders) and financial annuities. The amounts in 'Survival benefits' show the amount of outstanding corresponding policy reserve for group annuities, financial insurance and others.
- Amounts in 'Hospitalization benefits' show the amount of hospitalization benefit to be paid per day.
- Amount in 'Hospitalization benefits' for medical care insurance shows the daily amount to be paid for hospitalization from illness.
- Amount in group disability insurance shows the amount of disability benefits paid per month.
- For others (such as underwritten reinsurance, etc.) the number of insureds and amount of policies were 2,726 thousand and 25,545.0 billion yen, respectively.

3.Investment of General Account Assets in Fiscal 2021

(1) Investment Status of Assets in Fiscal 2021

①Operational environment

In fiscal 2021, the Japanese economy got reversal against the recession in fiscal 2020, but the recovery speed remained moderate due to COVID-19 pandemic and the voluntary restraint. Although in third quarter, when the spread of infection settled down for a moment, domestic demand recovered strongly, since the beginning of 2022, consumption dropped again due to drastic increasing infected people with the Omicron COVID-19 variant. And in overseas market, the U.S. economy recovered as employment statistics and income improved in the environment which had prolonged supply constraints and rising prices put downward pressure on the economy. On the other hand, the growth of the Chinese economy slowed down from the downturn in the real estate market and the curtailment of economic activities under the Zero-COVID policy.

Amid these economic conditions, the operational environment was as follows.

<Domestic interest rates>

Yields on 10-year JGBs continued to be controlled at around 0% as the Bank of Japan held its accommodative monetary policy. However, overseas interest rates have risen sharply because central banks of each country have tightened their monetary policies since the beginning of the year, and domestic interest rates followed them.

Yield on ten-year government bonds:	April 1, 2021	0.090%
	March 31, 2022	0.210%

<Domestic stocks>

The Nikkei 225 Stock Average experienced a moderate decline in fiscal 2021 as the corporate growth slowed due to the COVID-19 and soaring resource prices. It temporarily recovered to the 30,000yen level in the summer with the expectation of a new government, and exceeded the highest level in 31 years.

Nikkei 225 Stock Average:	April 1, 2021	29,178
	March 31, 2022	27,821
TOPIX:	April 1, 2021	1,954
	March 31, 2022	1,946

<Currency>

The JPY/USD rate continued to depreciate toward the latter half of the fiscal year due to the widening of the interest rates' difference between Japan and the U.S., against the backdrop of the Federal Reserve Board's (FRB) tightening monetary policy.

The JPY/EUR remained broadly unchanged as the European Central Bank (ECB) maintained its accommodative stance. Toward the end of the fiscal year, the JPY depreciation was strengthened by the rise in global interest rates, therefore the JPY/EUR rate rose.

JPY /USD:	April 1, 2021	¥110.71
	March 31 2022	¥122.39
JPY/EUR:	April 1, 2021	¥129.80
	March 31, 2022	¥136.70

②Investment Performance Overview

<Assets>

With regard to asset management in fiscal 2021, the Company kept to take the investment strategy that was to invest mainly in fixed income assets, such as public and corporate bonds, based on our risk-taking policy and medium-to long-term asset management policy. In particular, from the perspective of ensuring financial soundness against fluctuations in financial markets and improving capital efficiency, it sold stocks and increased the amount of policy-reserve-matching bonds, mainly super-long-term government bonds to reduce market-related risks such as interest rates and stocks.

With regard to risk weighted assets such as foreign securities, the Company flexibly and rapidly allocated funds keeping an eye on to market trends. Furthermore, it promoted investments and loans in infrastructure, alternative assets and real assets aimed at improving the profitability of the portfolio and diversifying investments.

Assets	Operational status
Bonds and debentures	<p><u>Increase</u></p> <p>For the reduction of interest rate risk, policy-reserve-matching bonds, mainly super-long-term bonds were increased. With regard to credit risk assets such as corporate bonds and securitized products, the overall amount was increased due to the strengthening of selection based on credit spreads commensurate with risk and the diversification of issues.</p>
Loans receivable	<p><u>Remained flat</u></p> <p>The amount was mostly remained flat new loans offset by existing loans redemption. New loans were implemented to earn the excess returns commensurate with credit risk and the fair spread compared with corporate bond market.</p>
Domestic stocks	<p><u>Decrease</u></p> <p>The domestic stocks were sold to promote the reduction of market risk associated with stockholdings. On the other hand, in order to improve the profitability of our portfolio, investments to sector and companies expected mid-long term growth, were implemented based on our due diligence. ,</p>
Foreign bonds and debentures	<p><u>Decrease</u></p> <p>The amount was decreased as a result followed by selling in consideration of market trends related interest rates and foreign exchange rates in Japan and overseas. Improving investment efficiency was worked by diversifying bond types and currencies to improve investment efficiency.</p>
Foreign Stocks	<p><u>Decrease</u></p> <p>The amount was decreased as a result followed by flexible fund allocation keeping an eye on market trends. In addition, our fund managers and investment styles, region were strengthened diversification by utilizing in-house management and external management companies.</p>
Real estate	<p><u>Increase</u></p> <p>The balance increased due to new acquisitions of properties and others. In addition to investing in high-quality offices, in order to diversify applications, we sought to improve the profitability and the soundness of our portfolio by promoting investments in new properties, such as housing, commerce, and logistics, and by replacing properties based on occupancy status, regional characteristics, and age.</p>

(NOTE)Changes in each asset are based on the balance sheet value

<Balance of Payments>

Investment income was decreased by JPY 23.6 billion year on year to JPY 1.2056 trillion, as the decrease in interest and dividend income and gain on sales of securities. Investment expense decreased by JPY 46.4 billion year on year to JPY 361.6 billion, as improvements in derivative transaction losses and foreign exchange losses outweighed increasing in losses on sales of securities.

As a result, net investment income in the general account increased by JPY 22.8 billion year on year to JPY 843.9 billion.

③Investment Outlook in Fiscal 2022

In fiscal 2022, the Japanese economy is expected to increase resilience due to the progress of vaccination and the government's demand stimulus measure, although there is still a high degree of uncertainty by the unpredictable spread of COVID-19. However, expected global supply constraints and rising resource prices, deterioration in corporate earnings and a contraction in household disposable income, economic growth is expected to remain moderate.

Although the U.S. economy has continued to grow strongly, the Company expect to continue highly volatile operating environment to continue as monetary policy is likely to tighten rapidly. In addition, the Company believe that attention should continue to be paid to the increasing volatility of financial markets due to political events and geopolitical risks in each country.

<Domestic interest rates>

Domestic interest rates are forecast to remain at low levels for the foreseeable future as the Bank of Japan's monetary easing policy is expected to continue amid a moderate pace of recovery in the Japanese economy. However, it is necessary to pay attention to the possibility that expectations for policy changes may increase in response to global monetary tightening and the situation in inflation.

<Domestic stocks>

Domestic stocks are expected to be supported by the Bank of Japan's monetary easing policy and the government's economic stimulus measures. On the other hand, the Company should be mindful of the possibility that volatility will increase due to changes in each country monetary policy, a sharp rise in interest rates, political events in each country, and geopolitical risks.

< Currency>

As for the JPY/USD, it is anticipated developments that are influenced by developments in U.S. monetary policy and fiscal expansion. The Company expect that the USD will appreciate amid the acceleration of monetary tightening in the U.S. On the other hand, it is anticipated that the acceleration of monetary tightening by other countries following will work to depreciate the USD, and counteracts the trend as well. In addition, it is necessary to pay attention to the possibility that volatility will increase due to geopolitical risks, etc.

With regard to the JPY/EUR, it is anticipated that the pace of economic recovery in the euro area will be relatively moderate, as in Japan, but it will be depended on the pace of recovery and trends in European Central Bank (ECB) monetary policy. However, it is necessary to pay attention to the possibility that volatility will be increased due to changes in the political situation in Europe.

④Asset Management Policy for Fiscal 2022

With regard to the investment policy for fiscal 2022, the Company will continue to invest in portfolios centered on fixed income assets such as public and corporate bonds based on our risk-taking policy and medium-to long-term asset management policy. In addition, the Company will continue risk reduction efforts to ensure financial soundness against financial market fluctuations and improve capital efficiency. And to ensure profitability and strengthen the diversification of portfolio risks, the Company will actively invest in selective credit investments, investments and loans in the infrastructure sector, alternative assets and real assets.

