
Financial Results for the Fiscal Year Ended March 31, 2022

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

Policies in Force

(millions of yen except percentages)

	As of March 31, 2021		As of March 31, 2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Individual insurance	418,614	117.1	496,071	118.5
Individual annuities	442,393	98.2	402,319	90.9
Total	861,007	106.6	898,391	104.3
Medical and survival benefits	1,581	-	3,064	193.8

New Policies

(millions of yen except percentages)

	Year ended March 31, 2021		Year ended March 31, 2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Individual insurance	52,912	72.2	60,200	113.8
Individual annuities	24,643	52.9	57,737	234.3
Total	77,556	64.7	117,938	152.1
Medical and survival benefits	1,557	-	1,384	88.9

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

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

(2) Policies in Force and New Policies

Policies in Force

	As of March 31, 2021				As of March 31, 2022			
	Number of policies		Amount		Number of policies		Amount	
	(thousands)	% of March 31, 2020 total	(millions of yen)	% of March 31, 2020 total	(thousands)	% of March 31, 2021 total	(millions of yen)	% of March 31, 2021 total
Individual insurance	734	106.0	5,154,172	117.7	827	112.8	6,037,397	117.1
Individual annuities	829	90.6	4,166,339	98.8	731	88.3	3,797,030	91.1
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

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

New Policies

Year ended March 31, 2022						
	Number of policies		Amount			
	(thousands)	% of March 31, 2021 total	(millions of yen)	% of March 31, 2021 total	New Business	Net increase from conversions
Individual insurance	81	117.1	609,396	117.4	609,396	-
Individual annuities	101	176.7	450,050	206.2	450,050	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Year ended March 31, 2021						
	Number of policies		Amount			
	(thousands)	% of March 31, 2020 total	(millions of yen)	% of March 31, 2020 total	New Business	Net increase from conversions
Individual insurance	69	57.2	519,033	63.1	519,033	-
Individual annuities	57	58.6	218,216	56.0	218,216	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

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

	Individual Insurance		Individual annuities		Group Insurance		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Death benefits								
General	827	6,037,397	-	-	-	-	827	6,037,397
Accidental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Survival benefits	-	-	731	3,797,030	-	-	731	3,797,030
Hospitalization benefits								
Accidental	-	-	-	-	-	-	-	-
Illness	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Injury benefits	-	-	-	-	-	-	-	-
Surgery benefits	-	-	-	-	-	-	-	-

	Group annuities		Financial insurance / Financial annuities		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Survival benefits	-	-	-	-	-	-

	Medical care insurance	
	Policies (thousands)	Amount (millions of yen)
Hospitalization benefits	-	-

	Group disability	
	Policies (thousands)	Amount (millions of yen)
Disability benefits	-	-

Note: Survival benefit amounts for individual annuities are the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

3. Investment of General Account Assets

(1) Overview of Investment of General Account Assets for the Fiscal Year ended March 31, 2022

A. Investment 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%

[U.S. Interest Rates and Foreign Currency]

The Federal Reserve Board resolved to raise interest rates in response to rapid inflation in the United States, bringing to an end its zero-interest-rate-policy, which had been in place since March 2020. The ten-year US Treasury Note yield rose and the US dollar trended upwards due to expectations in financial markets that incremental interest rate hikes will continue.

Yield on ten-year U.S. government bonds:	April 1, 2021	1.740%
	March 31, 2022	2.338%
yen/U.S. dollar:	April 1, 2021	¥110.71
	March 31, 2022	¥122.39

[Australian Interest Rates and Foreign Currency]

The ten-year Australian government bond yield trended higher due to the interest rate rise in the United States and anticipated normalization of the Australian economy. Against the backdrop of rising resource prices and expectations that the Reserve Bank of Australia would raise interest rates, the Australian dollar at one point rose to above 94 Japanese yen.

Yield on ten-year Australian government bonds:	April 1, 2021	1.786%
	March 31, 2022	2.840%
yen/Australian dollar:	April 1, 2021	¥84.36
	March 31, 2022	¥92.00

B. Investment Policies

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

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

C. Investment Results

〈 Assets 〉

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

〈 Investment Income and Expenses 〉

Investment income was 676,835 million yen mainly due to foreign exchange gains (465,724 million yen), interest and dividends received (173,112 million yen), and gains on sale of securities (36,972 million yen). Investment expenses were 21,695 million yen, mainly due to losses on sale of securities (12,827 million yen), derivative transaction losses (5,822 million yen), and losses on money held in trust (2,365 million yen).

