
Financial Results for the Six Months Ended September 30, 2022

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the six months ended September 30, 2022

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

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2022	As of September 30, 2022	
			% of March 31, 2022 total
Individual insurance	496,071	550,199	110.9
Individual annuities	402,319	387,543	96.3
Total	898,391	937,743	104.4
Medical and survival benefits	3,064	4,319	140.9

New Policies

(millions of yen except percentages)

	Six months ended September 30, 2021	Six months ended September 30, 2022	% of September 30, 2021 total
Individual insurance	27,435	38,311	139.6
Individual annuities	30,355	56,367	185.7
Total	57,791	94,678	163.8
Medical and survival benefits	658	969	147.3

- Note: 1. Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. “Medical and survival benefits” include annualized net premiums related to medical benefits (e.g. hospitalization and surgery benefits), survival benefits (e.g. specified illness and nursing care benefits), and premiums related to premium waiver benefits (e.g. excluding disability-related causes but including causes related to specified illness and nursing care).

(2) Policies in Force and New Policies

Policies in Force

	As of March 31, 2022		As of September 30, 2022			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2022 total	(millions of yen)	% of March 31, 2022 total
Individual insurance	827	6,037,397	841	101.7	6,630,002	109.8
Individual annuities	731	3,797,030	682	93.2	3,625,690	95.5
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

New Policies

	Number of Policies		Amount			
	(thousands)	% of September 30, 2021 total	(millions of yen)	% of September 30, 2021 total	New Business	Net increase from conversions
Six months ended September 30, 2022						
Individual insurance	72	199.8	477,432	176.7	477,432	-
Individual annuities	112	230.6	563,230	252.0	563,230	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Six months ended September 30, 2021						
Individual insurance	36	-	270,127	-	270,127	-
Individual annuities	48	-	223,521	-	223,521	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

2. Investment of General Account Assets

(1) Investment Environment

During the six months ended September 30, 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 investment 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%

[U.S. Interest Rates and Foreign Currency]

Since March 2022, the Federal Open Market Committee successively raised interest rates sharply to fight inflation, having lifted rates in total by 3.00% as of the end of the first half of the fiscal year under review.

Inflation concerns were not totally quelled, and further rate hikes by the Fed were expected to be likely over the period ahead, and consequently yields of the 10-year US Treasury Note rose sharply. Regarding the US dollar/Japanese yen exchange rate, the yen depreciated to the level of 140 yen to the US dollar, a new 24-year low, due to the difference in monetary policies between the US and that of Japan, which is continuing to pursue large-scale monetary easing.

Yield on ten-year U.S. government bonds:	April 1, 2022	2.338 %
	September 30, 2022	3.829 %
yen/U.S. dollar:	April 1, 2022	¥122.39
	September 30, 2022	¥144.81

[Australian Interest Rates and Foreign Currency]

The Reserve Bank of Australia has sharply and consecutively hiked its interest rates since May 2022, having lifted rates in total by 2.25% as of the end of the first half of the fiscal year under review. A further rate hike is expected to be likely over the months ahead, significantly boosting the yields of the 10-year Australian government bond.

Reflecting the difference between the Australian and Japanese monetary policies, the Australian dollar/Japanese yen exchange rate weakened at one point to the level of 98 yen to the Australian dollar. However, affected by the economic slowdown in China and the deterioration in commodities market, the Australian dollar's gain against the Japanese yen was modest throughout the first half of the fiscal year under review.

Yield on ten-year Australian government bonds:	April 1, 2022	2.840 %
	September 30, 2022	3.885 %
yen/Australian dollar:	April 1, 2022	¥92.00
	September 30, 2022	¥94.17

(2) Investment Policies

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

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

(3) Investment Results

〈 Assets 〉

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

〈 Investment Income and Expenses 〉

Investment income was 754,595 million yen mainly due to foreign exchange gains (647,749 million yen), interest and dividends received (92,930 million yen), and gains on sale of securities (13,495 million yen). Investment expenses were 126,070 million yen, mainly due to losses on sale of securities (90,913 million yen), derivative transaction losses (32,541 million yen), and losses on money held in trust (1,235 million yen).

