November 14, 2022

Financial Results for the Six Months Ended September 30, 2022

The Dai-ichi Life Insurance Company, Limited (the Company, President: Seiji Inagaki) announces its financial results for the six months ended September 30, 2022

[Contents]

Financial Summary for the Six Months Ended September 30, 2022

1. Business Highlights -------- P.1
2. Unaudited Balance Sheet -------- P.2
3. Unaudited Statement of Earnings -------- P.3
4. Unaudited Statement of Changes in Net Assets -------- P.4
5. Breakdown of Ordinary Profit (Fundamental Profit) -------- P.15
6. Investment of General Account Assets -------- P.17
7. Investment Results of General Account -------- P.21
8. Disclosed Claims Based on Insurance Business Act -------- P.24
9. Solvency Margin Ratio -------- P.25
10. Status of Separate Account -------- P.26
11. Consolidated Financial Summary -------- P.27

Attached: Supplementary Materials for the Six Months Ended September 30, 2022

For further information please contact:

Corporate Planning Dept.,
The Dai-ichi Life Insurance Company, Limited
TEL: +81-(0)-50-3780-6930

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

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(billions of yen)

		As of March 31, 2022	As of September 30, 2022	% of March 31, 2022 total
Individual insurance		1,514.0	1,494.0	98.7
Individual annuities		538.6	535.6	99.4
Total		2,052.7	2,029.6	98.9
	Medical and survival benefits	708.8	707.7	99.9

New Policies

(billions of yen)

		Six months ended September 30, 2021	Six months ended September 30, 2022	% of September 30, 2021 total
Individual insurance		33.7	22.0	65.2
Individual annuities		5.3	3.2	61.7
Total		39.0	25.2	64.7
	Medical and survival benefits	26.2	16.3	62.1

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

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

Policies in Force

	As of March 31, 2022		As of September 30, 2022			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies (thousands)	Number of policies % of March 31, 2022 total	Amount (billions of yen)	Amount % of March 31, 2022 total
Individual insurance	21,642	77,641.9	22,094	102.1	75,307.7	97.0
Individual annuities	2,103	10,833.9	2,088	99.3	10,696.0	98.7
Individual insurance and annuities	23,746	88,475.9	24,183	101.8	86,003.7	97.2
Group insurance	-	50,043.5	-	-	49,726.6	99.4
Group annuities	-	6,169.9	-	-	6,093.5	98.8

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

New Policies

		Number of policies (thousands)	Number of policies % of September 30, 2021 total	Amount (billions of yen)	Amount New Business	Amount Net increase by conversion	Amount % of September 30, 2021 total
Six months ended September 30, 2021							
	Individual insurance	1,952		(142.0)	713.8	(855.9)	
	Individual annuities	43		141.5	143.8	(2.3)	
	Individual insurance and annuities	1,995		(0.5)	857.7	(858.2)	
	Group insurance	-		139.4	139.4	-	
	Group annuities	-		0.0	0.0	-	
Six months ended September 30, 2022							
	Individual insurance	1,471	75.4	295.4	685.1	(389.6)	-
	Individual annuities	23	54.4	82.4	83.7	(1.3)	58.2
	Individual insurance and annuities	1,495	74.9	377.8	768.9	(391.0)	-
	Group insurance	-	-	96.4	96.4	-	69.2
	Group annuities	-	-	0.0	0.0	-	85.9

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

2. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2022 (summarized)	As of September 30, 2022
(ASSETS)		
Cash and deposits	441,997	274,583
Call loans	479,900	486,000
Monetary claims bought	239,896	228,030
Money held in trust	12,164	6,414
Securities	32,740,845	29,697,578
[Government bonds]	[15,553,967]	[15,661,954]
[Local government bonds]	[106,309]	[113,114]
[Corporate bonds]	[1,873,081]	[1,825,386]
[Stocks]	[3,444,330]	[3,172,167]
[Foreign securities]	[10,610,943]	[7,886,076]
Loans	2,569,190	2,581,289
Policy loans	269,504	261,661
Ordinary loans	2,299,685	2,319,628
Tangible fixed assets	1,128,103	1,175,744
Intangible fixed assets	128,593	130,265
Reinsurance receivable	56,701	75,916
Other assets	845,706	757,212
Deferred tax assets	-	174,280
Customers' liabilities for acceptances and guarantees	45,745	47,283
Reserve for possible loan losses	(6,501)	(4,397)
Reserve for possible investment losses	(779)	(568)
Total assets	38,681,563	35,629,633
(LIABILITIES)		
Policy reserves and others	30,131,727	30,034,393
Reserves for outstanding claims	184,665	216,847
Policy reserves	29,533,839	29,410,394
Reserve for policyholder dividends	413,222	407,151
Reinsurance payable	170,407	305
Subordinated bonds	368,715	368,715
Other liabilities	4,371,360	2,549,262
Payable under repurchase agreements	2,954,780	1,408,136
Corporate income tax payable	47,378	23,149
Lease liabilities	4,330	4,019
Asset retirement obligations	2,067	2,079
Other liabilities	1,362,803	1,111,877
Reserve for employees' retirement benefits	398,321	399,928
Reserve for retirement benefits of directors, executive officers and corporate auditors	929	867
Reserve for possible reimbursement of prescribed claims	800	629
Reserve for price fluctuations	250,453	258,953
Deferred tax liabilities	115,454	-
Deferred tax liabilities for land revaluation	70,652	70,525
Acceptances and guarantees	45,745	47,283
Total liabilities	35,924,567	33,730,863
(NET ASSETS)		
Capital stock	60,000	60,000
Capital surplus	320,000	320,000
Legal capital surplus	60,000	60,000
Other capital surplus	260,000	260,000
Retained earnings	251,559	149,775
Other retained earnings	251,559	149,775
Reserve for tax basis adjustments of real estate	7,870	7,871
Reserve for specified business investment	49	49
Retained earnings brought forward	243,639	141,853
Total shareholders' equity	631,560	529,775
Net unrealized gains (losses) on securities, net of tax	2,130,413	1,382,196
Deferred hedge gains (losses)	(21,621)	(43,789)
Reserve for land revaluation	16,643	30,587
Total of valuation and translation adjustments	2,125,435	1,368,993
Total net assets	2,756,996	1,898,769
Total liabilities and net assets	38,681,563	35,629,633