(2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2021		As of March 31, 2022	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	785,833	9.1	1,051,750	11.7
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	-	-	16,006	0.2
Trading account securities	-	-	-	-
Money held in trust	1,123,204	13.0	1,074,756	11.9
Securities	6,481,546	74.8	6,394,899	71.0
Domestic bonds	1,645,775	19.0	1,663,559	18.5
Domestic stocks	-	-	-	-
Foreign securities	4,650,664	53.7	4,559,118	50.6
Foreign bonds	4,650,664	53.7	4,559,118	50.6
Foreign stocks and other securities	-	-	-	-
Other securities	185,106	2.1	172,221	1.9
Loans	-	-	-	-
Real estate	95	0.0	795	0.0
Deferred tax assets	-	-	42,680	0.5
Others	270,224	3.1	430,490	4.8
Reserve for possible loan losses	(14)	(0.0)	(16)	(0.0)
Total	8,660,888	100.0	9,011,363	100.0
Foreign currency-denominated assets	5,213,036	60.2	5,300,105	58.8

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

(3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	520,943	265,917
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	-	16,006
Trading account securities	-	-
Money held in trust	118,415	(48,447)
Securities	149,840	(86,646)
Domestic bonds	146,719	17,783
Domestic stocks	-	-
Foreign securities	2,243	(91,546)
Foreign bonds	2,243	(91,546)
Foreign stocks and other securities	-	-
Other securities	877	(12,884)
Loans	-	-
Real estate	6	699
Deferred tax assets	-	42,680
Others	29,908	160,266
Reserve for possible loan losses	(3)	(1)
Total	819,111	350,474
Foreign currency-denominated assets	71,974	87,068

(4) Investment Income

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Interest and dividends	180,169	173,112
Interest from bank deposits	34	29
Interest and dividends from securities	179,756	172,612
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	378	470
Gains on trading account securities	-	-
Gains on money held in trust	23,330	-
Gains on investment in trading securities	-	-
Gains on sale of securities	94,835	36,972
Gains on sale of domestic bonds	2,248	3,369
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	92,587	33,603
Others	-	-
Gains on redemption of securities	292	1,022
Derivative transaction gains	122,761	-
Foreign exchange gains	478,295	465,724
Reversal of reserve for possible loan losses	-	-
Other investment income	8	3
Total	899,693	676,835

(5) Investment Expenses

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Interest expenses	4	13
Losses on trading account securities	-	-
Losses on money held in trust	-	2,365
Losses on investment in trading securities	-	-
Losses on sale of securities	1,220	12,827
Losses on sale of domestic bonds	229	1,498
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	990	11,329
Others	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Others	-	-
Losses on redemption of securities	138	0
Derivative transaction losses	-	5,822
Foreign exchange losses	-	-
Provision for reserve for possible loan losses	3	1
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	617	663
Total	1,984	21,695

(6) Other Information on Investments

A. Rates of return

	(%)	
	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	3.37	1.11
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	-	1.26
Trading account securities	-	-
Money held in trust	2.30	(0.22)
Securities	13.47	10.90
Domestic bonds	2.81	3.92
Domestic stocks	-	-
Foreign securities	17.69	13.84
Loans	-	-
Real Estate	-	-
Total	12.04	8.13
Foreign investments	18.23	13.93

Notes: 1. Rates of return above were calculated by dividing the net investment income included in net surplus from operations by the average daily balance on a book value basis.

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

B. Valuation Gains and Losses on Trading Securities

	(millions of yen)			
	As of March 31, 2021		As of March 31, 2022	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	1,123,204	23,330	1,074,756	(2,365)

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

C. Fair Value Information on Securities (Other than trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2022					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,593,287	3,610,856	17,568	88,436	70,867
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,829,756	2,817,617	(12,139)	35,550	47,689
Domestic bonds	472,367	475,886	3,518	7,213	3,694
Domestic stocks	-	-	-	-	-
Foreign securities	2,171,136	2,153,503	(17,632)	26,261	43,893
Foreign bonds	2,171,136	2,153,503	(17,632)	26,261	43,893
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,145	172,221	2,076	2,076	-
Monetary claims bought	16,107	16,006	(101)	-	101
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,423,044	6,428,474	5,429	123,987	118,557
Domestic bonds	1,660,040	1,702,940	42,900	54,715	11,815
Domestic stocks	-	-	-	-	-
Foreign securities	4,576,750	4,537,305	(39,444)	67,195	106,639
Foreign bonds	4,576,750	4,537,305	(39,444)	67,195	106,639
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,145	172,221	2,076	2,076	-
Monetary claims bought	16,107	16,006	(101)	-	101
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2021					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,402,501	3,609,308	206,807	227,336	20,529
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,876,582	3,079,044	202,462	211,777	9,315
Domestic bonds	460,427	476,511	16,084	16,402	318
Domestic stocks	-	-	-	-	-
Foreign securities	2,245,655	2,417,427	171,771	180,768	8,997
Foreign bonds	2,245,655	2,417,427	171,771	180,768	8,997
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,500	185,106	14,606	14,606	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,279,083	6,688,353	409,269	439,113	29,844
Domestic bonds	1,629,691	1,716,011	86,320	89,056	2,736
Domestic stocks	-	-	-	-	-
Foreign securities	4,478,892	4,787,235	308,342	335,451	27,108
Foreign bonds	4,478,892	4,787,235	308,342	335,451	27,108
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,500	185,106	14,606	14,606	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

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

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

Not applicable.