Assets	Investment policy
Bonds and debentures	<p><u>Increase</u></p> <p>Stable management as a core asset of ALM will be maintained. Our policy is to reduce interest rate risk by adding policy reserve-matching bonds and implementing asset duration adjustments. In light of the current low interest rate environment, our policy is to actively engage in infrastructure-related and other investments from the perspective of improving investment efficiency within fixed income assets.</p>
Loans receivable	<p><u>Decrease</u></p> <p>While proactively respond to capital needs in growth areas will be maintained, the balance will be expected to decrease due to the impact of redemptions and other factors. In addition, the Bank's policy is to engage in new lending by setting appropriate lending rates, while taking into account the analysis of borrowers' credit risks and credit spread trends in the corporate bond market.</p>
Domestic stocks	<p><u>Decrease</u></p> <p>The Company's policy is to decrease the amount due to selling aimed to reduce market risk associated with stockholdings. However, the Company's policy is to flexibly control the balance depending on the level of stock prices, while at the same time implementing reallocation to industries and brands and venture investments based on growth potential and other factors.</p>
Foreign bonds and debentures	<p><u>Depending on interest rates and exchange rates</u></p> <p>Open foreign bonds will be flexibly allocated in accordance with risk tolerance and exchange rate trends. It will be also flexibly adjusted the amount of currency-hedged foreign bonds with taking into account interest rate differentials at home and abroad.</p>
Foreign Stocks	<p><u>Depending on the foreign stock price</u></p> <p>The Company's policy is to accumulate alternative assets with the aim of securing profitability and diversifying the risk of its portfolio. However, the Company's policy is to flexibly control the outstanding balance of foreign stocks, depending on the level of stock prices. It will be also worked to improve and stabilize the profitability of our portfolio while diversifying investment styles and geographically diversifying.</p>
Real estate	<p><u>Increase</u></p> <p>The Company's policy is to increase the balance due to new acquisitions of properties and others. In order to diversify of building uses, the Company will promote investment in new properties such as residence, commerce, and logistics, and improve the profitability and soundness of our portfolio by replacing properties based on occupancy status, regional characteristics, construction age, and other factors.</p>

(2) Investment Income (General account)

(millions of yen)

	Year ended March 31, 2021		Year ended March 31, 2022	
	Amount	%	Amount	%
Interest and dividends	836,571	68.1	831,163	68.9
Interest from bank deposits	1,676	0.1	1,375	0.1
Interest and dividends from securities	712,308	57.9	708,237	58.7
Interest from loans	39,132	3.2	38,898	3.2
Rental income	73,700	6.0	71,155	5.9
Other interest and dividends	9,754	0.8	11,497	1.0
Gains on trading account securities	-	-	-	-
Gains on money held in trust	4,849	0.4	795	0.1
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	371,297	30.2	351,106	29.1
Gains on sale of domestic bonds	79,550	6.5	72,595	6.0
Gains on sale of domestic stocks	147,417	12.0	168,291	14.0
Gains on sale of foreign securities	142,544	11.6	108,840	9.0
Others	1,784	0.1	1,378	0.1
Gains on redemption of securities	15,370	1.3	20,207	1.7
Derivative transaction gains	-	-	-	-
Foreign exchange gains	-	-	-	-
Reversal of reserve for possible loan losses	-	-	-	-
Reversal of reserve for possible investment losses	-	-	-	-
Other investment income	1,202	0.1	2,410	0.2
Total	1,229,291	100.0	1,205,684	100.0

(3) Investment Expense (General account)

(millions of yen)

	Year ended March 31, 2021		Year ended March 31, 2022	
	Amount	%	Amount	%
Interest expenses	12,358	3.0	10,375	2.9
Losses on trading account securities	-	-	-	-
Losses on money held in trust	-	-	-	-
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	125,323	30.7	221,597	61.3
Losses on sale of domestic bonds	556	0.1	22,418	6.2
Losses on sale of domestic stocks	30,382	7.4	36,529	10.1
Losses on sale of foreign securities	89,606	22.0	162,205	44.8
Others	4,778	1.2	443	0.1
Losses on valuation of securities	1,285	0.3	8,479	2.3
Losses on valuation of domestic bonds	-	-	-	-
Losses on valuation of domestic stocks	1,280	0.3	4,908	1.4
Losses on valuation of foreign securities	4	0.0	1,750	0.5
Others	-	-	1,821	0.5
Losses on redemption of securities	6,175	1.5	3,545	1.0
Derivative transaction losses	172,879	42.4	38,627	10.7
Foreign exchange losses	31,586	7.7	10,495	2.9
Provision for reserve for possible loan losses	1,813	0.4	4,393	1.2
Provision for reserve for possible investment losses	295	0.1	247	0.1
Write-down of loans	43	0.0	41	0.0
Depreciation of real estate for rent and others	13,171	3.2	13,439	3.7
Other investment expenses	43,219	10.6	50,442	13.9
Total	408,153	100.0	361,686	100.0

(4) Asset Composition

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	768,352	2.0	906,362	2.4
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	252,140	0.7	239,896	0.6
Trading account securities	-	-	-	-
Money held in trust	7,716	0.0	12,164	0.0
Securities	32,530,293	85.9	31,697,684	84.6
Domestic bonds	16,740,113	44.2	17,402,782	46.5
Domestic stocks	3,569,109	9.4	3,292,713	8.8
Foreign securities	11,402,677	30.1	10,143,485	27.1
Foreign bonds	9,811,240	25.9	8,620,159	23.0
Foreign stocks and other securities	1,591,436	4.2	1,523,325	4.1
Other securities	818,392	2.2	858,702	2.3
Loans	2,576,064	6.8	2,569,190	6.9
Policy loans	292,080	0.8	269,504	0.7
Ordinary loans	2,283,983	6.0	2,299,685	6.1
Real estate	1,076,494	2.8	1,120,673	3.0
Real estate for rent	766,269	2.0	829,952	2.2
Deferred tax assets	-	-	-	-
Others	642,315	1.7	922,873	2.5
Reserve for possible loan losses	(2,358)	(0.0)	(6,501)	(0.0)
Total	37,851,018	100.0	37,462,344	100.0
Foreign currency-denominated assets	10,428,868	27.6	9,520,911	25.4

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

(5) Other Information on Investments

A. Rates of return

(%)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	0.03	0.05
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	1.58	0.88
Trading account securities	-	-
Money held in trust	16.56	7.93
Securities	2.60	2.67
Domestic bonds	2.07	2.01
Domestic stocks	10.66	15.29
Foreign securities	2.19	2.02
Foreign bonds	1.51	1.03
Foreign stocks and other securities	7.59	7.95
Loans	1.50	1.36
Ordinary loans	1.16	1.00
Real estate	4.59	4.08
Total	2.36	2.41
Foreign investments	2.18	2.00

Note: 1. Rates of return above are calculated by dividing the net investment income included in ordinary profit by the average daily balance on a book value basis.

2. "Foreign investments" include yen-denominated assets.

B. Average daily balance

(billions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	887.2	771.8
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	233.9	250.0
Trading account securities	-	-
Money held in trust	29.2	10.0
Securities	28,718.8	29,091.6
Domestic bonds	15,934.8	16,666.5
Domestic stocks	1,510.1	1,405.6
Foreign securities	10,596.6	10,144.5
Foreign bonds	9,407.6	8,690.0
Foreign stocks and other securities	1,188.9	1,454.5
Loans	2,572.3	2,576.6
Ordinary loans	2,261.8	2,295.9
Real estate	779.5	790.9
Total	34,753.2	35,080.9
Foreign investments	11,309.7	10,910.2

Note: "Foreign investments" include yen-denominated assets.

C. Valuation gains and losses on trading securities

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	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	12,164	540
Trading account securities	-	-	-	-
Money held in trust	7,716	2,997	12,164	540

D. 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	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 March 31, 2022						
	Held-to-maturity bonds	47,522	48,407	884	884	-
	Domestic bonds	47,522	48,407	884	884	-
	Foreign bonds	-	-	-	-	-
	Policy-reserve-matching bonds	14,257,659	15,739,225	1,481,566	1,785,121	303,554
	Domestic bonds	14,188,057	15,668,980	1,480,923	1,784,464	303,540
	Foreign bonds	69,602	70,244	642	656	13
	Stocks of subsidiaries and affiliates	343	608	265	265	-
	Available-for-sale securities	14,107,743	17,018,258	2,910,514	3,218,564	308,049
	Domestic bonds	2,844,743	3,167,202	322,459	334,388	11,928
	Domestic stocks	1,288,008	3,249,996	1,961,987	1,996,912	34,925
	Foreign securities	9,107,577	9,698,712	591,135	843,919	252,784
	Foreign bonds	8,172,426	8,550,557	378,131	598,593	220,461
	Foreign stocks and other securities	935,151	1,148,155	213,004	245,326	32,322
	Other securities	549,207	579,453	30,246	37,714	7,468
	Monetary claims bought	235,206	239,896	4,689	5,628	939
	Certificates of deposit	83,000	82,997	(2)	0	2
	Total	28,413,268	32,806,500	4,393,231	5,004,835	611,603
	Domestic bonds	17,080,323	18,884,591	1,804,268	2,119,737	315,469
	Domestic stocks	1,288,008	3,249,996	1,961,987	1,996,912	34,925
	Foreign securities	9,177,522	9,769,566	592,043	844,841	252,798
	Foreign bonds	8,242,028	8,620,802	378,774	599,249	220,475
	Foreign stocks and other securities	935,494	1,148,763	213,269	245,592	32,322
Other securities	549,207	579,453	30,246	37,714	7,468	
Monetary claims bought	235,206	239,896	4,689	5,628	939	
Certificates of deposit	83,000	82,997	(2)	0	2	

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 March 31, 2022
Stocks of subsidiaries and affiliated companies	176,772	198,792
Available-for-sale securities	131,401	452,622
Domestic stocks	44,993	37,160
Foreign stocks	27,174	9,004
Others	59,232	406,457
Total	308,173	651,415

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 32,119 million yen as of March 31, 2022.
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 March 31, 2022	12,164	12,164	973	2,161	1,187

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 March 31, 2022.

4. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2021	As of March 31, 2022		As of March 31, 2021	As of March 31, 2022
(ASSETS)			(LIABILITIES)		
Cash and deposits	380,173	441,997	Policy reserves and others	30,844,443	30,131,727
Cash	0	0	Reserves for outstanding claims	148,070	184,665
Bank deposits	380,172	441,997	Policy reserves	30,295,374	29,533,839
Call loans	403,700	479,900	Reserve for policyholder dividends	400,999	413,222
Monetary claims bought	252,140	239,896	Reinsurance payable	1,048	170,407
Money held in trust	7,716	12,164	Subordinated bonds	476,277	368,715
Securities	33,467,036	32,740,845	Other liabilities	3,340,249	4,371,360
Government bonds	14,774,895	15,553,967	Payables under repurchase agreements	2,301,762	2,954,780
Local government bonds	108,035	106,309	Long-term debt and other borrowings	390,600	470,600
Corporate bonds	2,000,852	1,873,081	Corporate income tax payable	32,372	47,378
Stocks	3,713,900	3,444,330	Accounts payable	32,212	120,641
Foreign securities	11,763,263	10,610,943	Accrued expenses	44,736	46,306
Other securities	1,106,089	1,152,212	Unearned revenue	391	361
Loans	2,576,064	2,569,190	Deposits received	62,025	63,338
Policy loans	292,080	269,504	Guarantee deposits received	52,554	49,894
Ordinary loans	2,283,983	2,299,685	Differential account for futures trading	-	107
Tangible fixed assets	1,086,183	1,128,103	Derivatives	356,963	578,140
Land	758,555	805,044	Collateral for financial instruments	41,339	31,190
Buildings	315,778	315,078	Lease liabilities	5,179	4,330
Leased assets	5,145	4,342	Asset retirement obligations	2,009	2,067
Construction in progress	2,161	550	Suspense receipt	1,180	1,176
Other tangible fixed assets	4,542	3,087	Other liabilities	16,921	1,046
Intangible fixed assets	119,457	128,593	Reserve for employees' retirement benefits	400,138	398,321
Software	96,901	98,645	Reserve for retirement benefits of directors, executive officers and corporate auditors	998	929
Other intangible fixed assets	22,556	29,948	Reserve for possible reimbursement of prescribed claims	800	800
Reinsurance receivable	28,084	56,701	Reserve for price fluctuations	233,453	250,453
Other assets	553,949	845,706	Deferred tax liabilities	312,227	115,454
Accounts receivable	13,205	175,755	Deferred tax liabilities for land revaluation	71,606	70,652
Prepaid expenses	16,376	18,424	Acceptances and guarantees	52,861	45,745
Accrued revenue	156,694	151,259	Total liabilities	35,734,105	35,924,567
Deposits	65,422	78,252	(NET ASSETS)		
Margin money for futures trading	164,668	190,001	Capital stock	60,000	60,000
Differential account for futures trading	28	-	Capital surplus	370,000	320,000
Derivatives	56,120	84,305	Legal capital surplus	60,000	60,000
Collateral for financial products	29,119	39,875	Other capital surplus	310,000	260,000
Suspense payment	3,038	3,268	Retained earnings	249,195	251,559
Other assets	49,277	104,563	Other retained earnings	249,195	251,559
Customers' liabilities for acceptances and guarantees	52,861	45,745	Reserve for tax basis adjustments of real estate	8,355	7,870
Reserve for possible loan losses	(2,358)	(6,501)	Reserve for specified business investment	49	49
Reserve for possible investment losses	(627)	(779)	Retained earnings brought forward	240,789	243,639
			Total shareholders' equity	679,195	631,560
			Net unrealized gains (losses) on securities, net of tax	2,536,608	2,130,413
			Deferred hedge gains (losses)	(3,501)	(21,621)
			Reserve for land revaluation	(22,026)	16,643
			Total of valuation and translation adjustments	2,511,080	2,125,435
			Total net assets	3,190,276	2,756,996
Total assets	38,924,381	38,681,563	Total liabilities and net assets	38,924,381	38,681,563

5. Unaudited Statement of Earnings

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
ORDINARY REVENUES	3,811,725	4,450,872
Premium and other income	2,285,471	2,276,134
Premium income	2,275,617	2,250,557
Reinsurance income	9,854	25,577
Investment income	1,357,114	1,247,085
Interest and dividends	836,571	831,163
Interest from bank deposits	1,676	1,375
Interest and dividends from securities	712,308	708,237
Interest from loans	39,132	38,898
Rental income	73,700	71,155
Other interest and dividends	9,754	11,497
Gains on money held in trust	4,849	795
Gains on sale of securities	371,297	351,106
Gains on redemption of securities	15,370	20,207
Other investment income	1,202	2,410
Gains on investments in separate accounts	127,823	41,401
Other ordinary revenues	169,138	927,652
Fund receipt for annuity rider of group insurance	331	426
Fund receipt for claim deposit payment	141,931	133,530
Transfer from policy reserves	915	761,534
Reversal of reserve for employees' retirement benefits	-	1,885
Other ordinary revenues	25,960	30,276
ORDINARY EXPENSES	3,437,925	4,071,952
Benefits and claims	2,364,631	3,015,986
Claims	616,314	637,449
Annuities	486,953	553,586
Benefits	378,685	427,247
Surrender values	392,747	544,342
Other refunds	110,789	248,429
Ceding reinsurance commissions	379,140	604,930
Provision for policy reserves and others	28,897	44,859
Provision for reserves for outstanding claims	20,678	36,595
Provision for interest on policyholder dividends	8,218	8,264
Investment expenses	408,153	361,686
Interest expenses	12,358	10,375
Losses on sale of securities	125,323	221,597
Losses on valuation of securities	1,285	8,479
Losses on redemption of securities	6,175	3,545
Derivative transaction losses	172,879	38,627
Foreign exchange losses	31,586	10,495
Provision for reserve for possible loan losses	1,813	4,393
Provision for reserve for possible investment losses	295	247
Write-down of loans	43	41
Depreciation of real estate for rent and others	13,171	13,439
Other investment expenses	43,219	50,442
Operating expenses	403,798	410,237
Other ordinary expenses	232,444	239,183
Claim deposit payments	150,515	154,873
National and local taxes	31,236	31,028
Depreciation	36,393	39,658
Provision for reserve for employees' retirement benefits	1,943	-
Other ordinary expenses	12,356	13,622
ORDINARY PROFIT	373,799	378,920
EXTRAORDINARY GAINS	5,469	10,402
Gains on disposal of fixed assets	5,469	10,402
EXTRAORDINARY LOSSES	27,554	33,425
Losses on disposal of fixed assets	6,810	12,506
Impairment losses on fixed assets	2,552	3,850
Provision for reserve for price fluctuations	18,000	17,000
Other extraordinary losses	190	68
Provision for reserve for policyholder dividends	77,500	87,500
Income before income taxes	274,214	268,397
Corporate income taxes-current	77,701	102,283
Corporate income taxes-deferred	436	(33,662)
Total of corporate income taxes	78,138	68,621
Net income	196,075	199,776

6. Unaudited Statement of Changes in Net Assets

Year ended March 31, 2021

(millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other 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	4,947	-	195,207
Changes for the year							
Dividends							(151,084)
Net income							196,075
Transfer to reserve for tax basis adjustments of real estate					3,418		(3,418)
Transfer from reserve for tax basis adjustments of real estate					(10)		10
Transfer to reserve for specified business investment						49	(49)
Transfer from reserve for land revaluation							4,048
Net changes of items other than shareholders' equity							
Total changes for the year	-	-	-	-	3,408	49	45,581
Balance at the end of the year	60,000	60,000	310,000	370,000	8,355	49	240,789

(millions of yen)

(millions of yen)

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
	Total retained earnings						
Balance at the beginning of the year	200,155	630,155	1,916,417	21,312	(17,978)	1,919,752	2,549,907
Changes for the year							
Dividends	(151,084)	(151,084)					(151,084)
Net income	196,075	196,075					196,075
Transfer to reserve for tax basis adjustments of real estate	-	-					-
Transfer from reserve for tax basis adjustments of real estate	-	-					-
Transfer to reserve for specified business investment	-	-					-
Transfer from reserve for land revaluation	4,048	4,048					4,048
Net changes of items other than shareholders' equity			620,191	(24,814)	(4,048)	591,328	591,328
Total changes for the year	49,039	49,039	620,191	(24,814)	(4,048)	591,328	640,368
Balance at the end of the year	249,195	679,195	2,536,608	(3,501)	(22,026)	2,511,080	3,190,276

(millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other 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
Changes for the year							
Dividends			(49,999)	(49,999)			(158,716)
Net income							199,776
Transfer to reserve for tax basis adjustments of real estate					27		(27)
Transfer from reserve for tax basis adjustments of real estate					(512)		512
Transfer from reserve for land revaluation							(38,695)
Net changes of items other than shareholders' equity							
Total changes for the year	-	-	(49,999)	(49,999)	(485)	-	2,849
Balance at the end of the year	60,000	60,000	260,000	320,000	7,870	49	243,639

(millions of yen)

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
	Total retained earnings						
Balance at the beginning of the year	249,195	679,195	2,536,608	(3,501)	(22,026)	2,511,080	3,190,276
Changes for the year							
Dividends	(158,716)	(208,716)					(208,716)
Net income	199,776	199,776					199,776
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	(38,695)	(38,695)					(38,695)
Net changes of items other than shareholders' equity			(406,195)	(18,119)	38,669	(385,644)	(385,644)
Total changes for the year	2,364	(47,635)	(406,195)	(18,119)	38,669	(385,644)	(433,280)
Balance at the end of the year	251,559	631,560	2,130,413	(21,621)	16,643	2,125,435	2,756,996

I. NOTES TO THE UNAUDITED BALANCE SHEET AS OF MARCH 31, 2022

1. 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 March 31, 2022 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.