3. Unaudited Statement of Earnings

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
ORDINARY REVENUES	2,143,515	2,068,661
Premium and other income	1,098,328	1,156,013
[Premium income]	[1,088,400]	[1,132,394]
Investment income	651,501	718,766
[Interest and dividends]	[425,287]	[422,747]
[Gains on money held in trust]	[321]	[-]
[Gains on sale of securities]	[167,465]	[271,932]
[Derivative transaction gains]	[-]	[9,690]
[Gains on investments in separate accounts]	[46,678]	[-]
Other ordinary revenues	393,685	193,882
[Reversal of reserves for policy reserves]	[319,973]	[123,444]
ORDINARY EXPENSES	1,963,610	1,847,418
Benefits and claims	1,465,349	1,156,468
[Claims]	[312,788]	[312,891]
[Annuities]	[240,515]	[264,187]
[Benefits]	[215,935]	[304,845]
[Surrender values]	[227,772]	[225,355]
[Other refunds]	[90,952]	[48,294]
Provision for policy reserves and others	16,578	36,337
Provision for reserves for outstanding claims	12,438	32,181
Provision for interest on policyholder dividends	4,139	4,156
Investment expenses	160,452	341,580
[Interest expenses]	[5,796]	[5,174]
[Losses on money held in trust]	[-]	[355]
[Losses on sale of securities]	[75,700]	[213,528]
[Losses on valuation of securities]	[2,176]	[6,193]
[Derivative transaction losses]	[23,847]	[-]
[Losses on investments in separate accounts]	[-]	[61,790]
Operating expenses	203,275	195,587
Other ordinary expenses	117,954	117,444
ORDINARY PROFIT	179,905	221,243
EXTRAORDINARY GAINS	148	550
Gains on disposal of fixed assets	148	550
EXTRAORDINARY LOSSES	13,439	21,669
Losses on disposal of fixed assets	4,204	1,561
Impairment losses on fixed assets	234	11,607
Provision for reserve for price fluctuations	9,000	8,500
Provision for reserve for policyholder dividends	35,708	43,584
Income before income taxes	130,906	156,540
Corporate income taxes-current	31,296	35,911
Corporate income taxes-deferred	6,159	8,693
Total of corporate income taxes	37,456	44,605
Net income	93,450	111,935

4. Unaudited Statement of Changes in Net Assets

Six months ended September 30, 2021

(millions of yen)

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

(millions of yen)

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

Six months ended September 30, 2022

(millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings	
					Reserve for tax basis adjustments of real estate	Reserve for specified business investment	Retained earnings brought forward		
Balance at the beginning of the year	60,000	60,000	260,000	320,000	7,870	49	243,639	251,559	631,560
Changes for the period									
Dividends							(199,776)	(199,776)	(199,776)
Net income							111,935	111,935	111,935
Transfer to reserve for tax basis adjustments of real estate					1		(1)	-	-
Transfer from reserve for tax basis adjustments of real estate					0		0	-	-
Transfer from reserve for land revaluation							(13,944)	(13,944)	(13,944)
Net changes of items other than shareholders' equity									
Total changes for the period	-	-	-	-	1	-	(101,785)	(101,784)	(101,784)
Balance at the end of the period	60,000	60,000	260,000	320,000	7,871	49	141,853	149,775	529,775

(millions of yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
Balance at the beginning of the year	2,130,413	(21,621)	16,643	2,125,435	2,756,996
Changes for the period					
Dividends					(199,776)
Net income					111,935
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					(13,944)
Net changes of items other than shareholders' equity	(748,217)	(22,168)	13,944	(756,442)	(756,442)
Total changes for the period	(748,217)	(22,168)	13,944	(756,442)	(858,226)
Balance at the end of the period	1,382,196	(43,789)	30,587	1,368,993	1,898,769

I. NOTES TO THE UNAUDITED BALANCE SHEET AS OF SEPTEMBER 30, 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 September 30, 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. Policy-reserve-matching Bonds

(1) Book Value and Market Value
The book value and the market value of policy-reserve-matching bonds as of September 30, 2022 were ¥14,453,390 million and ¥14,946,343 million, respectively.

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

The sub-groups of insurance products are:
a) individual life insurance and annuities (the exception of certain types),
b) non-participating single premium whole life insurance (without duty of medical disclosure),
c) financial insurance and annuities,
d) group annuities (defined contribution corporate pension insurance; defined contribution corporate pension insurance II and certain corporate pension insurances of which the type can be changed to defined contribution corporate pension insurance II), and
e) group annuities 2 (defined benefit corporate pension insurance, employees' pension fund insurance II, new corporate pension insurance II)

Given the reduction of assumed interest rate for certain group annuities in the Company, effective the six months ended September 30, 2022, the Company has divided the existing sub-group of group annuities and set a new sub-group in order to conduct investment management according to characteristics of risk and return. There is no impact of this change on the interim financial statements.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

(1) Date of revaluation: March 31, 2001

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

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Company uses the straight-line method for amortization of intangible fixed assets excluding leased assets. Software for internal use is amortized by the straight-line method based on the estimated useful lives of five years.

(3) Depreciation of Leased Assets

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

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 as of September 30, 2022. 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 six months ended September 30, 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 September 30, 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, 2023.

(2) Amortization of Actuarial Differences and Past Service Cost

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

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

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

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 as of September 30, 2022 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, bonds payable, stocks (forecasted transaction) and foreign currency-denominated term

deposits; 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, foreign currency risk and interest rate 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. <u>Calculation of National and Local Consumption Tax</u>

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

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 September 30, 2022, 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 six months ended September 30, 2022, the Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021).

In accordance with the transitional treatment set forth in Item 27-2 of " Implementation Guidance on Accounting Standard for Fair Value Measurement ", the Company has applied new accounting policies since the beginning of the six months ended September 30, 2022.

17. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of September 30, 2022 was ¥3,435,212 million.

18. Problem Loans

As of September 30, 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) …….....	86
Claims with collection risk (*2)……..	5,253
Claims that are overdue for three months or more (*3)……	-
Claims with repayment relaxation (*4)……	1,108
Total ……..……	6,447

(*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 claims described in Note 7, the decreases in Claims against bankrupt and quasi-bankrupt obligors was ¥1 million.

19. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of September 30, 2022 was ¥1,709,202 million. Separate account liabilities were the same amount as the separate account assets.

20. Contingent Liabilities

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

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

21. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year……	413,222
Dividends paid …….....…….....……	(53,810)
Interest accrual …….……....……	4,156
Provision for reserve for policyholder dividends…….	43,584
Balance as of September 30, 2022……	407,151

22. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies of the Company held as of September 30, 2022 was ¥199,204 million.

23. Organization Change Surplus

As of September 30, 2022, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

24. Assets Pledged as Collateral / Secured Liabilities

The amounts of assets pledged as collateral were as follows:

	(Unit: million yen)
Securities …….	1,637,027
Cash and deposits ……. …….	86
Assets pledged as collateral ……..	1,637,114

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements…….	1,408,136

"Securities" mentioned above included ¥ 1,365,559 million of Securities which were sold under repurchase agreements, as of September 30, 2022.

25. Reinsurance

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter “reserves for outstanding claims reinsured”), was ¥4 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance (hereinafter “policy reserves reinsured”) was ¥ 1,071,425 million.