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2022		As of September 30, 2022	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	1,051,750	11.7	875,526	10.6
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transaction	-	-	-	-
Monetary claims bought	16,006	0.2	23,518	0.3
Trading account securities	-	-	-	-
Money held in trust	1,074,756	11.9	980,808	11.9
Securities	6,394,899	71.0	6,074,886	73.5
Domestic bonds	1,663,559	18.5	1,703,821	20.6
Domestic stocks	-	-	-	-
Foreign securities	4,559,118	50.6	4,228,385	51.1
Foreign bonds	4,559,118	50.6	4,228,385	51.1
Foreign stocks and other securities	-	-	-	-
Other securities	172,221	1.9	142,679	1.7
Loans	-	-	-	-
Real estate	795	0.0	767	0.0
Deferred tax assets	42,680	0.5	70,423	0.9
Others	430,490	4.8	243,239	2.9
Reserve for possible loan losses	(16)	(0.0)	(46)	(0.0)
Total	9,011,363	100.0	8,269,122	100.0
Foreign currency-denominated assets	5,300,105	58.8	4,513,045	54.6

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

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash, deposits, and call loans	(40,538)	(176,224)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transaction	-	-
Monetary claims bought	7,628	7,512
Trading account securities	-	-
Money held in trust	(31,507)	(93,947)
Securities	(24,459)	(320,013)
Domestic bonds	401	40,262
Domestic stocks	-	-
Foreign securities	(21,419)	(330,732)
Foreign bonds	(21,419)	(330,732)
Foreign stocks and other securities	-	-
Other securities	(3,440)	(29,542)
Loans	-	-
Real estate	(5)	(27)
Deferred tax assets	-	27,742
Others	(44,394)	(187,251)
Reserve for possible loan losses	8	(30)
Total	(133,268)	(742,240)
Foreign currency-denominated assets	(130,084)	(787,059)

(3) Investment Income

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Interest and dividends	83,501	92,930
Interest from bank deposits	11	413
Interest and dividends from securities	83,296	92,193
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	193	324
Gains on trading account securities	-	-
Gains on money held in trust	531	-
Gains on investment in trading securities	-	-
Gains on sale of securities	20,861	13,495
Gains on sale of domestic bonds	1,728	11,962
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	19,132	1,532
Others	-	-
Gains on redemption of securities	456	419
Derivative transaction gains	-	-
Foreign exchange gains	-	647,749
Reversal of reserve for possible loan losses	8	-
Other investment income	1	-
Total	105,360	754,595

(4) Investment Expenses

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Interest expenses	6	3
Losses on trading account securities	-	-
Losses on money held in trust	-	1,235
Losses on investment in trading securities	-	-
Losses on sale of securities	654	90,913
Losses on sale of domestic bonds	81	5,031
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	572	85,881
Others	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Others	-	-
Losses on redemption of securities	-	304
Derivative transaction losses	17,875	32,541
Foreign exchange losses	29,668	-
Provision for reserve for possible loan losses	-	30
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	322	1,041
Total	48,528	126,070

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2022		As of September 30, 2022	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	1,074,756	(2,365)	980,808	(1,235)

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

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

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of September 30, 2022					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	4,202,197	3,837,050	(365,146)	23,251	388,398
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,009,457	1,896,207	(113,250)	6,785	120,035
Domestic bonds	451,641	448,876	(2,765)	5,818	8,583
Domestic stocks	-	-	-	-	-
Foreign securities	1,387,797	1,281,133	(106,664)	892	107,556
Foreign bonds	1,387,797	1,281,133	(106,664)	892	107,556
Foreign stocks and other securities	-	-	-	-	-
Other securities	146,147	142,679	(3,468)	74	3,542
Monetary claims bought	23,870	23,518	(352)	-	352
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,211,655	5,733,258	(478,396)	30,037	508,433
Domestic bonds	1,706,586	1,691,196	(15,389)	28,721	44,111
Domestic stocks	-	-	-	-	-
Foreign securities	4,335,050	3,875,864	(459,186)	1,240	460,426
Foreign bonds	4,335,050	3,875,864	(459,186)	1,240	460,426
Foreign stocks and other securities	-	-	-	-	-
Other securities	146,147	142,679	(3,468)	74	3,542
Monetary claims bought	23,870	23,518	(352)	-	352
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2022					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,593,287	3,610,856	17,568	88,436	70,867
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,829,756	2,817,617	(12,139)	35,550	47,689
Domestic bonds	472,367	475,886	3,518	7,213	3,694
Domestic stocks	-	-	-	-	-
Foreign securities	2,171,136	2,153,503	(17,632)	26,261	43,893
Foreign bonds	2,171,136	2,153,503	(17,632)	26,261	43,893
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,145	172,221	2,076	2,076	-
Monetary claims bought	16,107	16,006	(101)	-	101
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,423,044	6,428,474	5,429	123,987	118,557
Domestic bonds	1,660,040	1,702,940	42,900	54,715	11,815
Domestic stocks	-	-	-	-	-
Foreign securities	4,576,750	4,537,305	(39,444)	67,195	106,639
Foreign bonds	4,576,750	4,537,305	(39,444)	67,195	106,639
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,145	172,221	2,076	2,076	-
Monetary claims bought	16,107	16,006	(101)	-	101
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