D. Fair value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)	
			Gains	Losses
As of March 31, 2022	1,074,756	1,074,756	(2,365)	4,786
As of March 31, 2021	1,123,204	1,123,204	23,330	2,443

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

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

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

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	1,123,204	23,330	1,074,756	(2,365)

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

Not applicable.

4. Unaudited Balance Sheet

(millions of yen)

	As of	As of		As of	As of
	March 31,	March 31,		March 31,	March 31,
	2021	2022		2021	2022
	Amount	Amount		Amount	Amount
(ASSETS)			(LIABILITIES)		
Cash and deposits	790,120	1,052,181	Policy reserves and others	8,213,333	8,523,795
Cash	-	0	Reserves for outstanding claims	23,899	24,668
Bank deposits	790,120	1,052,181	Policy reserves	8,189,434	8,499,126
Monetary claims bought	-	16,006	Reinsurance payable	719,586	636,869
Money held in trust	1,123,204	1,074,756	Other liabilities	396,180	473,476
Securities	7,514,371	7,311,446	Payable under securities lending transactions	233,915	239,933
Government bonds	516,321	518,921	Corporate income tax payable	8,390	3,247
Local government bonds	46,254	46,372	Accounts payable	6,451	64,476
Corporate bonds	1,083,199	1,098,265	Accrued expenses	6,709	7,966
Foreign securities	4,662,647	4,570,290	Deposits received	666	234
Other securities	1,205,948	1,077,596	Guarantee deposits received	83,631	73,917
Tangible fixed assets	591	1,361	Derivatives	15,185	31,966
Buildings	95	795	Cash collateral received for financial instruments	38,191	46,927
Leased assets	37	155	Lease liabilities	38	172
Other tangible fixed assets	458	410	Suspense receipts	3,000	4,633
Intangible fixed assets	12,171	15,416	Reserve for price fluctuations	30,994	36,894
Software	12,171	15,416	Deferred tax liabilities	56,689	-
Other intangible fixed assets	0	0	Total liabilities	9,416,783	9,671,036
Reinsurance receivables	94,021	104,651	(NET ASSETS)		
Other assets	164,478	318,601	Capital stock	117,500	117,500
Accounts receivable	40,407	171,889	Capital surplus	67,500	67,500
Prepaid expenses	916	1,318	Legal capital surplus	67,500	67,500
Accrued revenue	42,752	43,333	Retained earnings	(48,613)	90,084
Deposits	1,170	2,874	Other retained earnings	(48,613)	90,084
Margin money for futures trading	1,418	1,680	Retained earnings brought forward	(48,613)	90,084
Defferential account for futures trading	361	813	Total shareholders' equity	136,386	275,084
Derivatives	73,839	89,813	Net unrealized gains on securities, net of tax	145,772	(9,033)
Cash collateral paid for financial instruments	2,727	6,003	Total of valuation and translation adjustments	145,772	(9,033)
Suspense payments	524	513			
Other assets	362	361			
Deferred tax assets	-	42,680			
Reserve for possible loan losses	(14)	(16)			
Total assets	9,698,942	9,937,086	Total net assets	282,158	266,050
			Total liabilities and net assets	9,698,942	9,937,086

Notes to the Unaudited Balance Sheet as of March 31,2022

- 1 Securities (including those monetary claims bought conforming to marketable securities, and also those marketable securities managed as trust assets in money held in trust) are valued as follows:
 - (a) Trading securities are valued at fair value (sales cost is calculated with the moving-average method).
 - (b) Policy-reserve-matching bonds (bonds defined by the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No.21 entitled Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry) are valued using the moving-average amortized cost (straight line) method.
 - (c) Other securities are valued at fair value using market prices as of the first half of the year (sales cost is calculated with the moving-average method).Valuation differences on other securities are reported as a component of net assets.

- 2 Risk management policies regarding policy-reserve matching bonds are as follows:

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

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

- (Additional information)

Effective from for the fiscal year ended March 31, 2022,the sub-group of individual insurance and annuities (NZ dollar-denominated) has been abolished, and the policy-reserve-matching bonds formerly held in said sub-group have been reclassified to securities available for sale.

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

The impact of this change on the interim financial statements is immaterial.

- 3 Derivative transactions (including those attributable to money held in trust) are reported at fair value.

- 4 Depreciation of tangible fixed assets is as follows:
 - (a) Tangible fixed assets (excluding leased assets)

Annual amount of depreciation estimated by declining balance method (straight-line method being applied to buildings, with the exception of those buildings and accompanying facilities acquired prior to March 31, 2016), is reported pro rata in accordance with the life. Declining balance method is applied. However, o ther tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in an equal installment over three years.
 - (b) Leased assets
Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero residual value and with the lease period being deemed as useful life.