26. Securities Borrowing

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of September 30, 2022 was ¥ 7,590 million, among which none of the securities were pledged as collateral.

27. Commitment Line

As of September 30, 2022, there were unused commitment line agreements under which the Company was the lender of ¥ 51,678 million.

28. Subordinated Debt

As of September 30, 2022, other liabilities included subordinated debt of ¥ 470,600 million, whose repayment is subordinated to other obligations.

29. Subordinated Bonds

As of September 30, 2022, bonds payable included foreign currency-denominated subordinated bonds of ¥ 368,715 million, whose repayment is subordinated to other obligations.

30. Adoption of the Group Tax Sharing System

Effective the six months ended September 30, 2022, the Company has adopted the group tax sharing system, in which Dai-ichi Life Holdings, Inc. is the tax sharing parent company. The Company has applied the accounting and disclosure treatment of corporate tax, local corporate tax and deferred tax accounting in accordance with Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42 August 12, 2021)

II. NOTES TO THE UNAUDITED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

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

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

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

Of premium and other income (excluding reinsurance income), the portion corresponding to the period that has yet to pass as of 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 September 30, 2022.

(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. 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 ¥40,498 million, ¥91,070 million, ¥136,841 million and ¥3,521 million respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and of ¥15,042 million, ¥10,421 million and ¥188,065 million respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥2,024 million and ¥4,168 million, respectively.

3. Reinsurance

In calculating the provision of reserves for outstanding claims, a reversal for reserves for outstanding claims reinsured of ¥28 million was added. In calculating the reversal for policy reserves, a reversal for policy reserves reinsured of ¥6,343 million was deducted.

4. Interest and Dividends

The breakdown of interest and dividends for the six months ended September 30, 2022 were as follows:

	(Unit: million yen)
Interest from bank deposits ……..	1,901
Interest and dividends from securities …	359,929
Interest from loans ……...	19,549
Rental income …….	34,626
Other interest and dividends ……...	6,741
Total ……...	422,747

5. Net Income per Share

Net income per share for the six months ended September 30, 2022 was ¥18,655,954. 92. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Six months ended September 30, 2021	Six months ended September 30, 2022
Fundamental revenues		1,713,618	1,821,243
Premium and other income		1,098,328	1,156,013
Investment income		483,657	436,210
[Interest and dividends]		425,287	422,747
Other ordinary revenues		131,632	227,901
Other fundamental revenues (a)		-	1,118
Fundamental expenses		1,529,525	1,682,976
Benefits and claims		1,088,757	1,156,468
Provision for policy reserves and others		16,578	36,337
Investment expenses		40,695	109,217
Operating expenses		203,275	195,587
Other ordinary expenses		117,954	117,444
Other fundamental expenses (b)		62,263	67,921
Fundamental profit (Note 1)	***A***	184,093	138,267
Capital gains		230,050	344,581
Gains on money held in trust		321	-
Gains on investments in trading securities		-	-
Gains on sale of securities		167,465	271,932
Derivative transaction gains		-	9,690
Foreign exchange gains		-	-
Others (c)		62,263	62,958
Capital losses		119,752	233,402
Losses on money held in trust		-	355
Losses on investments in trading securities		-	-
Losses on sale of securities		75,700	213,528
Losses on valuation of securities		2,176	6,193
Derivative transaction losses		23,847	-
Foreign exchange losses		18,028	12,206
Others (d)		-	1,118
Net capital gains (losses) (Note 1)	***B***	110,297	111,179
Fundamental profit plus net capital gains (losses)	***A + B***	294,390	249,446
Other one-time gains		296,790	5,895
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		31	932
Others(Note 2)		296,758	4,962
Other one-time losses		411,275	34,098
Ceding reinsurance commissions		-	-
Provision for contingency reserve		-	-
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		3	6
Others (Note 3)		411,271	34,091
Other one-time profits (losses)	***C***	(114,485)	(28,202)
Ordinary profit	***A + B + C***	179,905	221,243

Note 1 : Beginning from disclosures for fiscal year 2022, the disclosure method of the breakdown of ordinary profit relating to the hedging costs related to foreign exchange, gain (loss) on mutual funds cancelation and foreign currency fluctuation part of gain (loss) on securities redemption have been modified. The figures for the six months ended September 30, 2021 were also re-calculated based on the modified disclosure method. As a result, compared to before the modification, fundamental profit decreased by 60,954 million yen and net capital gains increased by 60,954 million yen for the six months ended September 30, 2021.

Note 2 : "Others" in "Other one-time gains" represents the sum of the amount of reversal of reserve for possible investment losses (For the six months ended September 30, 2021: 25 million yen) and the amount of reversal of policy reserves due to whole life insurance reinsured after payment expiration (For the six months ended September 30, 2021: 296,733 million yen) and the adjustment of reinsurance commissions for ceded reinsurance of whole life insurance after payment expiration (for ceded reinsurance in prior years) (For the six months ended September 30, 2022: 4,962 million yen).

Note 3 : "Others" in "Other one-time losses" represents the sum of the amount of provision for reserve for possible investment losses (For the six months ended September 30, 2022 : 72 million yen) , the amount of the additional policy reserves provided (For the six months ended September 30, 2021 : 34,680 million yen, For the six months ended September 30, 2022: 34,018 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act. and the amount of reinsurance premiums related to whole life insurance reinsured after payment expiration (For the six months ended September 30, 2021: 376,591 million yen)

(Reference) Breakdown of other fundamental revenues, etc.

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Other fundamental revenues (a)	-	1,118
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	-	1,118
Hedging costs related to foreign exchange	-	-
Gain (loss) on mutual funds cancelation	-	-
Foreign currency fluctuation part of gain (loss) on securities redemption	-	-
Other fundamental expenses (b)	62,263	67,921
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	0	0
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	1,309	-
Hedging costs related to foreign exchange	14,935	26,298
Gain (loss) on mutual funds cancelation	36,628	28,410
Foreign currency fluctuation part of gain (loss) on securities redemption	9,390	8,249
Adjustment of reinsurance premiums for ceded reinsurance of whole life insurance after payment expiration (ceded in prior years)	-	4,962
The impact on fundamental profit ***(a) - (b)***	(62,263)	(66,802)
Other capital gains (c)	62,263	62,958
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	0	0
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	1,309	-
Hedging costs related to foreign exchange	14,935	26,298
Gain (loss) on mutual funds cancelation	36,628	28,410
Foreign currency fluctuation part of gain (loss) on securities redemption	9,390	8,249
Other capital losses (d)	-	1,118
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	-	1,118
Hedging costs related to foreign exchange	-	-
Gain (loss) on mutual funds cancelation	-	-
Foreign currency fluctuation part of gain (loss) on securities redemption	-	-
The impact on net capital gains (losses) ***(c) - (d)***	62,263	61,840

3.Investment of General Account Assets for the Six Months Ended September 30, 2022

(1) Operational Environment

During the six months ended September 30, 2022, The global economy slowed down. Strong demand, which came from the economic recovery from the COVID-19 disaster, combined with supply constraints due to cost up of the resource and energy prices, and furthermore, labor shortages against the background of the Ukraine conflict and other factors, led to a continued surge in inflation worldwide. In response, monetary tightening has been implemented in many countries.