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

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

The sub-groups of insurance products are:

- a) individual life insurance and annuities,
- b) non-participating single premium whole life insurance (without duty of medical disclosure),
- c) financial insurance and annuities, and
- d) group annuities

with the exception of certain types.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

(1) Date of revaluation: March 31, 2001

(2) Method stipulated in Article 3, Paragraph 3 of the Act on Revaluation of Land;

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

Tangible fixed assets other than land, buildings and leased assets that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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.

(4) Accumulated Depreciation of Tangible Fixed Assets

The amount of accumulated depreciation of tangible fixed assets as of March 31, 2022 was ¥ 615,892 million.

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 subsidiaries and affiliated companies) into yen at the prevailing exchange rates at the end of the year. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

7. Reserve for Possible Loan Losses

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

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

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

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

For all loans and claims, the relevant department in 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 fiscal year ended March 31, 2022 was ¥ 1 million.

8. Reserve for Employees’ Retirement Benefits

For the reserve for employees’ retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of March 31, 2022.

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 employees’ average remaining service period.

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

9. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses 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.

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

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

11. Reserve for Possible Reimbursement of Prescribed Claims

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

12. Reserve for Price Fluctuations

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

13. Hedge Accounting

(1) 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.

(Hedging relationships to which the “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR”)

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

Hedging method: the exceptional accrual method

Hedging instruments: Interest-rate swaps

Hedged items: Loans

Type of hedging transactions: Transactions that fix cash flow

14. Calculation of National and Local Consumption Tax

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

15. Policy Reserve

Policy reserves of the 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 the end of the fiscal year, in preparation for the performance of future obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated 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.

16. Changes in Accounting Policies

Effective the fiscal year ended March 31, 2022, 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 fiscal year ended March 31, 2022. As a result, in principle, while fair value of domestic stocks was previously determined based on the average market price over the month preceding the balance sheet date,

from the end of the fiscal year ended March 31, 2022, fair value of domestic stocks is determined based on the market price as of the 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. Financial Instruments and Others

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

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

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

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

b) Financial Instruments Used and Their Risks

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

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

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

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

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

c) Risk Management

The risk management system of the Company is as follows:

i) Market Risk Management

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

(a) Interest rate risk

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

(b) Currency risk

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

(c) Fluctuation in market values

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

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

(d) Derivative transactions

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

ii) Credit Risk Management

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

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

d) Supplementary Explanation for Fair Value of Financial Instruments

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

(2) Fair Value of Financial Instruments

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

The following tables do not include stocks with no market prices, etc. and ownership stakes in partnerships, etc.. (Please refer to (Note 1))

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

As of March 31, 2022	Carrying amount	Fair value	Gains (Losses) (Unit: million yen)
(1) Monetary claims bought	239,896	239,896	-
(2) Money held in trust	12,164	12,164	-
(3) Securities			
a. Trading securities	1,043,161	1,043,161	-
b. Held-to-maturity bonds	47,522	48,407	884
c. Policy-reserve-matching bonds	14,257,659	15,739,225	1,481,566
d. Stock of subsidiaries and affiliate companies ...	-	-	-
e. Available-for-sale securities	16,695,365	16,695,365	-
(4) Loans	2,569,190		
Reserve for possible loan losses (*1)	(4,819)		
	2,564,371	2,596,244	31,873
Total assets	34,860,139	36,374,464	1,514,324
(1) Bonds payable.....	368,715	371,486	2,771
(2) Long-term borrowings	470,600	465,819	(4,780)
Total liabilities	839,315	837,305	(2,009)
Derivative transactions (* 2)			
a. Hedge accounting not applied	[15,423]	[15,423]	-
b. Hedge accounting applied	[478,410]	[477,826]	584
Total derivative transactions	[493,834]	[493,250]	584

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

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

(Note 1) 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 March 31, 2022	Carrying amount (Unit: million yen)
1. Stocks with no market price, etc. (*1)(*3)	58,068
2. Ownership stakes in partnerships, etc. (*2)(*3).....	639,068
Total	697,137

(*1) 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.

(*2) 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) The Company recorded impairment charges of ¥1,155 million for the fiscal year ended March 31, 2022.

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

The fair values of financial instruments are classified into the following three levels 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.

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

As of March 31, 2022	Level 1	Level 2	Level 3	Total
(Unit: million yen)				
Monetary claims bought	-	-	239,836	239,836
Money held in trust(*1)	8,334	1,855	-	10,190
Securities(*1)				
Trading securities	582,361	127,840	12	710,213
Available-for-sale securities				
Government bonds	1,896,749	-	-	1,896,749
Local government bonds	-	15,782	-	15,782
Corporate bonds	-	1,246,704	7,966	1,254,671
Domestic stocks	3,249,996	-	-	3,249,996
Foreign bonds	2,331,995	5,398,685	155,966	7,886,647
Other foreign securities	358,940	148,500	20,855	528,296
Other securities	3,064	-	-	3,064
Derivative transactions				
Currency-related transactions	-	33,200	-	33,200
Interest-related transactions	-	29,942	-	29,942
Stock-related transactions	6,354	1	-	6,356
Bond-related transactions	12,847	1,807	-	14,655
Others	-	150	-	150
Total assets	8,450,643	7,004,472	424,697	15,879,813
Derivative transactions				
Currency-related transactions	-	545,905	-	545,905
Interest-related transactions	-	6,129	-	6,129
Stock-related transactions	6,514	30	-	6,545
Bond-related transactions	17,229	2,311	-	19,540
Others	-	20	-	20
Total liabilities	23,743	554,397	-	578,140

(*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 balance sheet includes Money held in trust of ¥1,974 million and Securities of ¥2,193,105 million.

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

As of March 31, 2022	Level 1	Level 2	Level 3	Total
(Unit: million yen)				
Securities				
Held-to-maturity Bonds				
Government bonds	48,709	-	-	48,709
Foreign bonds	-	-	1,155	1,155
Policy-reserve-matching Bonds				
Government bonds	14,992,503	-	-	14,992,503
Local government bonds	-	99,600	-	99,600
Corporate bonds	-	576,876	-	576,876
Foreign bonds	-	70,244	-	70,244
Loans	-	-	2,596,244	2,596,244
Total assets	15,040,910	746,722	2,597,400	18,385,033
Bonds payable	-	371,486	-	371,486
Long-term borrowings	-	-	465,819	465,819
Total liabilities	-	371,486	465,819	837,305

(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 March 31, 2022. Therefore, that amount (the carrying amount on the 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 balance sheet at fair value and classified into Level 3

a) 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	5.87%

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

As of March 31, 2022	Beginning balance	Gain/Loss recorded in statement of earnings (*1)	Net unrealized gains or losses on available-for-sale securities	Variable amount (net amount) by purchase, sale, issue and settlement	Transfer to Level 3 Market Value (*2)	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	(1,831)	(1,073)	(9,338)	-	239,896	(1,777)
Securities							
Trading securities	-			-	12	12	-
Available-for-sale securities							
Corporate bonds	8,182	774	(4)	(985)	-	7,966	682
Foreign bonds	145,943	3,853	3,993	2,176	-	155,966	8,610
Other Foreign securities	20,248	-	2,483	(1,875)	-	20,855	-

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

(*2) The transfer from Level 2 fair value to Level 3 fair value is due to the lack of observable market data due to decreased market activity.

c) Description of the fair value valuation process

The Company establishes 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.

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

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

18. Real Estate for Rent

The Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2022 was ¥32,303 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Company recorded gains on sale of ¥4,127 million and impairment loss of ¥3,848 million on rental real estate as extraordinary losses for the fiscal year ended March 31, 2022.

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

Carrying amount	(Unit: million yen)
Beginning balance	787,387
Net change for the year	72,549
Ending balance	859,937
Fair value	1,144,726

(*1) The carrying amount of rental real estate on the balance sheet was acquisition costs net of accumulated depreciation

and impairments.

(*2) Net change in the carrying amount includes cost of acquisition of the real estate of ¥98,927 million, sale of the real estate of ¥24,096 million, depreciation expense of ¥13,423 million, and impairment loss of ¥3,848 million.

(*3) The Company calculates the fair value of the majority of the rental real estate based on real estate appraisal standards and assessment by an independent appraiser, and others based on internal but reasonable estimates.

19. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of March 31, 2022 was ¥4,669,012 million.

20. Problem Loans

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

	(Unit: million yen)
Claims against bankrupt and quasi-bankrupt obligors (*1).....	79
Claims with collection risk (*2).....	7,273
Claims that are overdue for three months or more (*3).....	-
Claims with repayment relaxation (*4).....	1,108
Total	8,460

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

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

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

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

As a result of the direct write-off of loans described in Note 7, the decreases in Loans in bankruptcy, reorganization and similar loans was ¥1 million.

21. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2022 was ¥1,765,033 million. Separate account liabilities were the same amount as the separate account assets.

22. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies as of March 31, 2022 were ¥40,290 million and ¥4,007 million, respectively.

23. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2022

Deferred tax assets:	(Unit: million yen)
Policy reserves and others	442,605
Reserve for employees' retirement benefits	135,306
Reserve for price fluctuations	69,951
Losses on valuation of securities	48,425
Impairment losses	8,474
Others	35,086
Subtotal	739,851
Valuation allowances	(17,176)
Total	722,674

Deferred tax liabilities:	
Net unrealized gains on securities, net of tax	(807,303)
Reserve for tax basis adjustments of real estate	(10,913)
Accrued dividend receivables	(8,664)
Others	(11,247)
Total	(838,128)
Net deferred tax liabilities	(115,454)

(2) The principal reasons for the difference between the statutory effective tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2022.