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

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

Not applicable.

(7) Fair Value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
			Gains	Losses	
As of September 30, 2022	980,808	980,808	(1,235)	2,434	3,670
As of March 31, 2022	1,074,756	1,074,756	(2,365)	2,421	4,786

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

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

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

(millions of yen)

	As of March 31, 2022		As of September 30, 2022	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	1,074,756	(2,365)	980,808	(1,235)

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

Not applicable.

4. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2022 (Summarized)	As of September 30, 2022
	Amount	Amount
(ASSETS)		
Cash and deposits	1,052,181	879,315
Monetary claims bought	16,006	23,518
Money held in trust	1,074,756	980,808
Securities	7,311,446	6,833,301
[Government bonds]	[518,921]	[528,454]
[Local government bonds]	[46,372]	[48,306]
[Corporate bonds]	[1,098,265]	[1,127,061]
[Foreign securities]	[4,570,290]	[4,238,966]
Tangible fixed assets	1,361	1,263
Intangible fixed assets	15,416	16,124
Reinsurance receivables	104,651	48,265
Other assets	318,601	179,219
Deferred tax assets	42,680	70,423
Reserve for possible loan losses	(16)	(46)
Total assets	9,937,086	9,032,193

(millions of yen)

	As of March 31, 2022 (Summarized)	As of September 30, 2022
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	8,523,795	7,992,987
Reserves for outstanding claims	24,668	25,290
Policy reserves	8,499,126	7,967,697
Reinsurance payable	636,869	512,338
Other liabilities	473,476	346,961
Corporate income tax payable	3,247	5
Lease liabilities	172	143
Other liabilities	470,057	346,812
Reserve for price fluctuations	36,894	39,694
Total liabilities	9,671,036	8,891,981
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	90,084	39,482
Retained Earnings Reserves	-	8,000
Other retained earnings	90,084	31,482
Retained earnings brought forward	90,084	31,482
Total shareholders' equity	275,084	224,482
Net unrealized gains (losses) on securities, net of tax	(9,033)	(84,269)
Total of valuation and translation adjustments	(9,033)	(84,269)
Total net assets	266,050	140,212
Total liabilities and net assets	9,937,086	9,032,193

5. Unaudited Statement of Earnings

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
ORDINARY REVENUES	871,044	2,515,517
Premium and other income	627,925	1,228,816
[Premium income]	[480,914]	[905,432]
Investment income	121,885	754,595
[Interest and dividends]	[83,501]	[92,930]
[Gains on money held in trust]	[531]	[-]
[Gains on sale of securities]	[20,861]	[13,495]
[Foreign exchange gains]	[-]	[647,749]
[Gains on investment in separate accounts]	[16,525]	[-]
Other ordinary revenues	121,233	532,106
[Reversal of reserves for outstanding claims]	[1,414]	[-]
[Reversal of policy reserve]	[119,805]	[531,429]
ORDINARY EXPENSES	814,476	2,526,929
Benefits and claims	737,562	2,321,247
[Claims]	[65,242]	[82,707]
[Annuities]	[99,489]	[80,240]
[Benefits]	[59,501]	[71,029]
[Surrender values]	[349,224]	[1,048,820]
[Other refunds]	[1,996]	[3,344]
[Ceding reinsurance commissions]	[162,107]	[1,035,104]
Provision for policy reserves and other	-	621
Provision for reserves for outstanding claims	-	621
Investment expenses	48,528	159,937
[Interest expenses]	[6]	[3]
[Losses on money held in trust]	[-]	[1,235]
[Losses on sale of securities]	[654]	[90,913]
[Derivative transaction losses]	[17,875]	[32,541]
[Foreign exchange losses]	[29,668]	[-]
[Losses on investment in separate accounts]	[-]	[33,867]
Operating expenses	23,621	37,734
Other ordinary expenses	4,763	7,388
ORDINARY PROFIT (LOSS)	56,568	(11,412)
EXTRAORDINARY LOSSES	2,790	2,800
Income (loss) before income taxes	53,778	(14,212)
Corporate income taxes - current	8,146	(1,743)
Corporate income taxes-deferred	-	(1,867)
Total of corporate income taxes	8,146	(3,610)
Net income (loss) for the period	45,632	(10,602)