In the Japanese economy, the high cost of the resource and raw material have been main factor restraining consumption; on the flip side, moderate growth is continuing, caused by the gradual resumption of economic activity due to the easing of restrictions on behavior.

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

<Domestic interest rates>

With regard to yields on 10-year JGBs, The Bank of Japan; BOJ continued its yield curve control. As a negative interest rate of -0.1% was applied to short-term interest rates and the 10-year interest rate remained at the operation target of around 0%, the 10-year yield continued to hover around 0%. However, the yield on 10-year JGBs continued to hover around the upper limit of the operation target due to a significant rise in foreign interest rates.

Yield on ten-year government bonds:	April 1, 2022	0.210%
	September 30, 2022	0.245%

<Domestic stocks>

The Nikkei 225 Stock Average continued its downward trend. In addition to the support provided by accommodative fiscal and monetary policies, there were expectations of improved corporate earnings and a resumption of economic activity due to the weaken yen, but the upward pressure was restrained by the impact of global monetary tightening.

Nikkei 225 Stock Average:	April 1, 2022	27,821
	September 30, 2022	25,937
TOPIX:	April 1, 2022	1,946
	September 30, 2022	1,836

<Currency>

As for the JPY/USD, the yen weakened and strengthened against the dollar as a result of significant interest rate hikes by the US Federal Reserve Board (FRB) against the backdrop of a favorable employment environment and high inflation rates, which led to a significant widening of interest rate differentials between Japan and the rest of the world.

As for the JPY/EUR, the yen weakened and the euro strengthened as a result of interest rate hikes by the European Central Bank (ECB), mainly against a backdrop of soaring inflation due to high resource and energy prices.

JPY /USD:	April 1, 2022	¥122.39
	September 30, 2022	¥144.81
JPY/EUR:	April 1, 2022	¥136.70
	September 30, 2022	¥142.32

(2) Investment Performance Overview

<Assets>

With regard to asset management in the first half of fiscal 2022, 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	**Increase** 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.
Loans receivable	**Remained flat** 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.
Domestic stocks	**Decrease** 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. ,
Foreign bonds and debentures	**Decrease** 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.
Foreign stocks	**Flat** The amount was flat 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.
Real estate	**Increase** 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.

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

<Balance of Payments>

Investment income was increased by JPY 113.9 billion year on year to JPY 718.7 billion, as the increase in gain on sales of securities. Investment expense was increased by JPY 119.3 billion year on year to JPY 279.7 billion, as the increase in losses on sales of securities outweighed improvement in derivative transaction losses.

As a result, net investment income in the general account was decreased by JPY 5.3 billion year on year to JPY 438.9 billion.

(3) Investment Outlook in the second half of fiscal 2022

In the second half of fiscal 2022, the Japanese economy is expected to pick up due to the government's measures to stimulate domestic demand, the resumption of inbound consumption and the improved performance of exporters due to the benefits of the weaken yen. However, Japanese economic growth is expected to remain moderate as a slowdown in overseas economies due to global monetary tightening and high resource cost will lead to a deterioration in corporate earnings and a contraction in household disposable income.

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 tight 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 BOJ'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 BOJ'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. 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 if there is an economic slowdown or subdued inflation as an effect of the tightening. 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, The Company expect that it will be depended on the pace of recovery and trends in European Central Bank (ECB) monetary policy and the situation in Ukraine. However, it is necessary to pay attention to the possibility that volatility will be increased due to changes in the political situation in Europe.

(4) Asset Management Policy in the second half of fiscal 2022

With regard to the investment policy in the second half of 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	**Increase** 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.
Loans receivable	**Remained flat** While redemptions and other factors have had the effect of reducing the balance, the balance is expected to remain unchanged as a result of continued proactive responses to demand for funds in growth areas. 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.
Domestic stocks	**Decrease** 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.
Foreign bonds and debentures	**Depending on interest rates and exchange rates** 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.
Foreign stocks	**Depending on the foreign stock price** 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.
Real estate	**Increase** 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.

7. Investment Results of General Account

(1) Asset Composition

(millions of yen)

	As of March 31, 2022		As of September 30, 2022	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	906,362	2.4	744,720	2.2
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	239,896	0.6	228,030	0.7
Trading account securities	-	-	-	-
Money held in trust	12,164	0.0	6,414	0.0
Securities	31,697,684	84.6	28,800,194	83.5
Domestic bonds	17,402,782	46.5	17,472,309	50.6
Domestic stocks	3,292,713	8.8	3,039,725	8.8
Foreign securities	10,143,485	27.1	7,518,784	21.8
Foreign bonds	8,620,159	23.0	6,011,751	17.4
Foreign stocks and other securities	1,523,325	4.1	1,507,033	4.4
Other securities	858,702	2.3	769,373	2.2
Loans	2,569,190	6.9	2,581,289	7.5
Policy loans	269,504	0.7	261,661	0.8
Ordinary loans	2,299,685	6.1	2,319,628	6.7
Real estate	1,120,673	3.0	1,168,446	3.4
Real estate for rent	829,952	2.2	888,793	2.6
Deferred tax assets	-	-	174,280	0.5
Others	922,873	2.5	808,917	2.3
Reserve for possible loan losses	(6,501)	(0.0)	(4,397)	(0.0)
Total	37,462,344	100.0	34,507,897	100.0
Foreign currency-denominated assets	9,520,911	25.4	6,706,646	19.4

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

(2) Investment Income

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Interest and dividends	425,287	422,747
Interest from bank deposits	493	1,901
Interest and dividends from securities	363,380	359,929
Interest from loans	19,635	19,549
Rental income	35,985	34,626
Other interest and dividends	5,792	6,741
Gains on trading account securities	-	-
Gains on money held in trust	321	-
Gains on investments in trading securities	-	-
Gains on sale of securities	167,465	271,932
Gains on sale of domestic bonds	62,286	40,498
Gains on sale of domestic stocks	44,048	91,070
Gains on sale of foreign securities	59,752	136,841
Others	1,378	3,521
Gains on redemption of securities	10,710	13,213
Derivative transaction gains	-	9,690
Foreign exchange gains	-	-
Reversal of reserve for possible loan losses	55	215
Reversal of reserve for possible investment losses	25	-
Other investment income	957	967
Total	604,823	718,766