Statutory effective tax rate	27.92%
(Adjustment)	
Reversal of revaluation reserve for land	(4.24%)
Change in valuation allowance	1.37%
others	0.52%
Effective tax rate after application of tax effect accounting	25.57%

(3) Calculation of corporate and local income taxes and deferred tax accounting related to these taxes

Since the Company will adopt the Japanese Group Relief System from the fiscal year ending March 31, 2023, in which Dai-ichi Life Holdings, Inc. will be the tax sharing parent company, the Company has applied the accounting and disclosure treatment of deferred tax accounting related to corporate tax and local corporate tax assuming the application of the Japanese Group Relief System based on the Practical Solution on the Accounting and Disclosure Under the Japanese Group Relief System (ASBJ PITF No. 42 August 12, 2021) since the end of the fiscal year ended March 31, 2022.

24. Contingent Liabilities

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

	(Unit: million yen)
Dai-ichi Life Holdings, Inc.	250,002

25. 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 fiscal year.....	83,541
Interest accrual during the fiscal year.....	8,264
Provision for reserve for policyholder dividends.....	87,500
Balance at the end of the fiscal year.....	413,222

26. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies of the Company held as of March 31, 2022 was ¥199,135 million.

27. Organization Change Surplus

As of March 31, 2022, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

28. Assets Pledged as Collateral / Secured Liabilities

The amounts of assets pledged as collateral were as follows:

	(Unit: million yen)
Securities	3,227,718
Cash and deposits	86
Assets pledged as collateral	3,227,805

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements	2,954,780

"Securities" mentioned above included ¥2,797,311 million of Securities which were sold under repurchase agreements, as of March 31, 2022.

29. Reinsurance

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter "reserves for outstanding claims reinsured"), was ¥33 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance (hereinafter "policy reserves reinsured") was ¥1,077,768 million.

30. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2022 was ¥459,499,351.12.

31. Securities Borrowing

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of March 31, 2022 was ¥4,692 million, among which none of the securities were pledged as collateral.

32. Employees' Retirement Benefits

(1) Overview of Employees' Retirement Benefit Plan

As a defined benefit plan for its sales representatives, the Company has established and maintained a benefit plan consisting of retirement lump sum grants and company administered pension.

For its administrative personnel, the Company has established and maintained a benefit plan consisting of defined benefit corporate pension and retirement lump sum grants as a defined benefit plan and defined contribution pension as a defined contribution plan.

(2) Defined Benefit Plans

a) Reconciliations of beginning and ending balances of projected benefit obligations

(Unit: million yen)

a. Beginning balance of the projected benefit obligations	686,771
b. Service cost	26,177
c. Interest cost	2,058
d. Accruals of actuarial (gains) and losses	(577)
e. Accruals of Past Service cost	(33,345)
f. Others.....	(911)
g. <u>Ending balance of the projected benefit obligation (a + b + c + d + e + f)...</u>	<u>680,173</u>

b) Reconciliations of beginning and ending balances of pension assets

(Unit: million yen)

a. Beginning balance of of pension assets	279,877
b. Estimated return on assets	1,837
c. Accruals of actuarial (gains) and losses	17,103
d. Contribution from the employer	6,719
e. Payment of retirement benefits	(8,430)
g. <u>Ending balance of pension assets (a + b + c + d + e).....</u>	<u>290,107</u>

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

(Unit: million yen)

a. Project benefit obligation for funded pensions.....	359,773
b. Pension assets	(297,107)
c. Subtotal (a+b)	62,665
d. Project benefit obligation for unfunded pensions	320,399
e. Unrecognized actuarial differences	16,443
f. Unrecognized Past Service Cost	(1,187)
g. <u>Net of assets and liabilities recorded in the balance sheet(c + d + e + f) ..</u>	<u>398,321</u>

d) Amount of the components of retirement benefit expenses

(Unit: million yen)

a. Service Cost	26,177
b. Interest Cost	2,058
c. Expected return on assets	(1,837)
d. Amortization of unrecognized actuarial differences	4,114
e. Amortization of unrecognized Past Service cost	174
f. Others	68
g. <u>Retirement benefit expenses for defined benefit plans(a+b+c+d+e+f) ...</u>	<u>30,755</u>

e) The main components of the pension assets

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

Stocks	64%
Asset under joint management	21%
Bonds	2%
Life insurance general accounts	1%
Others	12%
<u>Total</u>	<u>100%</u>

The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2022 was 56%.

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

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

pension assets at present and in future.

g) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of March 31, 2022 were as follows:

Discount rate	0.30%
Expected long-term rate of return	
Defined benefit corporated pension	1.40%
Employee pension trust	0.00%

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans for the fiscal year ended March 31, 2022 was ¥1,602 million.

33. Commitment Line

As of March 31, 2022, there were unused commitment line agreements under which the Company was the lender of ¥43,321 million.

34. Subordinated Debt

As of March 31, 2022, other liabilities included subordinated debt of ¥470,600 million, whose repayment is subordinated to other obligations.

35. Subordinated Bonds

As of March 31, 2022, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million; whose repayment is subordinated to other obligations.

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

The estimated future obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2022 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 FISCAL YEAR ENDED MARCH 31, 2022

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

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

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

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

(2) Reinsurance income

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

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

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

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

(4) Ceding reinsurance commissions

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

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

2. Revenues and Expenses from Transactions with Subsidiaries and Affiliated Companies

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥8,575 million and ¥21,080 million, respectively.

3. Gains/Losses on Sale of Securities, Losses on Valuation of Securities

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥72,595 million, ¥168,291 million, ¥108,840 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 ¥22,418 million, ¥36,529 million, ¥162,205 million and ¥443 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks, foreign securities and other securities of ¥4,908 million, ¥1,750 million and ¥1,821 million, respectively.

4. Reinsurance

In calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥1 million was deducted. In calculating the reversal of policy reserves, a provision for reserves for policy reserves reinsured of ¥485,653 million was added.

5. Gains/Losses on Money Held in Trust

Gains on money held in trust included gains on valuation of securities of ¥373 million

6. Derivative Transaction Gains/Losses

Derivative transaction losses included gains on valuation of ¥12,221 million.

7. Net Income per Share

Net income per share for the fiscal year ended March 31, 2022 was ¥33,296,051.67. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

8. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2022 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

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

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

(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 fiscal year ended March 31, 2022 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 was used as the net sale value.

III. NOTES TO THE UNAUDITED STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2022

4. Number of Shares Outstanding

(Unit: thousands of shares)

	At the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	At the end of the fiscal year
Common stocks	6	-	-	6

5. Dividends on Common Stock

(1) Dividends paid out in the year ended March 31, 2022

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

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

(2) Dividends, the record date of which was March 31, 2022, to be paid out in the year ended March 31, 2023

Date of resolution	June 15, 2022 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥199,776 million
Dividends per share	¥33,296,000
Record date	March 31, 2022
Effective date	June 16, 2022
Dividend resource	Retained earnings

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)		
	Year ended As of March 31, 2021	Year ended As of March 31, 2022
Fundamental revenues	3,437,832	3,681,166
Premium and other income	2,285,471	2,276,134
Investment income	980,967	895,183
[Interest and dividends]	836,571	831,163
Other ordinary revenues	168,223	505,686
Other fundamental revenues (a)	3,170	4,161
Fundamental expenses	2,957,276	3,184,758
Benefits and claims	1,987,585	2,412,726
Provision for policy reserves and others	258,325	44,859
Investment expenses	75,122	77,751
Operating expenses	403,798	410,237
Other ordinary expenses	232,444	239,183
Other fundamental expenses (b)	0	0
Fundamental profit	A 480,556	496,407
Capital gains	376,147	351,901
Gains on money held in trust	4,849	795
Gains on investments in trading securities	-	-
Gains on sale of securities	371,297	351,106
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others (c)	0	0
Capital losses	334,244	283,362
Losses on money held in trust	-	-
Losses on investments in trading securities	-	-
Losses on sale of securities	125,323	221,597
Losses on valuation of securities	1,285	8,479
Derivative transaction losses	172,879	38,627
Foreign exchange losses	31,586	10,495
Others (d)	3,170	4,161
Net capital gains (losses)	B 41,902	68,539
Fundamental profit plus net capital gains (losses)	A + B 522,459	564,947
Other one-time gains	326,273	494,562
Reinsurance income	-	-
Reversal of contingency reserve	28,600	-
Reversal of specific reserve for possible loan losses	-	-
Others (Note 1)	297,673	494,562
Other one-time losses	474,932	680,589
Ceding reinsurance commissions	-	-
Provision for contingency reserve	-	-
Provision for specific reserve for possible loan losses	1,616	4,444
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	43	41
Others (Note 2)	473,272	676,102
Other one-time profits (losses)	C (148,659)	(186,027)
Ordinary profit	A + B + C 373,799	378,920

(Reference) Breakdown of other fundamental revenues, etc. (millions of yen)		
	Year ended As of March 31, 2021	Year ended As of March 31, 2022
Other fundamental revenues (a)	3,170	4,161
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	3,170	4,161
Other fundamental expenses (b)	0	0
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	-	-
The impact on fundamental profit (a) - (b)	3,170	4,161
Other capital gains (c)	0	0
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	-	-
Other capital losses (d)	3,170	4,161
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	3,170	4,161
The impact on net capital gains (losses) (c) - (d)	(3,170)	(4,161)

Note 1: "Others" in "Other one-time gains" represents the amount of policy reserves for individual life insurance and annuities provided for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act (For the fiscal year ended March 31, 2021: 297,673 million yen, For the fiscal year ended March 31, 2022: 494,562 million yen).