- 5 Amortization of intangible fixed assets is calculated by the straight-line method. Amortization of software for internal use is based on the estimated useful life.

- 6 Foreign currency-denominated assets and liabilities are translated into the yen at market exchange rates as of the book closing date. Changes in market values of bonds included in foreign currency-denominated other securities are divided into two, and the portion attributable to changes in the securities' nominal market prices in their local currencies is included in "valuation difference" on other securities, and the rest in "foreign exchange gains/losses. "

- 7 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based

- 8 Reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.

- 9 National and local consumption taxes are recorded with the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accord with corporate taxation law, and such taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.
- 10 Policy reserves have been calculated and set aside for those insurance policies for which contractual obligations have commenced as of the end of the fiscal year, so as to prepare for the future performance of obligations under those insurance policies, in accordance with the formula specified in the statement of calculation procedures (as set forth in Article 4, Paragraph 2, Item (iv) of the Insurance Business Act) and pursuant to Article 116, Paragraph 1 of the Insurance Business Act.
Insurance premium reserves included in the policy reserves are calculated using the following formula:
(a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)
(b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method
Contingency reserves included in the policy reserves have been set aside pursuant to Article 69, Paragraph 1, Item (iii) of the Ordinance for Enforcement of the Insurance Business Act, for covering risks which may accrue in the future, so as to secure performance of future obligations under insurance contracts.
- 11 “Accounting Standard for Fair Value Measurement, etc.” (ASBJ Statement No. 30, July 4, 2019, hereinafter “Accounting Standard for Fair Value Measurement”) has been adopted, effective from the beginning of the fiscal year ended March 31, 2022. Pursuant to the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, revised on July 4, 2019), new accounting policies established by the Accounting Standard for Fair Value Measurement shall be implemented prospectively. Note that this has no impact on the financial statements.
- 12 From the following fiscal year, the Company will transition to a group tax sharing system with Dai-ichi Life Holdings, Inc. as the parent company. As a result, from the end of the fiscal year under review, the Company’s accounting and disclosure relating to tax effect accounting for corporation tax and local corporation tax has been predicated on the transition to a group tax sharing system based on “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No.42, August 12, 2021).
- 13 In view of the liability characteristics of life insurance policies, assets in the general account (i.e., not in separate accounts as defined by Article 118, paragraph 1, of the Insurance Business Act) are invested primarily in fixed-income assets (government and corporate bonds) in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. To mitigate the guaranteed minimum benefit risk on individual variable annuities and for the purpose of hedging against the foreign exchange risk on the bond holdings, the Company engages in derivative transactions (foreign exchange forward contracts, currency futures contracts, stock-index futures contracts, securities futures contract, etc.). The Company’s holdings of financial instruments, mainly securities and derivatives, are subject to market

Market Risk Management: Under its internal investment policy and market risk management rules, the Company manages market risk by making medium- to long-term investments in a manner appropriate to its liabilities, constantly confirming the consistency of its portfolio positions and investment policies and measuring VaR (value-at-Risk) .

Credit Risk Management: Under its internal investment policy and credit risk management rules, the Company manages credit risk by establishing credit limits designed to avoid excessive concentration of risk toward a specific company or group. Each individual transaction is screened before credit is extended and follow-up checks are conducted regularly. In addition, the Company measures VaR as part of its effort to better grasp and analyze credit risk exposure.

Derivative transactions used by the Company to mitigate the guaranteed minimum benefit risk on individual variable annuities are conducted in accordance with the Company’s policy and internal rules on managing guaranteed minimum benefit risk. In addition to verifying the effectiveness of hedge positions and managing gains and losses generated by derivative transactions on a daily basis, the Company regularly monitors reductions in guaranteed minimum benefit risk and gauges its VaR .

The risk management department reports regularly to the Board of Directors on the status of the Company’s entire risk position.

Amounts of financial instruments recorded on the balance sheet, their fair values, and differences between the two are as follows:

	(millions of yen)		
	Carrying amount on balance sheet	Fair value	Difference
(1) Monetary claims bought	16,006	16,006	-
(2) Money held in trust	1,074,756	1,074,756	-
(3) Securities	7,311,446	7,329,015	17,568
(a) Trading securities	916,546	916,546	-
(b) Policy-reserve-matching bonds	3,593,287	3,610,856	17,568
(c) Other securities	2,801,611	2,801,611	-
Assets total	8,402,209	8,419,778	17,568
Derivative transactions *2			
(a) Derivative transactions to which hedge accounting is not applied	57,846	57,846	-
Derivative transactions total	57,846	57,846	-

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

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

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

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

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

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

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

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

(1) Financial instruments reported at fair value in the balance sheet for the fiscal year ended March 31, 2022.

(millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
Monetary claims bought	-	-	16,006	16,006
Money held in trust	901,265	173,491	-	1,074,756
Securities*				
Other securities	424,170	2,200,028	5,190	2,629,389
Government bonds	108,311	-	-	108,311
Local government bonds	-	13,594	-	13,594
Corporate bonds	-	353,979	-	353,979
Foreign public and corporate bonds	315,858	1,832,454	5,190	2,153,503
Derivative transactions				
Currency-related	-	89,573	-	89,573
Others	-	239	-	239
Assets total	1,325,435	2,463,333	21,197	3,809,965
Derivative transactions				
Currency-related	-	29,893	-	29,893
Interest-rate-related	-	836	-	836
Stock-related	1,237	-	-	1,237
Total liabilities	1,237	30,729	-	31,966

*The investment funds to which transitional treatment has been applied in accordance with paragraph 26 of “Implementation Guidance on Accounting Standard for Fair Value Measurement,” (ASBJ Guidance No. 3, July 4, 2019), are not reported as such in the abovementioned balance sheet. The amount of the said investment funds, in the balance sheet for the first half, stands at 1,088,768 million yen and is recorded under securities.

(2) Financial instruments other than those reported at fair value in the balance sheet for the fiscal year ended March 31, 2022.

(millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
Securities				
Policy-reserve-matching bonds	487,877	3,122,978	-	3,610,856
Government bonds	443,786	-	-	443,786
Local government bonds	-	32,711	-	32,711
Corporate bonds	-	750,556	-	750,556
Foreign public and corporate bonds	44,091	2,339,710	-	2,383,802
Assets total	487,877	3,122,978	-	3,610,856

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

Asset

Monetary claims bought

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

Money held in trust

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

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

Securities

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

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

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

Derivative transactions

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

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

Note 2. Information on the financial instruments classified as Level 3, from among those reported at fair value in the balance sheet for the fiscal year ended March 31, 2022.

(1) Table on the adjustment from the outstanding balance as of the beginning of the fiscal year to the balance as of fiscal year end (March 31, 2022), and valuation gains or losses recognized in the current fiscal year.

(millions of yen)

	Balance at the beginning of the year	Profit (losses) or net unrealized gains on securities, net of tax		(Net) changes for the year due to purchases, sales, issuance, and settlement	Balance as of March 31, 2022
		Recorded under profit (losses) *	Recorded under net unrealized gains (losses) on securities, net of tax		
Monetary claims bought	-	-	(101)	16,107	16,006
Securities					
Other securities	-	611	(316)	4,896	5,190
Foreign public and corporate bonds	-	611	(316)	4,896	5,190

*Included in “Investment income” and “Investment expenses” of the Statement of Earnings for the fiscal year ended March 31, 2022.

(2) Explanation of fair value valuation process

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

- 15 Accumulated depreciation on tangible fixed assets is 634 million yen.
- 16 Securities lent under lending agreements are included in the non-consolidated balance sheet. Total balance of securities lent as of March 31, 2022 was 529,132 million yen.
- 17 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 925,740 million yen. Liabilities in separate accounts total the same amount.

- 18 The total amounts of receivables from and payables to subsidiaries and affiliated companies were 24 million yen.
- 19 Deferred tax assets totaled 52,257 million yen, while deferred tax liabilities totaled 196 million yen. Of deferred tax assets, 9,380 million yen was deducted as the amount of valuation reserves.
The deferred tax assets were primarily due to policy reserves and others of 32,282 million yen and reserve for price fluctuations and of 10,330 million yen and unused tax loss carryforward of 5,293 million yen.
Of the reversal of valuation reserves against deferred tax assets, the valuation reserves against unused tax loss carryforward were 5,293 million yen, and the valuation reserves related to the total of deductible temporary differences, etc. were 4,087 million yen.
The main reason for the change in the amount deducted from deferred tax assets as valuation reserves is that judgments on the recoverability of deferred tax assets are now predicated on the transition to a group tax sharing system.
Unused tax loss carryforward and the related deferred tax asset amounts by carryforward expiration date are as follows:

	(millions of yen)			
	1 year or less	Over 1 year to 5 years or less	Over 5 years	Total
Unused tax loss carryforward (*)	-	-	5,293	5,293
Valuation reserves	-	-	(5,293)	(5,293)
Deferred tax assets	-	-	-	-

(*) The unused tax loss carryforward amount is obtained by multiplying by the statutory effective tax rate.