(3) Investment Expense

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Interest expenses	5,796	5,174
Losses on trading account securities	-	-
Losses on money held in trust	-	355
Losses on investments in trading securities	-	-
Losses on sale of securities	75,700	213,528
Losses on sale of domestic bonds	4,522	15,042
Losses on sale of domestic stocks	22,621	10,421
Losses on sale of foreign securities	48,548	188,065
Others	8	-
Losses on valuation of securities	2,176	6,193
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	2,045	2,024
Losses on valuation of foreign securities	131	4,168
Others	-	-
Losses on redemption of securities	1,321	4,963
Derivative transaction losses	23,847	-
Foreign exchange losses	18,028	12,206
Provision for reserve for possible loan losses	-	-
Provision for reserve for possible investment losses	-	72
Write-down of loans	3	6
Depreciation of real estate for rent and others	6,807	6,779
Other investment expenses	26,770	30,509
Total	160,452	279,790

(4) Valuation gains and losses on trading securities

(millions of yen)

	As of March 31, 2022		As of September 30, 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	12,164	540	6,414	(912)
Trading account securities	-	-	-	-
Money held in trust	12,164	540	6,414	(912)

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

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 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 companies	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
As of September 30, 2022					
Held-to-maturity bonds	47,673	48,225	551	551	-
Domestic bonds	47,673	48,225	551	551	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	14,453,390	14,946,343	492,952	1,366,044	873,091
Domestic bonds	14,383,789	14,876,620	492,830	1,365,696	872,865
Foreign bonds	69,601	69,723	121	347	226
Stocks of subsidiaries and affiliates	-	-	-	-	-
Available-for-sale securities	12,001,362	13,830,565	1,829,202	2,476,481	647,278
Domestic bonds	2,788,592	3,040,847	252,254	272,975	20,721
Domestic stocks	1,253,119	2,993,091	1,739,972	1,774,663	34,691
Foreign securities	7,149,354	6,973,216	(176,138)	399,751	575,889
Foreign bonds	6,211,015	5,942,149	(268,865)	243,538	512,404
Foreign stocks and other securities	938,339	1,031,066	92,727	156,213	63,485
Other securities	506,478	519,381	12,903	26,277	13,373
Monetary claims bought	227,817	228,030	213	2,814	2,600
Certificates of deposit	76,000	75,997	(2)	-	2
Total	26,502,427	28,825,134	2,322,707	3,843,077	1,520,370
Domestic bonds	17,220,055	17,965,692	745,637	1,639,223	893,586
Domestic stocks	1,253,119	2,993,091	1,739,972	1,774,663	34,691
Foreign securities	7,218,956	7,042,939	(176,016)	400,099	576,116
Foreign bonds	6,280,617	6,011,872	(268,744)	243,886	512,630
Foreign stocks and other securities	938,339	1,031,066	92,727	156,213	63,485
Other securities	506,478	519,381	12,903	26,277	13,373
Monetary claims bought	227,817	228,030	213	2,814	2,600
Certificates of deposit	76,000	75,997	(2)	-	2

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. Stocks and partnerships that do not have market value are excluded from this table.

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

(millions of yen)

		As of March 31, 2022	As of September 30, 2022
Stocks of subsidiaries and affiliated companies		198,792	199,204
Available-for-sale securities		452,622	484,878
	Domestic stocks	37,160	40,046
	Foreign stocks	9,004	9,004
	Others	406,457	435,827
Total		651,415	684,082

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:
gain of 32,119 million yen as of March 31, 2022 and gain of 84,966 million yen as of September 30, 2022.

(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, 2022	12,164	12,164	973	2,161	1,187
As of September 30, 2022	6,414	6,414	(395)	1,376	1,772

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, 2022 and September 30, 2022.

8. Disclosed Claims Based on Insurance Business Act

(millions of yen)

		As of March 31, 2022	As of September 30, 2022
	Claims against bankrupt and quasi-bankrupt obligors	79	86
	Claims with collection risk	7,273	5,253
	Claims that are overdue for 3 months or more	-	-
	Claims with repayment relaxation	1,108	1,108
Subtotal		8,460	6,447
[Percentage]		[0.12%]	[0.11%]
Claims against normal obligors		7,317,803	6,103,823
Total		7,326,264	6,110,271

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. (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, 2022	As of September 30, 2022
Total solvency margin	***(A)***	6,483,789	5,792,350
Common stock, etc. *1		430,227	528,264
Reserve for price fluctuations		250,453	258,953
Contingency reserve		599,893	599,893
General reserve for possible loan losses		260	978
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2		2,642,604	1,703,770
Net unrealized gains (losses) on real estate × 85% *2		361,793	363,504
Policy reserves in excess of surrender values		2,079,201	2,099,148
Qualifying subordinated debt		839,315	839,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(769,078)	(685,082)
Excluded items		(500)	(1,330)
Others		49,616	84,934
Total risk	$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ ***(B)***	1,429,122	1,351,975
Insurance risk	R_1	67,977	67,603
3rd sector insurance risk	R_8	158,996	155,995
Assumed investment yield risk	R_2	165,744	161,651
Guaranteed minimum benefit risk	R_7 *3	2,901	2,925
Investment risk	R_3	1,209,806	1,137,824
Business risk	R_4	32,108	30,519
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		907.3%	856.8%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

10. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2022	As of September 30, 2022
Individual variable insurance	62,881	59,111
Individual variable annuities	33,473	31,308
Group annuities	1,668,678	1,618,781
Separate account total	1,765,033	1,709,202

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

A. Individual variable insurance

(millions of yen except number of policies)

	As of March 31, 2022		As of September 30, 2022	
	Number of policies	Amount	Number of policies	Amount
Individual variable insurance (term life)	4	25	3	19
Individual variable insurance (whole life)	38,669	238,167	38,263	235,922
Total	38,673	238,193	38,266	235,942

Note: Policies in force include term life riders.