6. Unaudited Statement of Changes in Net Assets

Six months ended September 30, 2022

(millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings			Total shareholders' equity
		Legal capital surplus	Retained Earnings Reserves	Other retained earnings	Total retained earnings	
			Retained earnings brought forward			
Balance at the beginning of the year	117,500	67,500	-	90,084	90,084	275,084
Changes for the period						
Dividends			8,000	(48,000)	(40,000)	(40,000)
Net Loss for the period				(10,602)	(10,602)	(10,602)
Net changes of items other than shareholders' equity						
Total changes for the period	-	-	8,000	(58,602)	(50,602)	(50,602)
Balance at the end of the period	117,500	67,500	8,000	31,482	39,482	224,482

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	(9,033)	(9,033)	266,050
Changes for the period			
Dividends			(40,000)
Net Loss for the period			(10,602)
Net changes of items other than shareholders' equity	(75,235)	(75,235)	(75,235)
Total changes for the period	(75,235)	(75,235)	(125,838)
Balance at the end of the period	(84,269)	(84,269)	140,212

Six months ended September 30, 2021

(millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings			Total shareholders' equity
		Legal capital surplus	Retained Earnings Reserves	Other retained earnings	Total retained earnings	
			Retained earnings brought forward			
Balance at the beginning of the year	117,500	67,500	-	(48,613)	(48,613)	136,386
Changes for the period						
Net income for the period				45,632	45,632	45,632
Net changes of items other than shareholders' equity						
Total changes for the period	-	-	-	45,632	45,632	45,632
Balance at the end of the period	117,500	67,500	-	(2,981)	(2,981)	182,018

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

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

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

 - (a) Individual insurance and annuities (JP yen-denominated)
 - (b) Individual insurance and annuities (US dollar-denominated)with the exception of certain types and policies.
- 3 Derivative transactions (including those attributable to money held in trust) are reported at fair value.
- 4 Depreciation of tangible fixed assets is as follows:
 - (a) Tangible fixed assets (excluding leased assets)

Annual amount of depreciation estimated by declining balance method (straight-line method being applied to buildings, with the exception of those buildings and accompanying facilities acquired prior to March 31, 2016), is reported pro rata in accordance with the life. Declining balance method is applied. However, other tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in an equal installment over three years.
 - (b) Leased assets

Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero residual value and with the lease period being deemed as useful life .
- 5 Amortization of intangible fixed assets is calculated by the straight-line method. Amortization of software for internal use is based on the estimated useful life.
- 6 Foreign currency-denominated assets and liabilities are translated into the yen at market exchange rates as of the book closing date. Changes in market values of bonds included in foreign currency-denominated other securities are divided into two, and the portion attributable to changes in the securities' nominal market prices in their local currencies is included in "valuation difference" on other securities, and the rest in "foreign exchange gains/losses. "
- 7 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based on the assessment results.
- 8 Reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.
- 9 National and local consumption taxes are recorded with the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accord with corporate taxation law, and such taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.