- 20 The effective statutory tax rate for the fiscal year ended March 31, 2022, was 28.00%, and the Company's corporate income tax burden (corporate income tax as a percentage of pretax income) was (18.39)%. The difference was due mainly to the impact of a valuation allowance (46.41)%.
- 21 The value of assets (marketable securities) pledged as collateral is 251,635 million yen. The amounts of secured liabilities were 239,933 million yen.
- 22 Assets for which rights held can be freely disposed of by means of sale or collateralization are available-for-sale securities that have been accepted as collateral of reinsurance dealings and derivative transactions, and in this period ownership was maintained for total market value of 136,731 million yen as of March 31, 2022, and we have no assets pledged as a re-collateral.
- 23 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3 of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 241 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of said Ordinance ("ceding reinsurance policy reserves") amount to 861,736 million yen.
- 24 As of fiscal year end (March 31, 2022), the Company estimated that it would be required to contribute 13,459 million yen to the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act. Contributions are expensed as an operating expense in the fiscal year in which they are incurred.
- 25 Net assets per share is 143,811,136.71 yen.
- 26 As of fiscal year end (March 31, 2022), undepreciated balance of the fee of the reinsurance contract, as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5, is 23,239 million yen.

5. Unaudited Statement of Earnings

(millions of yen)

	Year ended	Year ended
	March 31, 2021	March 31, 2022
	Amount	Amount
ORDINARY REVENUES	2,217,113	2,214,625
Premium and other income	1,167,555	1,503,071
Premium income	726,691	1,024,466
Reinsurance Income	440,863	478,604
Investment Revenue	1,049,517	711,518
Interest and dividends	180,169	173,112
Interest from bank deposits	34	29
Interest and dividends from securities	179,756	172,612
Other interest and dividends	378	470
Gains on money held in trust	23,330	-
Gains on sale of securities	94,835	36,972
Gains on redemption of securities	292	1,022
Derivative transaction gains	122,761	-
Foreign exchange gains	478,295	465,724
Other investment revenue	8	3
Gains on investment in separate accounts	149,823	34,683
Other ordinary revenues	41	36
Other ordinary revenues	41	36
ORDINARY EXPENSES	2,102,320	2,091,498
Benefits and claims	1,614,276	1,695,389
Claims	111,876	136,513
Annuities	236,840	172,692
Benefits	113,421	138,400
Surrender values	644,278	757,531
Other refunds	4,137	4,386
Ceding reinsurance commissions	503,721	485,863
Provision for policy reserves and other	433,413	310,461
Provision for reserves for outstanding claims	3,862	769
Provision for policy reserves	429,551	309,692
Investment expenses	1,984	21,695
Interest expenses	4	13
Losses on money held in trust	-	2,365
Losses on sale of securities	1,220	12,827
Losses on redemption of securities	138	0
Derivative transaction losses	-	5,822
Provision for reserves for possible loan losses	3	1
Other investment expenses	617	663
Operating expenses	43,903	51,886
Other ordinary expenses	8,741	12,066
National and local taxes	5,679	7,540
Depreciation	3,060	3,861
Other ordinary expenses	1	664
ORDINARY GAIN	114,793	123,126
EXTRAORDINARY GAINES	0	-
Gains on disposal of fixed assets	0	-
EXTRAORDINARY LOSSES	5,668	5,968
Losses on disposal of fixed assets	11	68
Provision for reserves for price fluctuations	5,657	5,900
Profit before income taxes	109,125	117,158
Corporate income taxes - current	22,732	18,035
Corporate income taxes-deferred	-	(39,575)
Total of corporate income taxes	22,732	(21,539)
Net profit for the year	86,392	138,698

Notes to the Unaudited Statement of Earnings for the fiscal year ended March 31, 2022

- 1 The accounting standards for reporting premium and other income, and for benefits and claims, are as follows:
 - a) Premium and Other Income (Excluding Reinsurance Income)

Premium and other income (excluding reinsurance income) that has been received and for which contractual obligations have commenced, are recorded in accordance with the amounts received.

Of the premium and other income (excluding reinsurance income) received, however, the portion corresponding to the unexpired period as of the end of the fiscal year, has been transferred to policy reserves, pursuant to Article 69, Paragraph 1, Item (ii) of the Ordinance for Enforcement of the Insurance Business Act.
 - b) Reinsurance Income

Of the amount paid as insurance benefits and claims related to the primary insurance contract, the amount reinsured is, pursuant to the reinsurance agreement, recorded as reinsurance income at the time of payment of said insurance benefits and claims.

In some modified coinsurance transactions involving no cash transfer, pursuant to the reinsurance agreement, the amount to be received as a portion of the amount equivalent to new contract expenses of the primary insurance contract, is recorded as reinsurance income. In addition, the same amount is recorded under reinsurance receivables as the undepreciated balance of the fee of the reinsurance contract, and is to be amortized over the period of the reinsurance contract.
 - c) Benefits and Claims (Excluding Ceding Reinsurance Commissions)

Benefits and claims (excluding ceding reinsurance commissions), the amount of which is calculated and paid in accordance with the insurance contract, are recorded in cases when reasons for payment provided for in insurance contracts have arisen.