B. Individual variable annuities

(millions of yen except number of policies)

	As of March 31, 2022		As of September 30, 2022	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	4,488	21,104	4,223	18,404

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

11. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Ordinary revenues	2,143,532	2,068,734
Ordinary profit	179,726	220,600
Net income attributable to shareholders of parent company	93,289	111,312
Comprehensive income	282,714	(655,147)

(millions of yen)

	As of March 31, 2022	As of September 30, 2022
Total assets	38,679,002	35,621,503
Solvency margin ratio	921.5%	869.5%

(2) Scope of Consolidation and Application of Equity Method

	As of September 30, 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, 2022 (summarized)	As of September 30, 2022
ASSETS		
Cash and deposits	444,435	276,932
Call loans	479,900	486,000
Monetary claims bought	239,896	228,030
Money held in trust	12,164	6,414
Securities	32,735,396	29,692,200
Loans	2,569,190	2,581,289
Tangible fixed assets	1,128,321	1,175,930
Intangible fixed assets	128,772	130,479
Reinsurance receivable	56,701	75,916
Other assets	845,759	757,269
Deferred tax assets	-	168,721
Customers' liabilities for acceptances and guarantees	45,745	47,283
Reserve for possible loan losses	(6,501)	(4,397)
Reserve for possible investment losses	(779)	(568)
Total assets	38,679,002	35,621,503
LIABILITIES		
Policy reserves and others	30,131,766	30,034,475
Reserves for outstanding claims	184,666	216,848
Policy reserves	29,533,878	29,410,476
Reserve for policyholder dividends	413,222	407,151
Reinsurance payable	170,408	306
Bonds payable	368,715	368,715
Other liabilities	4,371,423	2,549,337
Payables under repurchase agreements	2,954,780	1,408,136
Other liabilities	1,416,642	1,141,201
Net defined benefit liabilities	383,065	380,023
Reserve for retirement benefits of directors, executive officers and corporate auditors	929	867
Reserve for possible reimbursement of prescribed claims	800	629
Reserve for price fluctuations	250,453	258,953
Deferred tax liabilities	119,735	-
Deferred tax liabilities for land revaluation	70,652	70,525
Acceptances and guarantees	45,745	47,283
Total liabilities	35,913,694	33,711,118
NET ASSETS		
Capital stock	60,000	60,000
Capital surplus	320,000	320,000
Retained earnings	249,321	146,915
Total shareholders' equity	629,322	526,916
Net unrealized gains (losses) on securities, net of tax	2,130,413	1,382,196
Deferred hedge gains (losses)	(21,621)	(43,789)
Reserve for land revaluation	16,643	30,587
Foreign currency translation adjustments	(445)	129
Accumulated remeasurements of defined benefit plans	10,995	14,345
Total accumulated other comprehensive income	2,135,985	1,383,468
Total net assets	2,765,307	1,910,384
Total liabilities and net assets	38,679,002	35,621,503

(4) Unaudited Consolidated Statement of Earnings and Comprehensive Income

[Unaudited Consolidated Statement of Earnings]

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
ORDINARY REVENUES	2,143,532	2,068,734
Premium and other income	1,098,365	1,156,102
Investment income	651,492	718,788
[Interest and dividends]	[425,278]	[422,769]
[Gains on money held in trust]	[321]	[-]
[Gains on sale of securities]	[167,465]	[271,932]
[Derivative transaction gains]	[-]	[9,690]
[Gains on investments in separate accounts]	[46,678]	[-]
Other ordinary revenues	393,673	193,844
ORDINARY EXPENSES	1,963,806	1,848,134
Benefits and claims	1,465,349	1,156,469
[Claims]	[312,788]	[312,892]
[Annuities]	[240,515]	[264,187]
[Benefits]	[215,935]	[304,845]
[Surrender values]	[227,772]	[225,355]
Provision for policy reserves and others	16,578	36,337
Provision for reserves for outstanding claims	12,439	32,181
Provision for interest on policyholder dividends	4,139	4,156
Investment expenses	160,179	341,518
[Interest expenses]	[5,796]	[5,174]
[Losses on money held in trust]	[-]	[355]
[Losses on sale of securities]	[75,700]	[213,528]
[Losses on valuation of securities]	[2,176]	[6,193]
[Derivative transaction losses]	[23,847]	[-]
[Losses on investments in separate accounts]	[-]	[61,790]
Operating expenses	203,526	195,940
Other ordinary expenses	118,171	117,867
Ordinary profit	179,726	220,600
EXTRAORDINARY GAINS	148	550
Gains on disposal of fixed assets	148	550
EXTRAORDINARY LOSSES	13,439	21,669
Losses on disposal of fixed assets	4,204	1,561
Impairment losses on fixed assets	234	11,607
Provision for reserve for price fluctuations	9,000	8,500
Provision for reserve for policyholder dividends	35,708	43,584
Income before income taxes	130,726	155,898
Corporate income taxes-current	31,296	35,911
Corporate income taxes-deferred	6,140	8,673
Total of corporate income taxes	37,437	44,585
Net income	93,289	111,312
Net income attributable to shareholders of parent company	93,289	111,312

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	93,289	111,312
Other comprehensive income	189,424	(766,460)
Net unrealized gains (losses) on securities, net of tax	184,739	(748,217)
Deferred hedge gains (losses)	3,852	(22,168)
Foreign currency translation adjustments	(712)	574
Remeasurements of defined benefit plans, net of tax	1,544	3,350
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	0	(0)
Comprehensive income	282,714	(655,147)
Attributable to shareholders of parent company	282,714	(655,147)

(5) Unaudited Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes	130,726	155,898
Depreciation	19,738	20,440
Impairment losses on fixed assets	234	11,607
Increase (decrease) in reserves for outstanding claims	12,439	32,181
Increase (decrease) in policy reserves	(319,962)	(123,407)
Provision for interest on policyholder dividends	4,139	4,156
Provision for (reversal of) reserve for policyholder dividends	35,708	43,584
Increase (decrease) in reserve for possible loan losses	(302)	(2,104)
Increase (decrease) in reserve for possible investment losses	(74)	(210)
Write-down of loans	3	6
Increase (decrease) in net defined benefit liabilities	3,684	1,606
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(65)	(61)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(145)	(170)
Increase (decrease) in reserve for price fluctuations	9,000	8,500
Interest and dividends	(425,278)	(422,769)
Securities related losses (gains)	(145,656)	1,331
Interest expenses	5,796	5,174
Losses (gains) on disposal of fixed assets	4,018	982
Others, net	15,426	(102,025)
Subtotal	(650,568)	(365,280)
Interest and dividends received	450,486	455,511
Interest paid	(8,397)	(6,671)
Policyholder dividends paid	(46,431)	(53,810)
Others, net	(238,984)	(439,583)
Corporate income taxes (paid) refund	(49,725)	(60,128)
Net cash flows provided by (used in) operating activities	(543,621)	(469,962)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in cash and deposits	-	(1,156)
Purchases of monetary claims bought	(19,423)	(6,568)
Proceeds from sale and redemption of monetary claims bought	16,650	13,945
Purchases of money held in trust	(5,000)	-
Proceeds from decrease in money held in trust	1,321	5,380
Purchases of securities	(3,685,702)	(2,637,242)
Proceeds from sale and redemption of securities	3,197,174	4,775,133
Origination of loans	(327,838)	(316,274)
Proceeds from collection of loans	302,452	308,065
Net increase (decrease) in short-term investing	1,422,788	(1,546,644)
Total of net cash provided by (used in) investment transactions	902,422	594,637
Total of net cash provided by (used in) operating activities and investment transactions	358,801	124,675
Acquisition of tangible fixed assets	(19,523)	(71,682)
Proceeds from sale of tangible fixed assets	687	1,404
Acquisition of intangible fixed assets	(16,769)	(16,939)
Net cash flows provided by (used in) investing activities	866,817	507,419
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of bonds	(107,562)	-
Repayment of financial lease obligations	(941)	(743)
Cash dividends paid	(208,716)	(199,776)
Acquisitions of stock of subsidiaries and affiliates that do not result in change in scope of consolidation	(120)	(1,029)
Net cash flows provided by (used in) financing activities	(317,340)	(201,549)
Effect of exchange rate changes on cash and cash equivalents	(187)	1,532
Net increase (decrease) in cash and cash equivalents	5,668	(162,559)
Cash and cash equivalents at the beginning of the period	786,914	924,255
Cash and cash equivalents at the end of the period	792,582	761,695