- 10 Policy reserves have been calculated and set aside for those insurance policies for which contractual obligations have commenced as of the end of the first half of the current fiscal year, so as to prepare for the future performance of obligations under those insurance policies, in accordance with the formula specified in the statement of calculation procedures (as set forth in Article 4, Paragraph 2, Item (iv) of the Insurance Business Act) and pursuant to Article 116, Paragraph 1 of the Insurance Business Act.
Insurance premium reserves included in the policy reserves are calculated using the following formula:
(a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)
(b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method
Contingency reserves included in the policy reserves have been set aside pursuant to Article 69, Paragraph 1, Item (iii) of the Ordinance for Enforcement of the Insurance Business Act, for covering risks which may accrue in the future, so as to secure performance of future obligations under insurance contracts.
- 11 Effective the beginning of the first half of the current fiscal year, the Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Revised ASBJ Implementation Guidance No. 31 issued on June 17, 2021, hereinafter referred to as “Implementation Guidance on Accounting Standard for Fair Value Measurement”). In accordance with the transitional treatment set forth in Item 27-2 of the Implementation Guidance on Accounting Standards for Fair Value Measurement, the new accounting policies set forth by the said Implementation Guidance shall be applied prospectively.
- 12 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)
- 13 Amounts of financial instruments recorded on the balance sheet for the first half of the current fiscal year, their fair values, and differences between the two are as follows:

(millions of yen)

	Carrying amount on the balance sheet for the first half of the current fiscal year	Fair value	Difference
(1) Monetary claims bought	23,518	23,518	-
(2) Money held in trust	980,808	980,808	-
(3) Securities	6,833,301	6,468,154	(365,146)
(a) Trading securities	758,414	758,414	-
(b) Policy-reserve-matching bonds	4,202,197	3,837,050	(365,146)
(c) Other securities	1,872,689	1,872,689	-
Assets total	7,837,628	7,472,481	(365,146)
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	45,978	45,978	-
Derivative transactions total	45,978	45,978	-

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

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

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

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

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

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

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

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

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

(millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
Monetary claims bought	-	-	23,518	23,518
Money held in trust	808,361	172,446	-	980,808
Securities				
Other securities	209,706	1,657,528	5,454	1,872,689
Government bonds	110,448	-	-	110,448
Local government bonds	-	13,984	-	13,984
Corporate bonds	-	324,443	-	324,443
Foreign public and corporate bonds	99,258	1,176,420	5,454	1,281,133
Other securities	-	142,679	-	142,679
Derivative transactions				
Currency-related	-	66,343	-	66,343
Interest-rate-related	-	263	-	263
Stock-related	1,376	-	-	1,376
Others	-	69	-	69
Assets total	1,019,444	1,896,650	28,972	2,945,068
Derivative transactions				
Currency-related	-	20,995	-	20,995
Interest-rate-related	-	1,054	-	1,054
Others	-	24	-	24
Total liabilities	-	22,073	-	22,073

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

(millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
Securities				
Policy-reserve-matching bonds	666,255	3,170,795	-	3,837,050
Government bonds	431,636	-	-	431,636
Local government bonds	-	33,128	-	33,128
Corporate bonds	-	777,555	-	777,555
Foreign public and corporate bonds	234,619	2,360,111	-	2,594,730
Assets total	666,255	3,170,795	-	3,837,050

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

Asset

Monetary claims bought

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

Money held in trust

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

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

Securities

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

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

Regarding investment funds with no quoted prices on active markets, fair value is determined based on net asset value, in the absence of such significant restrictions imposed for their cancellation as risk compensation to be demanded by market participants, and they are classified into either Level 2 or Level 3 of fair value measurement, based on the levels of the main constituents held in trust.

Derivative transactions

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

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

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

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

(millions of yen)

	Balance at the beginning of the year	Profit (losses) or net unrealized gains on securities, net of tax		(Net) changes for the year due to purchases, sales, issuance, and settlement	Balance as of September 30, 2022
		Recorded under profit (losses) *	Recorded under net unrealized gains (losses) on securities, net of tax		
Monetary claims bought	16,006	-	(251)	7763	23,518
Securities					
Other securities	5,190	989	(383)	(342)	5,454
Foreign public and corporate bonds	5,190	989	(383)	(342)	5,454

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

(2) Explanation of fair value valuation process

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

- 15 Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of September 30, 2022 is 512,726 million yen.
- 16 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 763,145 million yen.
Liabilities in separate accounts, total the same amount.
- 17 The amount of assets pledged as collateral is securities of 151,243 million yen, the amounts of secured liabilities are 137,012 million yen.

- 18 The assets, which the Company has the right to dispose of freely by means of sale or collateralization, are marketable securities held as collateral for reinsurance dealings and derivative transactions. The current market value of these assets still held by the Company as of the end of the first half of the current fiscal year is 159,428 million yen. None of these assets are re-pledged as collateral.