Pursuant to Article 117 of the Insurance Business Act, the Company has set aside, as reserves for outstanding claims, insurance proceeds that are due and payable as of the end of the fiscal year but payment is yet to have been made, and insurance proceeds in cases where reasons for payment are deemed to have arisen but reports concerning the reasons for payment are yet to be received.
 - d) Ceding Reinsurance Commissions

Ceding reinsurance commissions are recorded, upon receipt of the insurance premium related to the primary insurance contract as agreed upon pursuant to the reinsurance agreement or at the time of the conclusion of the reinsurance agreement concerned.
- 2 The total amounts of expenses from transactions with affiliated companies were 481 million yen, respectively.
- 3 Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 3,369 million yen and 33,603 million yen, respectively.
- 4 Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 1,498 million yen and 11,329 million yen, respectively.
- 5 In calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding ceding insurance claims of 71 million was subtracted. In calculating the provision for policy reserves, a provision for ceding reinsurance policy reserves of 28,764 million was subtracted.
- 6 Losses on money held in trust included a valuation loss of 2,365 million yen.
- 7 Derivative transaction losses included a valuation loss of 807 million yen.
- 8 Net income per share for the fiscal year ended March 31, 2022 was 74,972,106.69 yen.
- 9 Reinsurance income includes 4,731 million yen increase in the undepreciated balance of the fee of reinsurance contract, as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5.
- 10 Ceding reinsurance commissions includes 44,158 million yen decrease in the undepreciated balance of the fee of reinsurance contract, as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5.

6. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Year ended March 31, 2021	Year ended March 31, 2022
Fundamental profit	A	58,501	43,952
Capital gains		783,915	661,899
Gains on money held in trust		23,330	-
Gains on investment in trading securities		-	-
Gains on sale of securities		94,835	36,972
Derivative transaction gains		122,761	-
Foreign exchange gains		478,295	465,724
Others		64,692	159,202
Capital losses		660,595	551,025
Losses on money held in trust		-	2,365
Losses on investment in trading securities		-	-
Losses on sale of securities		1,220	12,827
Losses on valuation of securities		-	-
Derivative transaction losses		-	5,822
Foreign exchange losses		-	-
Others		659,374	530,009
Net capital gains (losses)	B	123,320	110,874
Fundamental profit plus net capital gains (losses)	A + B	181,822	154,827
Other one-time gains		190,348	6
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	6
Others		190,348	-
Other one-time losses		257,377	31,706
Ceding reinsurance commissions		-	-
Provision for contingency reserve		48,080	2,824
Provision for specific reserve for possible loan losses		4	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		209,292	28,882
Other one-time profits (losses)	C	(67,028)	(31,700)
Ordinary profit	A + B + C	114,793	123,126

(Reference)

Breakdown of Other Fundamental Income

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Fundamental Income	613,624	399,688
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	(63,516)	(147,729)
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	645,353	515,371
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	14,021	14,638
Impact from assets held in money trusts and others related to reinsurance dealings	(1,175)	(11,473)
Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	(190,348)	-
Ceding reinsurance commissions for the reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	209,292	-
Amount of ceding reinsurance commissions related to in-force/surrendered surplus relief reinsurance	-	28,882
Other Capital Gains	64,692	159,202
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	63,516	147,729
Impact from assets held in money trusts and others related to reinsurance dealings	1,175	11,473
Other Capital Losses	659,374	530,009
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	645,353	515,371
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	14,021	14,638
Other One-Time Gains	190,348	-
Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	190,348	-
Other One-Time Gains	209,292	28,882
Ceding reinsurance commissions for the reinsurance specified in Article 71, paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act	209,292	-
Amount of ceding reinsurance commissions related to in-force/surrendered surplus relief reinsurance	-	28,882

7. Unaudited Statement of Changes in Net Assets

Year ended March 31, 2022

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(48,613)	136,386
Changes for the year				
Net gain			138,698	138,698
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	138,698	138,698
Balance at the end of the year	117,500	67,500	90,084	275,084

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	145,772	145,772	282,158
Changes for the year			
Net gain			138,698
Net changes of items other than shareholders' equity	(154,806)	(154,806)	(154,806)
Total changes for the year	(154,806)	(154,806)	(16,108)
Balance at the end of the year	(9,033)	(9,033)	266,050

Year ended March 31, 2021

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(135,006)	49,993
Changes for the year				
Net gain			86,392	86,392
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	86,392	86,392
Balance at the end of the year	117,500	67,500	(48,613)	136,386

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	202,994	202,994	252,987
Changes for the year			
Net gain			86,392
Net changes of items other than shareholders' equity	(57,221)	(57,221)	(57,221)
Total changes for the year	(57,221)	(57,221)	29,171
Balance at the end of the year	145,772	145,772	282,158