(6) Unaudited Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2021

(millions of yen)

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

(millions of yen)

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

Six months ended September 30, 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	320,000	249,321	629,322	2,130,413	(21,621)
Changes for the period						
Dividends			(199,776)	(199,776)		
Net income attributable to shareholders of parent company			111,312	111,312		
Transfer from reserve for land revaluation			(13,944)	(13,944)		
Others			1	1		
Net changes of items other than shareholders' equity					(748,217)	(22,168)
Total changes for the period	-	-	(102,406)	(102,406)	(748,217)	(22,168)
Balance at the end of the period	60,000	320,000	146,915	526,916	1,382,196	(43,789)

(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	16,643	(445)	10,995	2,135,985	2,765,307
Changes for the period					
Dividends					(199,776)
Net income attributable to shareholders of parent company					111,312
Transfer from reserve for land revaluation					(13,944)
Others					1
Net changes of items other than shareholders' equity	13,944	574	3,350	(752,516)	(752,516)
Total changes for the period	13,944	574	3,350	(752,516)	(854,922)
Balance at the end of the period	30,587	129	14,345	1,383,468	1,910,384

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) The number of consolidated subsidiaries as of September 30, 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 September 30, 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 September 30, 2022: 0

(2) The number of affiliated companies under the equity method as of September 30, 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. Interim Closing Dates of a Consolidated Subsidiary

The interim closing date of a consolidated subsidiary is September 30.

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 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 September 30, 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 (the exception of certain types),
- non-participating single premium whole life insurance (without duty of medical disclosure),
- financial insurance and annuities,
- group annuities (defined contribution corporate pension insurance; defined contribution corporate pension insurance II and certain corporate pension insurances of which the type can be changed to defined contribution corporate pension insurance II), and
- group annuities 2 (defined benefit corporate pension insurance, employees' pension fund insurance (II) and new corporate pension insurance (II)).

Given the reduction of assumed interest rate for certain group annuities in the Company, effective the six months ended September 30, 2022, the Company has divided the existing sub-group of group annuities and set a new sub-group in order to

conduct investment management according to characteristics of risk and return.

There is no impact of this change on the consolidated financial statements.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

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

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

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

(3) Depreciation of Leased Assets

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

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

The Company translates foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates as of September 30, 2022. Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method are translated into yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Company's consolidated overseas subsidiary are translated into yen at the exchange rates at the end of their interim periods. Translation adjustments associated with the consolidated overseas subsidiary are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 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 interim period provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2023. 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, 2023.

(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, foreign currency risk and interest-rate 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" is applied)

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: Special hedge accounting for interest rate swaps
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 September 30, 2022, in preparation for the performance of future obligations under the insurance contracts.

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

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

b) Reserves for other policies are established based on the net level premium method.

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

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

16. Changes in Accounting Policies

Effective the six months ended September 30, 2022, the Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021).

In accordance with the transitional treatment set forth in Item 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement", the Company has applied new accounting policies since the beginning of the six months ended September 30, 2022.

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

(1) Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of September 30, 2022 were as follows.

As of September 30, 2022	Carrying amount	Fair value	Gains (Losses)
		(Unit: million yen)	
(1) Monetary claims bought……..	228,030	228,030	-
(2) Money in held trust……	6,414	6,414	-
(3)Securities (*2) (*3)			
a. Trading securities…….....	897,384	897,384	-
b. Held-to-maturity…….....	49,280	49,832	551
c. Policy-reserve-matching bonds	14,453,390	14,946,343	492,952
d. Available-for-sale securities…..	13,526,536	13,526,536	-
(4) Loans…….	2,581,289		
Reserve for possible loan losses (*4)	(2,672)		
	2,578,617	2,579,539	922
Total assets……..	31,739,655	32,234,081	494,426

(1) Bonds payable…….	368,715	344,223	(24,491)
(2) Long-term borrowings…….	470,600	452,583	(18,016)
Total liabilities…….	839,315	796,806	(42,508)
Derivative transactions (*5)			
a. Hedge accounting not applied…...	33,904	33,904	-
b. Hedge accounting applied…….	[305,628]	[304,584]	1,044
Total derivative transactions……..	[271,724]	[270,679]	1,044

(*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) Net asset value of certain mutual funds is regarded as the fair value in accordance with generally accepted accounting standard, and included in the table above.

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

As of September 30, 2022	Carrying amount (Unit: million yen)
Stocks with no market prices, etc.(*a)……	56,826
Ownership stakes in partnerships, etc. (*b)……	708,781

(*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 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021), these amounts are not included in disclosures of fair value.

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

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

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

As of September 30, 2022	Level 1	Level 2	Level 3	Total
		(Unit: million yen)		
Monetary claims bought……	-	-	228,030	228,030
Money held in trust ……	3,857	2,557	-	6,414
Securities(*1)				
Trading securities……	499,637	373,425	24,320	897,384
Available-for-sale securities				
Government bonds……	1,840,361	-	-	1,840,361
Local government bonds……	-	14,174	-	14,174
Corporate bonds……	-	1,177,045	9,265	1,186,311
Domestic stocks……	2,993,091	-	-	2,993,091
Foreign bonds……	984,168	4,742,403	175,026	5,901,599

Other foreign securities……	453,326	511,012	60,943	1,025,282
Other securities……	16,104	471,307	31,969	519,381
Derivative transactions				
Currency-related transactions……	-	29,142	-	29,142
Interest-related transactions……	-	50,383	-	50,383
Stock-related transactions……	9,939	16	-	9,956
Bond-related transactions……	7,011	356	-	7,367
Others……	-	378	-	378
Total assets……	6,807,498	7,372,204	529,557	14,709,259
Derivative transactions				
Currency-related transactions……	-	328,496	-	328,496
Interest-related transactions……	-	27,107	-	27,107
Stock-related transactions……	3,253	305	-	3,559
Bond-related transactions……	8,454	871	-	9,325
Others……	-	463	-	463
Total liabilities……	11,707	357,244	-	368,952

(*1) Certain Mutual funds whose net asset value are regarded as the fair value in accordance with Item 24-3 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021) are not included in the table above. The amount of such mutual funds on the interim consolidated balance sheet is ¥46,334 million. Reconciliation between the beginning and ending balance and breakdown of restriction on cancellation as of September 30,2022 have been omitted as the amount of such mutual funds is immaterial.