Note 2: "Others" in "Other one-time losses" represents the sum of the amount of ceding reinsurance commissions for individual life insurance and annuities provided for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act (For the fiscal year ended March 31, 2021: 377,046 million yen, For the fiscal year ended March 31, 2022: 603,259 million yen), the amount of provision for reserve for possible investment losses (For the fiscal year ended March 31, 2021 : 295 million yen, For the fiscal year ended March 31, 2022 : 247 million yen) and the amount of the additional policy reserves provided (For the fiscal year ended March 31, 2021 : 95,930 million yen, For the fiscal year ended March 31, 2022 : 72,596 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

8. Disclosed Claims Based on Insurance Business Act

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Claims against bankrupt and quasi-bankrupt obligors	67	79
Claims with collection risk	3,216	7,273
Claims that are overdue for 3 months or more	—	—
Claims with repayment relaxation	833	1,108
Subtotal	4,117	8,460
[Percentage]	[0.08%]	[0.12%]
Claims against normal obligors	4,885,696	7,317,803
Total	4,889,814	7,326,264

- Note:
1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization, 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. (Excludes the claims listed in Note 1)
 3. Loans that are overdue for three months or more are loans for which payment of principal or interest is delayed for three months or more from the day following the contracted payment date. (Excludes the claims listed in Note 1 and 2)
 4. Claims with repayment relaxation are arrangements that are advantageous to the debtor, such as interest rate reduction and exemption, interest payment deferment, principal repayment deferment, debt waiver, etc., for the purpose of rebuilding or supporting the debtor (Excluding items mentioned in Note from 1 to 3 above).
 5. Claims against normal obligors are all other loans.

9. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	6,990,487	6,483,789
Common stock, etc. *1	468,500	430,227
Reserve for price fluctuations	233,453	250,453
Contingency reserve	599,893	599,893
General reserve for possible loan losses	311	260
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2	3,154,539	2,642,604
Net unrealized gains (losses) on real estate × 85% *2	255,652	361,793
Policy reserves in excess of surrender values	2,164,644	2,079,201
Qualifying subordinated debt	866,877	839,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(825,614)	(769,078)
Excluded items	-	(500)
Others	72,228	49,616
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,491,653	1,429,122
Insurance risk R_1	67,454	67,977
3rd sector insurance risk R_8	166,267	158,996
Assumed investment yield risk R_2	179,312	165,744
Guaranteed minimum benefit risk R_7 *3	2,910	2,901
Investment risk R_3	1,257,115	1,209,806
Business risk R_4	33,461	32,108
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	937.2%	907.3%

*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 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 for the Fiscal Year Ended March 31, 2022

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Individual variable insurance	60,788	62,881
Individual variable annuities	34,213	33,473
Group annuities	1,480,098	1,668,678
Separate account total	1,575,100	1,765,033

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

(millions of yen except number of policies)

	As of March 31, 2021		As of March 31, 2022	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	8	56	4	25
Variable insurance (whole life)	39,539	242,920	38,669	238,167
Total	39,547	242,977	38,673	238,193

Note: Policies in force include term life riders.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	%	Amount	%
Cash, deposits, and call loans	4	0.0	6	0.0
Securities	57,380	94.4	60,038	95.5
Domestic bonds	15,997	26.3	17,228	27.4
Domestic stocks	17,548	28.9	18,606	29.6
Foreign securities	23,835	39.2	24,203	38.5
Foreign bonds	6,240	10.3	6,291	10.0
Foreign stocks and other securities	17,594	28.9	17,912	28.5
Other securities	-	-	-	-
Loans	-	-	-	-
Others	3,402	5.6	2,836	4.5
Reserve for possible loan losses	-	-	-	-
Total	60,788	100.0	62,881	100.0

C. Investment gains and losses of separate account for individual variable insurance

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Interest and dividends	824	964
Gains on sale of securities	2,386	3,549
Gains on redemption of securities	-	-
Gains on valuation of securities	14,941	13,202
Foreign exchange gains	121	88
Derivative transaction gains	20	68
Other investment income	1	0
Losses on sale of securities	1,124	412
Losses on redemption of securities	-	-
Losses on valuation of securities	3,607	12,273
Foreign exchange losses	76	127
Derivative transaction losses	62	52
Other investment expenses	0	0
Net investment income	13,425	5,007

D. Fair value information on securities in separate account for individual variable insurance

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	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	57,380	11,334	60,038	928

* Fair value information on money held in trust

The Company had no balance as of March 31, 2021 or March 31, 2022.

(3) Individual Variable Annuities (Separate Account)

A. Sum insured of policies in force

(millions of yen except number of policies)

	As of March 31, 2021		As of March 31, 2022	
	Number	Amount	Number	Amount
Individual variable annuities	5,318	25,252	4,488	21,104

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

B. Breakdown of separate account assets for individual variable annuities

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	%	Amount	%
Cash, deposits, and call loans	326	1.0	282	0.8
Securities	31,873	93.2	31,609	94.4
Domestic bonds	8,161	23.9	9,014	26.9
Domestic stocks	7,284	21.3	7,579	22.6
Foreign securities	4,046	11.8	4,247	12.7
Foreign bonds	1,572	4.6	1,749	5.2
Foreign stocks and other securities	2,473	7.2	2,498	7.5
Other securities	12,380	36.2	10,768	32.2
Loans	-	-	-	-
Others	2,014	5.9	1,581	4.7
Reserve for possible loan losses	-	-	-	-
Total	34,213	100.0	33,473	100.0

C. Investment gains and losses of separate account for individual variable annuities

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Interest and dividends	1,880	1,490
Gains on sales of securities	561	872
Gains on redemption of securities	-	-
Gains on valuation of securities	9,836	8,161
Foreign exchange gains	27	19
Derivative transaction gains	4	17
Other investment income	0	0
Losses on sales of securities	374	155
Losses on redemption of securities	-	2
Losses on valuation of securities	4,577	9,171
Foreign exchange losses	17	32
Derivative transaction losses	14	14
Other investment expenses	0	0
Net investment income	7,327	1,185

D. Fair value information on securities in separate account for individual variable annuities

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	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	31,873	5,259	31,609	(1,010)

* Fair value information on money held in trust

The Company had no balance as of March 31, 2021 or March 31, 2022.

11. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2022
Ordinary revenues	3,811,851	4,450,973
Ordinary profit	372,786	378,431
Net income attributable to shareholders of parent company	195,059	199,287
Comprehensive income	810,040	(210,130)

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total assets	38,923,206	38,679,002
Solvency margin ratio	947.7%	921.5%

(2) Scope of Consolidation and Application of Equity Method

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

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

(millions of yen)

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

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

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

(5) Unaudited Consolidated Statement of Cash Flows

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes	273,201	267,909
Depreciation of real estate for rent and others	13,171	13,439
Depreciation	36,489	39,815
Impairment losses on fixed assets	2,552	3,850
Increase (decrease) in reserves for outstanding claims	20,679	36,595
Increase (decrease) in policy reserves	(908)	(761,501)
Provision for interest on policyholder dividends	8,218	8,264
Provision for (reversal of) reserve for policyholder dividends	77,500	87,500
Increase (decrease) in reserve for possible loan losses	1,798	4,143
Increase (decrease) in reserve for possible investment losses	(180)	152
Write-down of loans	43	41
Increase (decrease) in net defined benefit liabilities	2,134	(1,816)
Increase (decrease) in reserve for retirement benefits of directors executive officers and corporate auditors	(190)	(69)
Increase (decrease) in reserve for price fluctuations	18,000	17,000
Interest and dividends	(836,660)	(831,209)
Securities related losses (gains)	(381,706)	(179,092)
Interest expenses	12,358	10,375
Foreign exchange losses (gains)	31,837	10,113
Losses (gains) on disposal of fixed assets	1,038	1,733
Equity in losses (income) of affiliates	181	352
Decrease (increase) in reinsurance receivable	(21,366)	(28,542)
Decrease (increase) in other assets unrelated to investing and financing activities	8,834	(98,852)
Increase (decrease) in reinsurance payable	(134,441)	169,359
Increase (decrease) in other liabilities unrelated to investing and financing activities	(48,673)	(32,782)
Others, net	208,950	84,076
Subtotal	(707,138)	(1,179,145)
Interest and dividends received	859,457	858,307
Interest paid	(15,809)	(14,613)
Policyholder dividends paid	(84,461)	(83,541)
Others, net	(333,890)	(353,395)
Corporate income taxes (paid) refund	(65,561)	(87,244)
Net cash flows provided by (used in) operating activities	(347,404)	(859,632)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in cash and deposits	-	(80)
Purchases of monetary claims bought	(48,967)	(30,229)
Proceeds from sale and redemption of monetary claims bought	15,459	39,597
Purchases of money held in trust	-	(5,000)
Proceeds from decrease in money held in trust	31,348	1,321
Purchases of securities	(7,450,592)	(6,325,117)
Proceeds from sale and redemption of securities	6,185,137	6,991,915
Origination of loans	(616,958)	(684,636)
Proceeds from collection of loans	586,560	697,277
Net increase (decrease) in short-term investing	1,460,596	653,018
Total of net cash provided by (used in) investment transactions	162,583	1,338,068
Total of net cash provided by (used in) operating activities and investment transactions	(184,820)	478,435
Acquisition of tangible fixed assets	(35,988)	(96,724)
Proceeds from sale of tangible fixed assets	23,282	31,899
Acquisition of intangible fixed assets	(29,591)	(38,936)
Proceeds from sale of intangible fixed assets	1	694
Acquisition of stock of subsidiaries and affiliates	(966)	-
Net cash flows provided by (used in) investing activities	119,321	1,235,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	246,600	80,000
Repayment of borrowings	(139,000)	-
Redemption of bonds	-	(107,562)
Repayment of financial lease obligations	(1,809)	(1,747)
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	(45,288)	(238,145)
Effect of exchange rate changes on cash and cash equivalents	920	118
Net increase (decrease) in cash and cash equivalents	(272,450)	137,340
Cash and cash equivalents at the beginning of the year	1,059,365	786,914
Cash and cash equivalents at the end of the year	786,914	924,255