Notes to Non-Consolidated Statement of Changes in Net assets for the fiscal year ended March 31, 2022

1. Number of outstanding shares by class

(shares)

	No. shares as of April 1, 2021	Increase in number of shares	Decrease in number of shares	No. shares as of March 31, 2022
Outstanding shares				
Common stock	1,850	-	-	1,850

8. Status of loans pursuant to the Insurance Business Act

(millions of yen except percentages)

	As of March 31, 2021	As of March 31, 2022
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	-	-
Three-month delinquent loans	-	-
Restructured loans	-	-
Subtotal	-	-
[Percentage]	[-]	[-]
Claims against normal obligors	397,999	529,225
Total	397,999	529,225

- Notes: 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 loans mentioned in note 1).
3. Three-month delinquent loans are those loans for which either repayments of the principal or interest payments have not been made for more than three months since the day after the agreed payment date (this excludes the loans mentioned in notes 1 and 2).
4. Restructured loans are those loans for which the terms and conditions have been modified in a way that is favorable to the borrower (including interest reductions or exemptions, grace periods for interest payments, grace periods for principal repayments, or the waiving of loan repayments), with the aim of supporting the borrower or facilitating their rehabilitation (this excludes the loans mentioned in notes 1, 2, and 3)
5. Normal loans are loans made to borrowers who have no particular issues with their financial position and business performance, and include all loans other than those mentioned in notes 1, 2, 3, and 4.

9. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	570,750	508,974
Common stock, etc.	136,386	235,084
Reserve for price fluctuations	30,994	36,894
Contingency reserve	111,326	114,151
General reserve for possible loan losses	7	15
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	182,216	(12,139)
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	109,819	118,601
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	-	-
Other	-	16,366
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	200,614	196,970
Insurance risk R_1	135	220
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	51,027	44,180
Guaranteed minimum benefit risk R_7	2,794	2,812
Investment risk R_3	140,946	146,111
Business risk R_4	5,847	3,866
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	569.0%	516.8%

*: Multiplied by 100% if losses.

Notes: 1. The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996.

2. Common stock, etc. excludes the expected disbursements from capital outside the Company and valuation and translation adjustments.

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

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 Amount	As of March 31, 2022 Amount
Individual variable insurance	39,537	29,920
Individual variable annuities	998,676	895,819
Group annuities	-	-
Separate account total	1,038,213	925,740

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

	As of March 31, 2021		As of March 31, 2022	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	44	385,040	37	339,673
Total	44	385,040	37	339,673

Note: The outstanding policies in force for individual variable insurance include those managed in general account.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen except percentages)

	As of March 31, 2021		As of March 31, 2022	
	Amount	%	Amount	%
Cash, deposits, and call loans	310	0.8	152	0.5
Securities	39,213	99.2	29,710	99.3
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	39,213	99.2	29,710	99.3
Loans	-	-	-	-
Others	13	0.0	57	0.2
Reserve for possible loan losses	-	-	-	-
Total	39,537	100.0	29,920	100.0

C. Investment gains and losses on separate accounts for individual variable insurance

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount		Amount	
Interest and dividends	7,362		7,326	
Gains on sale of securities	-		-	
Gains on redemption of securities	-		-	
Gains on valuation of securities	15,386		-	
Foreign exchange gains	-		-	
Derivative transaction gains	-		-	
Other investment income	-		-	
Losses on sale of securities	-		-	
Losses on redemption of securities	-		-	
Losses on valuation of securities	-		1,031	
Foreign exchange losses	-		-	
Derivative transaction losses	-		-	
Other investment losses	59		0	
Net investment income	22,690		6,295	

(3) Individual Variable Annuities (Separate Account)

A. Policies in force

	As of March 31, 2021		As of March 31, 2022	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Individual variable annuities	471	2,639,398	418	2,349,412

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

2. The outstanding policies in force for individual variable annuities include those managed in general account.

B. Breakdown of separate account assets for individual variable annuities

(millions of yen except percentages)

	As of March 31, 2021		As of March 31, 2022	
	Amount	%	Amount	%
Cash, deposits, and call loans	3,976	0.4	278	0.0
Securities	993,611	99.5	886,836	99.0
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	11,982	1.2	11,171	1.2
Foreign bonds	-	-	-	-
Foreign stocks and other securities	11,982	1.2	11,171	1.2
Other securities	981,628	98.3	875,664	97.8
Loans	-	-	-	-
Others	1,087	0.1	8,704	1.0
Reserve for possible loan losses	-	-	-	-
Total	998,676	100.0	895,819	100.0

C. Investment gains and losses on separate accounts for individual variable annuities

(millions of yen)

	As of March 31, 2021 Amount	As of March 31, 2022 Amount
Interest and dividends	56,208	39,955
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	71,914	-
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	11,249
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	989	318
Net investment income	127,133	28,387

11. Consolidated Financial Summary

Not applicable.