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

As of September 30, 2022	Level 1	Level 2	Level 3	Total
		(Unit: million yen)		
Securities				
Held-to-maturity Bonds				
Government bonds……	48,225	-	-	48,225
Foreign bonds……	-	-	1,606	1,606
Policy-reserve-matching Bonds				
Government bonds……	14,217,068	-	-	14,217,068
Local government bonds……	-	100,876	-	100,876
Corporate bonds……	-	558,674	-	558,674
Foreign bonds……	-	69,723	-	69,723
Loans ……	-	-	2,579,539	2,579,539
Total assets……	14,265,294	729,274	2,581,146	17,575,715
Bonds payable……	-	344,223	-	344,223
Long-term borrowings……...	-	-	452,583	452,583
Total liabilities……	-	344,223	452,583	796,806

(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.

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 without market prices is based on net asset value unless there is no significant restriction on cancellation. The fair value is classified into either Level 1, Level 2 or Level 3, mainly based on constituents held in trust.

Loans

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

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses as of September 30, 2022. Therefore, that amount (the carrying amount on the interim consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

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

- **Liabilities**

Bonds payable

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

Long-term borrowings

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

- **Derivative Transactions**

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

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

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

(i) Quantitative information on significant unobservable inputs

	Valuation techniques	Significant unobservable input	Range
Securities			
Available-for-sale securities			
Other foreign securities	Discounted cash flow	Discount rate	7.68%

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

As of September 30, 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 the period
			(Unit: million yen)				
Monetary claims bought……	239,896	1,748	(4,475)	(9,137)	-	228,030	-
Securities							
Trading securities	12,612	(1,834)	-	13,543	-	24,320	(1,834)
Available-for-sale securities							
Corporate bonds……	7,966	1,312	(5)	(9)	-	9,265	1,996
Foreign bonds……	166,722	9,244	(1,494)	(5,017)	5,572	175,026	17,820
Other foreign securities……	54,448	-	3,934	2,561	-	60,943	-
Other securities…….	28,543	-	3,425	(0)	-	31,969	-

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

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

(*3) Transfer from Level 2 to Level 3 due to the change in the observability of inputs as a result of the change in the fair value measurement method as of September 30, 2022.

(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 information on real estate for rent has been omitted as there was no significant change in carrying amount and fair value of real estate for rent as of September 30, 2022 compared to those at the end of the previous fiscal year.

19. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of September 30, 2022 was ¥3,435,212 million.

20. Problem Loans

As of September 30, 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	86
Claims with collection risk	5,253
Claims that are overdue for three months or more	-
Claims with repayment relaxation	1,108
Total	6,447

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 ¥1,709,202 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	413,222
Dividends paid during the six months	53,810
Interest accrual during the six months	4,156
Provision for reserve for policyholder dividends	43,584
Balance at the end of September 30	407,151

24. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Company held as of September 30, 2022 were as follows:

(Unit: million yen)

Stocks	4,988
Capital	187,231
Total	192,219

25. Organizational Change Surplus

As of September 30, 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	1,637,027
Cash and deposits	86
Total	1,637,114

The amounts of secured liabilities were as follows:

(Unit: million yen)

Payables under repurchase agreements	1,408,136

The amounts of "Securities" pledged as collateral under repurchase agreements as of September 30, 2022 was ¥1,365,559 million.

27. Net Assets per Share

The amount of net assets per share of the Company as of September 30, 2022 was ¥318,397,470.63.

28. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of September 30, 2022, the market value of the securities which were not sold or pledged as collateral was ¥7,590 million. None of the securities were pledged as collateral as of September 30, 2022.

29. Commitment Line

As of September 30, 2022, there were unused commitment line agreements, under which the Company was the lenders, of ¥51,678 million.

30. Subordinated Debt and Other Liabilities

As of September 30, 2022, other liabilities included subordinated debt of ¥470,600 million, whose repayment is subordinated to other obligations.

31. Bonds Payable

As of September 30, 2022, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million, whose repayment is subordinated to other obligations.

32. Adoption of the Group Tax Sharing System

Effective the six months ended September 30, 2022, the Company has adopted the group tax sharing system, in which Dai-ichi Life Holdings, Inc. is the tax sharing parent company. The Company has applied the accounting and disclosure treatment of corporate tax, local corporate tax and deferred tax accounting in accordance with Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021)

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 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 September 30, 2022 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 September 30, 2022.

(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 six months ended September 30, 2022 was ¥18,552,155.79. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the six months ended September 30, 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 six months ended September 30, 2022 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
			(Unit: million yen)		
Real estate not in use	Chuo city, Tokyo prefecture and others	11	8,746	2,861	11,607

(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 2.00% for the six months ended September 30, 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 STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 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.

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

1. Type and Number of Shares Outstanding

	At the beginning of the year	Increase	Decrease	As of September 30,2022
		(Unit: thousands shares)		
Common stock……	6	-	-	6

2. Dividends on Common Stock

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 Solvency Margin Ratio

(millions of yen)

		As of March 31, 2022	As of September 30, 2022
Total solvency margin	***(A)***	6,310,480	5,620,882
Common stock, etc. *1		431,384	526,223
Reserve for price fluctuations		250,453	258,953
Contingency reserve		599,893	599,893
Catastrophe loss reserve		-	-
General reserve for possible loan losses		278	996
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2		2,642,604	1,703,770
Net unrealized gains (losses) on real estate × 85% *2		361,793	363,504
Sum of unrecognized actuarial differences and unrecognized past service cost		15,522	20,171
Policy reserves in excess of surrender values		2,079,201	2,099,148
Qualifying subordinated debt		839,315	839,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(769,078)	(687,123)
Excluded items		(190,520)	(188,921)
Others		49,631	84,949
Total risk	$\sqrt{\left(\sqrt{R_1^2+R_5^2}+R_8+R_9\right)^2+\left(R_2+R_3+R_7\right)^2}+R_4+R_6$ ***(B)***	1,369,500	1,292,818
Insurance risk	R_1	67,983	67,612
General insurance risk	R_5	-	-
Catastrophe risk	R_6	-	-
3rd sector insurance risk	R_8	158,996	155,995
Small amount and short-term insurance risk	R_9	15	15
Assumed investment yield risk	R_2	165,744	161,651
Guaranteed minimum benefit risk	R_7 *3	2,901	2,925
Investment risk	R_3	1,150,543	1,078,951
Business risk	R_4	30,923	29,343
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		921.5%	869.5%

*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.

Notes: The above figures are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

(8) Segment Information

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