- 19 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3, of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 315 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1, of said Ordinance ("ceding reinsurance policy reserves") amount to 1,675,550 million yen.

- 20 As of September 30, 2022, undepreciated balance of the fee of the reinsurance contract, which is defined in announcement No.50, 1-5, Ministry of Finance, 1996, is 18,410 million yen.

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

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

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

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

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

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

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

Ceding reinsurance commissions are recorded, upon receipt of the insurance premium related to the primary insurance contract as agreed upon pursuant to the reinsurance agreement or at the time of the conclusion of the reinsurance agreement concerned.
- 2 Gains on sale of securities included losses on sales of domestic bonds and foreign securities of 11,962 million yen and 1,532 million yen, respectively.
- 3 Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 5,031 million yen and 85,881 million yen, respectively.
- 4 In calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of 74 million yen was deducted as an adjustment. In calculating the reversal of policy reserves, a provision for policy reserves reinsured of 813,813 million yen was added.
- 5 The details of Interest and dividends are as follows:

Interest on deposits :	413 million yen
Interest and dividends from securities :	92,193 million yen
Other interest and dividends :	324 million yen
Total :	92,930 million yen
- 6 Net loss per share for the six months ended September 30, 2022 was 5,731,043.18 yen.
- 7 Premium and other income includes the increase of 1,451 million yen of the fee of the reinsurance contract which is defined in announcement No.50, 1-5, Ministry of Finance, 1996.
- 8 Benefits and claims includes the decrease of 8,971 million yen of the fee of the reinsurance contract which is defined in announcement No.50, 1-5, Ministry of Finance, 1996.

Notes to Unaudited Non-Consolidated Statement of Changes in Net Assets for the six months ended September 30, 2022

1 Number of outstanding shares by class (shares)

	No. shares as of April 1, 2022	Increase in number of shares	Decrease in number of shares	No. shares as of September 30, 2022
Outstanding shares Common stock	1,850	-	-	1,850

2 Dividends on Common Stock

Date of resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date	Dividend resource
June 16, 2022 (at the Annual General Meeting of Shareholders)	Common stock	40,000 million	¥21,621,622	March 31, 2022	June 17, 2022	Retained earnings

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Fundamental revenues	860,417	2,523,011
Premium and other income	627,925	1,228,816
Investment income	100,486	93,350
[Interest and dividends]	83,501	92,930
Other ordinary revenues	121,966	537,419
Other fundamental revenues (a)	10,039	663,425
Fundamental expenses	839,080	2,520,187
Benefits and claims	737,562	2,321,247
Provision for policy reserves and others	-	-
Investment expenses	329	35,245
Operating expenses	23,621	37,734
Other ordinary expenses	4,763	7,388
Other fundamental expenses (b)	72,803	118,570
Fundamental profit	A	21,336
Capital gains	94,196	751,481
Gains on money held in trust	531	-
Gains on investments in trading securities	-	-
Gains on sale of securities	20,861	13,495
Derivative transaction gains	-	-
Foreign exchange gains	-	647,749
Others (c)	72,803	90,236
Capital losses	58,238	786,159
Losses on money held in trust	-	1,235
Losses on investments in trading securities	-	-
Losses on sale of securities	654	90,913
Losses on valuation of securities	-	-
Derivative transaction losses	17,875	32,541
Foreign exchange losses	29,668	-
Others (d)	10,039	661,469
Net capital gains (losses)	B	35,957
Fundamental profit plus net capital gains (losses)	A + B	57,294
Other one-time gains	6	28,333
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	6	-
Others(e)	-	28,333
Other one-time losses	732	7,892
Ceding reinsurance commissions	-	-
Provision for contingency reserve	732	5,935
Provision for specific reserve for possible loan losses	-	1
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	-	-
Others (f)	-	1,955
Other one-time profits (losses)	C	(725)
Ordinary profit (loss)	A + B + C	56,568
		(11,412)

Note: Effective from FY2022 ending March 31, 2023, the disclosure method for the Breakdown of Ordinary Profit

(Fundamental Profit) has been changed as it relates to forex hedge cost and gains and losses from cancellation of mutual trusts. Therefore, the corresponding figures for the second quarter of the FY2021 ended March 31, 2022, have been recalculated and restated in accordance with the new method.