(6) Unaudited Consolidated Statement of Changes in Net Assets

Year ended March 31, 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	199,422	629,422	1,916,417	21,312
Changes for the year						
Dividends			(151,084)	(151,084)		
Net income attributable to shareholders of parent company			195,059	195,059		
Transfer from reserve for land revaluation			4,048	4,048		
Others				-		
Net changes of items other than shareholders' equity					620,191	(24,814)
Total changes for the year	-	-	48,023	48,023	620,191	(24,814)
Balance at the end of the year	60,000	370,000	247,446	677,446	2,536,608	(3,501)

(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 year					
Dividends					(151,084)
Net income attributable to shareholders of parent company					195,059
Transfer from reserve for land revaluation					4,048
Others					-
Net changes of items other than shareholders' equity	(4,048)	592	19,011	610,931	610,931
Total changes for the year	(4,048)	592	19,011	610,931	658,955
Balance at the end of the year	(22,026)	497	(4,869)	2,506,708	3,184,154

Year ended March 31, 2022

(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 year						
Dividends		(49,999)	(158,716)	(208,716)		
Net income attributable to shareholders of parent company			199,287	199,287		
Transfer from reserve for land revaluation			(38,695)	(38,695)		
Others			0	0		
Net changes of items other than shareholders' equity					(406,195)	(18,119)
Total changes for the year	-	(49,999)	1,875	(48,124)	(406,195)	(18,119)
Balance at the end of the year	60,000	320,000	249,321	629,322	2,130,413	(21,621)

(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 year					
Dividends					(208,716)
Net income attributable to shareholders of parent company					199,287
Transfer from reserve for land revaluation					(38,695)
Others					0
Net changes of items other than shareholders' equity	38,669	(942)	15,864	(370,722)	(370,722)
Total changes for the year	38,669	(942)	15,864	(370,722)	(418,847)
Balance at the end of the year	16,643	(445)	10,995	2,135,985	2,765,307

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

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) The number of consolidated subsidiaries as of March 31, 2022: 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 March 31, 2022: 25

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

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

2. Application of the Equity Method

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

(2) The number of affiliated companies under the equity method as of March 31, 2022: 2

The affiliated companies of the Company included:

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

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

3. Year-end Dates of a Consolidated Subsidiary

The closing date of a consolidated subsidiary is March 31.

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2022

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 March 31, 2022 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.

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2022 was ¥616,128 million.

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

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

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2022 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 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.

(Hedging relationships to which the “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR”)

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

Hedging method: the exceptional accrual method
Hedging instruments: Interest-rate swaps
Hedged items: Loans
Type of hedging transactions: Transactions that fix cash flow

14. Calculation of National and Local Consumption Tax

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

15. 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 the end of the fiscal year, in preparation for the performance of future obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated 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 fiscal year ended March 31, the Company 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 have applied new accounting policies since the beginning of the fiscal year ended March 31, 2022. As a result, in principle, while fair value of domestic stocks was previously determined based on the average market price over the month preceding the consolidated balance sheet date, from the end of the fiscal year ended March 31, 2022, fair value of domestic stocks is determined based on the market price as of the consolidated balance sheet date.

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

17. Financial Instruments and Others

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

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

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

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

b) Financial Instruments Used and Their Risks

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

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

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

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

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

c) Risk Management

The risk management system of the Company is as follows:

i) Market Risk Management

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

(a) Interest rate risk

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

(b) Currency risk

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

(c) Fluctuation in market values

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

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

(d) Derivative transactions

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

ii) Credit Risk Management

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

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

d) Supplementary Explanation for Fair Value of Financial Instruments

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

(2) Fair Value of Financial Instruments

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

As of March 31, 2022	Carrying amount	Fair value	Gains (Losses)
(Unit: million yen)			
(1) Monetary claims bought.....	239,896	239,896	-
(2) Money in held trust.....	12,164	12,164	-
(3)Securities (*2)			
a. Trading securities.....	1,043,161	1,043,161	-
b. Held-to-maturity.....	48,678	49,563	884
c. Policy-reserve-matching bonds....	14,257,659	15,739,225	1,481,566
d. Available-for-sale securities.....	16,695,365	16,695,365	-
(4) Loans.....	2,569,190		
Reserve for possible loan losses (*3)	(4,819)		
	2,564,371	2,596,244	31,873
Total assets.....	34,861,295	36,375,620	1,514,324
(1) Bonds payable.....	368,715	371,486	2,771
(2) Long-term borrowings.....	470,600	465,819	(4,780)
Total liabilities.....	839,315	837,305	(2,009)
Derivative transactions (* 4)			
a. Hedge accounting not applied.....	[15,423]	[15,423]	-
b. Hedge accounting applied.....	[478,410]	[477,826]	584
Total derivative transactions.....	[493,834]	[493,250]	584

(*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 March 31, 2022	Carrying amount (Unit: million yen)
Stocks with no market prices, etc. (*a)(*c).....	51,463
Ownership stakes in partnerships, etc. (*b)(*c).....	639,068

(*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.

(*c) The Company recorded impairment charges of ¥1,155 million for the fiscal year ended March 31, 2022.

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

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

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

The fair values of financial instruments are classified into the following three levels 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 consolidated balance sheets

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

(*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 consolidated balance sheet includes Money held in trust of ¥1,974 million and Securities of ¥2,193,105 million.

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

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

(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 March 31, 2022. Therefore, that amount (the carrying amount on the consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

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

● Liabilities

Bonds payable

The fair value of bonds 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 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	5.87%

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

As of March 31, 2022	Beginning balance	Gain/Loss recorded in consolidated statement of earnings (*1)	Gain/Loss recorded in consolidated statement of comprehensive income (*2)	Variable amount (net amount) by purchase, sale, issue and settlement	Increase by transfer to the financial instruments of Level 3(*3)	Ending balance	Out of above "Gain/Loss recorded in consolidated statement of earnings", valuation gain/loss resulting from financial instruments held at the end of period
(Unit: million yen)							
Monetary claims bought.....	252,140	(1,831)	(1,073)	(9,338)	-	239,896	(1,777)
Securities							
Trading securities	-	-	-	-	12	12	-
Available-for-sale securities							
Corporate bonds.....	8,182	774	(4)	(985)	-	7,966	682
Foreign bonds.....	145,943	3,853	3,993	2,176	-	155,966	8,610
Other foreign securities.....	20,248	-	2,483	(1,875)	-	20,855	-

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

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

(*3) Transfer from Level 2 fair value to Level 3 fair value due to the lack of observable market data due to decreased market activity.

(iii) Description of the fair value valuation process

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

18. Real Estate for Rent

The Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2022 was ¥32,303 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Company recorded gains on sale of ¥4,127 million and impairment loss of ¥3,848 million on rental real estate as extraordinary gains and extraordinary losses respectively for the fiscal year ended March 31, 2022.

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

(Unit: million yen)

Carrying amount	
Beginning balance	787,387
Net change for the year	72,549
Ending balance	859,937
Fair value	1,144,726

(*1) The carrying amount of rental real estate on the balance sheet was acquisition costs net of accumulated depreciation and impairments.

(*2) Net change in the carrying amount included cost of acquisition of the real estate of ¥98,927 million, sale of the real estate of ¥24,096 million, depreciation expense of ¥13,423 million, and impairment loss of ¥3,848 million.

(*3) The Company calculates the fair value of the majority of the rental real estate based on real estate appraisal standards and assessment by an independent appraiser, and others based on internal but reasonable estimates.

19. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2022 was ¥4,669,012 million.

20. Problem Loans

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

	(Unit: million yen)
Claims against bankrupt and quasi-bankrupt obligors	79
Claims with collection risk	7,273
Claims that are overdue for three months or more	-
Claims with repayment relaxation	1,108
<u>Total</u>	<u>8,460</u>

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.

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.

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

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

As a result of the direct write-off of claims described in Note 7, the decrease in claims against bankrupt and quasi-bankrupt obligors was ¥1 million.

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 ¥1,765,033 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.	250,002

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 fiscal year	83,541
Interest accrual during the fiscal year	8,264
<u>Provision for reserve for policyholder dividends</u>	<u>87,500</u>
<u>Balance at the end of March 31</u>	<u>413,222</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 March 31, 2022 were as follows:

(Unit: million yen)	
Stocks	4,337
Capital	188,193
<u>Total</u>	<u>192,531</u>

25. Organizational Change Surplus

As of March 31, 2022, 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	3,227,718
Cash and deposits	86
<u>Total</u>	<u>3,227,805</u>

The amounts of secured liabilities were as follows:

(Unit: million yen)	
Payables under repurchase agreements	2,954,780

The amounts of “Securities” pledged as collateral under repurchase agreements as of March 31, 2022 was ¥2,797,311 million.

27. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2022 was ¥460,884,611.14.

28. Employees' Retirement Benefits

(1) Overview of Employees' Retirement Benefit Plan of the Company

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

(2) Defined Benefit Plan

a) Reconciliations of beginning and ending balances of projected benefit obligations

(Unit: million yen)	
a. Beginning balance of the projected benefit obligations	686,771
b. Service cost	26,177
c. Interest cost	2,058
d. Accruals of actuarial (gains) and losses	(577)
e. Payment of retirement benefits	(33,345)
f. Others	(911)
<u>g. Ending balance of the projected benefit obligation (a + b + c + d + e + f + g)</u>	<u>680,173</u>

b) Reconciliations of beginning and ending balances of pension assets

	(Unit: million yen)
a. Beginning balance of pension assets	279,877
b. Estimated return on assets	1,837
c. Accruals of actuarial (gains) and losses	17,103
d. Contribution from the employer	6,719
e. Payment of retirement benefits	(8,430)
f. <u>Ending balance of pension assets (a + b + c + d + e).....</u>	<u>297,107</u>

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

	(Unit: million yen)
a. Projected benefit obligation for funded pensions	359,773
b. Pension assets	(297,107)
c. <u>Subtotal (a + b)</u>	<u>62,665</u>
d. <u>Projected benefit obligation for unfunded pensions</u>	<u>320,399</u>
e. <u>Net of assets and liabilities recorded in the consolidated balance sheet (c+ d)</u>	<u>383,065</u>
f. Net defined benefit liabilities	383,065
g. Net defined benefit assets	-
h. <u>Net of assets and liabilities recorded in the balance sheet (f+ g)</u>	<u>383,065</u>

d) Amount of the components of retirement benefit expenses

	(Unit: million yen)
a. Service cost	26,177
b. Interest cost	2,058
c. Expected return on assets	(1,837)
d. Expense of actuarial (gains) and losses	4,114
e. Expense of past service cost	174
f. Others	68
g. <u>Retirement benefit expenses for defined benefit plans (a + b + c + d + e + f).....</u>	<u>30,755</u>

e) Remeasurements of defined benefit plans

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

	(Unit: million yen)
Past service cost	151
Actuarial gains (losses)	21,860
<u>Total</u>	<u>22,012</u>

f) Accumulated remeasurements of defined benefit plans

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

	(Unit: million yen)
Unrecognized past service cost	1,187
Unrecognized actuarial gains (losses)	(16,443)
<u>Total</u>	<u>(15,256)</u>

g) Pension assets

i. The main components of the pension assets

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

Stocks	64%
Assets under joint management	21%
Life insurance general account	2%
Bonds	1%
Others	12%
<u>Total</u>	<u>100%</u>

Note: The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2022 was 56%

ii. The method of setting the expected long-term rate of return on pension assets

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

h) Calculation basis of actuarial gains and losses

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

Discount rate	0.30%
Expected long-term rate of return	
Defined benefit corporate pension	1.40%
Employee pension trust	0.00%

(3) Defined Contribution Plan

Required amounts of contribution to defined contribution plans of the Company for the fiscal years ended March 31, 2022 was ¥1,602million.

29. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2022, the market value of the securities which were not sold or pledged as collateral was ¥4,692 million. None of the securities were pledged as collateral as of March 31, 2022.

30. Commitment Line

As of March 31, 2022, there were unused commitment line agreements, under which the Company was the lenders, of ¥43,321 million.

31. Subordinated Debt and Other Liabilities

As of March 31, 2022, other liabilities included subordinated debt of ¥470,600 million, whose repayment is subordinated to other obligations.

32. Bonds Payable

As of March 31, 2022, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million, whose repayment is subordinated to other obligations.

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

The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2022 were ¥47,066 million. These obligations will be recognized as operating expenses for the years in which they are paid.

34. Application of the Group Tax Sharing System

Since the Company will adopt the Japanese Group Relief System from the fiscal year ending March 31, 2023, in which Dai-ichi Life Holdings, Inc. will be the tax sharing parent company, the Company has applied the accounting and disclosure treatment of deferred tax accounting related to corporate tax and local corporate tax assuming the application of the Japanese Group Relief System based on the Practical Solution on the Accounting and Disclosure Under the Japanese Group Relief System (ASBJ PITF No. 42 August 12, 2021) since the end of the fiscal year ended March 31, 2022.

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED March 31, 2022

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

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

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

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

(2) Reinsurance Income

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

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

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

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

(4) Ceding reinsurance commissions

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

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

2. Net Income per Share

Net income per share for the fiscal year ended March 31, 2022 was ¥33,214,545.02. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2022 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

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

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

(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 fiscal year ended March 31, 2022 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 STATEMENTS OF COMPREHENSIVE INCOME FOR THE FISCAL YEAR ENDED MARCH 31, 2022

	(Unit: million yen)
Net unrealized gains (losses) on securities, net of tax	
Amount incurred during the fiscal year ended March 31, 2022	(444,239)
Amount reclassified	(119,023)
Before tax adjustment	(563,263)
Tax effect	157,068
Net unrealized gains (losses) on securities, net of tax	(406,195)
Deferred hedge gains (losses)	
Amount incurred during the fiscal year ended March 31, 2022	(26,870)
Amount reclassified	1,728
Before tax adjustment	(25,142)
Tax effect	7,022
Deferred hedge gains (losses)	(18,119)
Reserve for land revaluation	
Amount incurred during the fiscal year ended March 31, 2022	-
Amount reclassified	-
Before tax adjustment	-
Tax effect	(25)
Reserve for land revaluation	(25)
Foreign currency translation adjustments	
Amount incurred during the fiscal year ended March 31, 2022	(942)
Amount reclassified	-
Before tax adjustment	(942)
Tax effect	-
Foreign currency translation adjustments	(942)
Remeasurements of defined benefit plans, net of tax	
Amount incurred during the fiscal year ended March 31, 2022	17,681
Amount reclassified	4,330
Before tax adjustment	22,012
Tax effect	(6,147)
Remeasurements of defined benefit plans	15,864
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	
Amount incurred during the fiscal year ended March 31, 2022	(0)
Amount reclassified	-
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(0)
Total other comprehensive income	(409,417)

**V. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED
March 31, 2022**

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.

VI. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE FISCAL YEAR ENDED March 31, 2022

1. Type and Number of Shares Outstanding

	At the beginning of the year	Increase	Decrease	As of March 31,2022
(Unit: thousands shares)				
Common stock.....	6	-	-	6

2. Dividends on Common Stock

(1) Cash Dividends

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

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

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

Date of resolution	June 15, 2022 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥199,776 million
Dividends per share	¥33,296,000
Record date	March 31, 2022
Effective date	June 16, 2022
Dividend resource	Retained earnings

(7) Consolidated Claims Based on Insurance Business Act

(millions of yen)

Category	Year ended March 31, 2021	Year ended March 31, 2022
Claims against bankrupt and quasi-bankrupt obligors	67	79
Claims with collection risk	3,216	7,273
Claims that are overdue for three months or more	-	-
Claims with repayment relaxation	833	1,108
Subtotal	4,117	8,460
[Percentage]	[0.08%]	[0.12%]
Claims against normal obligors	4,885,696	7,317,803
Total	4,889,814	7,326,264

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. (Excluding the claims listed in Note 1)
3. Claims that are overdue for three months or more are loans for which payment of principal or interest is delayed for three months or more from the day following the contracted payment date. (Excluding the claims listed in Note 1 and 2)
4. Claims with repayment relaxation are arrangements that are advantageous to the debtor, such as interest rate reduction and exemption, interest payment deferment, principal repayment deferment, debt waiver, etc., for the purpose of rebuilding or supporting the debtor (Excluding items mentioned in Note from 1 to 3 above).
5. Claims against normal obligors are all other loans. (Excluding items mentioned in Note from 1 to 4 above).

(8) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	6,817,494	6,310,480
Common stock, etc. ^{*1}	470,534	431,384
Reserve for price fluctuations	233,453	250,453
Contingency reserve	599,893	599,893
Catastrophe loss reserve	-	-
General reserve for possible loan losses	333	278
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% ^{*2}	3,154,539	2,642,604
Net unrealized gains (losses) on real estate × 85% ^{*2}	255,652	361,793
Sum of unrecognized actuarial differences and unrecognized past service cost	(6,395)	15,522
Policy reserves in excess of surrender values	2,164,644	2,079,201
Qualifying subordinated debt	866,877	839,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(825,614)	(769,078)
Excluded items	(168,653)	(190,520)
Others	72,228	49,631
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	1,369,500
Insurance risk R_1	67,456	67,983
General insurance risk R_5	-	-
Catastrophe risk R_6	-	-
3rd sector insurance risk R_8	166,267	158,996
Small amount and short-term insurance risk R_9	-	15
Assumed investment yield risk R_2	179,312	165,744
Guaranteed minimum benefit risk R_7 ^{*3}	2,910	2,901
Investment risk R_3	1,204,518	1,150,543
Business risk R_4	32,409	30,923
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	947.7%	921.5%

*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.

Note: 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.

(9) 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.