Consequently, Fundamental profit for the second quarter ended March 31, 2022 was reduced by 8 million yen, while Net capital gains (losses) increased by 8 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)	10,039	663,425
Gains and losses from cancellation of mutual funds	-	669
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	-	651,993
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	7,245	8,807
Impact from assets held in money trusts and others related to reinsurance dealings	2,794	-
Amount of Reinsurance Premium for Cancellation of Existing Reinsurance	-	1,955
Other fundamental expenses (b)	72,803	118,570
Forex hedge cost	-	454
Gains and losses from cancellation of mutual funds	8	3
Profit and loss associated with ceding reinsurance of the outstanding contracts	-	28,333
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	12,116	85,732
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	60,679	-
Impact from assets held in money trusts and others related to reinsurance dealings	-	4,045
The impact on fundamental profit (a) - (b)	(62,764)	544,854
Other capital gains (c)	72,803	90,236
Forex hedge cost	-	454
Gains and losses from cancellation of mutual funds	8	3
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	12,116	85,732
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	60,679	-
Impact from assets held in money trusts and others related to reinsurance dealings	-	4,045
Other capital losses (d)	10,039	661,469
Gains and losses from cancellation of mutual funds	-	669
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	-	651,993
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	7,245	8,807
Impact from assets held in money trusts and others related to reinsurance dealings	2,794	-
The impact on net capital gains (losses) (c) - (d)	62,764	(571,232)
Other one-time gains (e)	-	28,333
Profit and loss associated with ceding reinsurance of the outstanding contracts	-	28,333
Other one-time losses (f)	-	1,955
Amount of Reinsurance Premium for Cancellation of Existing Reinsurance	-	1,955
The impact other one-time profits (losses) (e) - (f)	-	26,378

8. Status of loans pursuant to the Insurance Business Act

(millions of yen except percentages)

	As of March 31, 2022	As of September 30, 2022
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	-	-
Three-month delinquent loans	-	-
Restructured loans	-	-
Subtotal	-	-
[Percentage]	[-]	[-]
Claims against normal obligors	529,225	512,817
Total	529,225	512,817

- Notes: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered (excluding the loans mentioned in note 1).
3. Three-month delinquent loans are those loans for which either repayments of the principal or interest payments have not been made for more than three months since the day after the agreed payment date (this excludes the loans mentioned in notes 1 and 2).
4. Restructured loans are those loans for which the terms and conditions have been modified in a way that is favorable to the borrower (including interest reductions or exemptions, grace periods for interest payments, grace periods for principal repayments, or the waiving of loan repayments), with the aim of supporting the borrower or facilitating their rehabilitation (this excludes the loans mentioned in notes 1, 2, and 3)
5. Normal loans are loans made to borrowers who have no particular issues with their financial position and business performance, and include all loans other than those mentioned in notes 1, 2, 3, and 4.

9. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2022	As of September 30, 2022
Total solvency margin (A)	508,974	404,648
Common stock, etc	235,084	224,482
Reserve for price fluctuations	36,894	39,694
Contingency reserve	114,151	120,086
General reserve for possible loan losses	15	44
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	(12,139)	(113,250)
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	118,601	121,349
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	-	-
Others	16,366	12,243
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	196,970	200,180
Insurance risk R_1	220	238
3rd sector insurance risk R_8	-	2
Assumed investment yield risk R_2	44,180	42,986
Guaranteed minimum benefit risk R_7	2,812	2,933
Investment risk R_3	146,111	150,330
Business risk R_4	3,866	3,929
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	516.8%	404.2%

* Multiplied by 100% if losses.

- Notes:
- The figures as of March 31, 2022 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996.
The figures as of September 30, 2022 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.
 - Common stock, etc. excludes the expected disbursements from capital outside the Company and valuation and translation adjustments.
 - Guaranteed minimum benefit risk is calculated by the standard method.

10. Separate Account Status

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2022	As of September 30, 2022
Individual variable insurance	29,920	14,948
Individual variable annuities	895,819	748,196
Group annuities	-	-
Separate account total	925,740	763,145

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2022		As of September 30, 2022	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	37	339,673	33	305,903
Total	37	339,673	33	305,903

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

B. Individual Variable Annuities

(millions of yen except number of policies)

	As of March 31, 2022		As of September 30, 2022	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	418	2,349,412	333	1,812,037

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

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

11. Consolidated Financial Summary

Not applicable.